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April 14, 2025

Company name: Modalis Therapeutics Corporation
Stock exchange listing: Tokyo Stock Exchange
Code number: 4883
URL: https://www.modalistx.com/en/
Representative: Haruhiko Morita

Notice regarding the issuance of new shares as post-delivery restricted-stock-based remuneration

Modalis Therapeutics Corporation (hereafter, "the Company") hereby announces that at its Board of Directors meeting held today, the Company resolved to issue new shares as post-delivery restricted-stock-based remuneration (the "New Share Issuance") as detailed below.

1. Publication Overview

(1)	Payment due date	April 30, 2025
(2)	Type and number of shares to be issued	21,900 common shares of the Company
(3)	Issue price	77 yen per share
(4)	Total Issue Amount	1,686,300 yen
(5)	Expected allottee	Our Directors (※) 3 people, 6,600 shares (Of which, outside directors 2 people 5,400 shares) Our employees (including former employees) 4 people, 4,200 shares Employees of our subsidiaries (including former employees) 7 people, 11,100 shares *Excluding directors who are audit and supervisory committee members.

2. Purpose and Reasons for Issuance

At our 5th Ordinary General Meeting of Shareholders held on March 30, 2021 , we received approval to introduce a post-delivery restricted-stock-based remuneration plan (hereinafter referred to as the "Plan") under which Eligible Directors (excluding Directors who are Audit and Supervisory Committee Members; hereinafter referred to as the "Eligible Directors") will be paid common stock of the Company (hereinafter referred to as the "Company's Shares") and money after a certain period of time, with the aim of sustainably increasing the Company's medium- to long-term corporate value and further sharing value with shareholders. We also received approval to set the total amount of monetary compensation claims and money for the allotment of the Company's shares to be paid to Eligible Directors under the Plan at no more than 100,000,000 yen (including no more than 81,400,000 yen for Outside Directors) for each service period (as defined in 3. (1) below; the same applies below), and to limit the total number of the Company's shares to be allotted to Eligible Directors for each service period to no more than 8,600 shares (including 7,000 shares for Outside Directors).

Today, the Company's Board of Directors resolved to allot 21,900 common shares of the Company to the Eligible Directors as post-vesting stock compensation for the Target Period (defined in 3. (1) below; the same applies hereinafter) covering the period from the Company's 5th Ordinary General Meeting of Shareholders to the day immediately preceding the Company's 9th Ordinary General Meeting of Shareholders to be held on March 27, 2025 , and to the Company's employees (including retirees) and employees (including retirees) of the Company's subsidiaries as post-delivery restricted-stock compensation for the Target Period covering the period from the Company's 6th fiscal year to the 9th fiscal year (January 1, 2021 to December 31 , 2024). The monetary compensation claims to be paid to the three Eligible Directors, four employees of the Company, and seven employees of the Company's subsidiaries (collectively, the "Allottees") will be paid by the Allottees as a contribution in kind of 1,686,300 yen. The amount of monetary compensation receivable for each Allottee is determined by comprehensively taking into consideration various factors, such as the contribution of each Allottee to the Company and its subsidiaries. In addition, the scale of dilution due to the issuance of new shares is insignificant at 0.030 % (rounded to two decimal places) for the total number of issued shares of 73,648,998 as of March 31, 2025, and is therefore considered reasonable in light of the purpose of the Plan.

3. Details of the Scheme

(1) Overview of the System

This system is a stock compensation system under which Eligible Persons will be paid a number of Company shares and cash determined in advance by the Board of Directors of the Company after the end of the Target Period, on the condition that they continue to work during the period determined by the Board of Directors of the Company (hereinafter referred to as the "Target Period"), as compensation for the service period (which is the period from the start of the Target Period to the day before the first Ordinary General Meeting of Shareholders of the Company).

(2) Structure of the System

The specific mechanisms of this system are as follows:

① The Company's board of directors will determine the base amount and the number of units to be granted to each Allottee based on the level of each Allottee 's job responsibilities, etc. (One unit is equivalent to one share of the Company's stock.)

② After the expiration of the applicable period, the Company's board of directors will determine the number of Company shares and the amount of money to be paid to each Allottee based on the number of units granted to each Allottee .

③ The Company will provide each Allottee with monetary compensation claims to be used as a contribution in kind in accordance with the number of the Company's shares to be provided to each Allottee determined in ② above, and each Allottee will receive the allocation of the Company's shares by providing all of the monetary compensation claims by way of a contribution in kind. The payment amount for the Company's shares will be the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day preceding the day of the Company's Board of Directors' resolution regarding the issuance or disposal of the shares (if no transactions are concluded on that day, the closing price on the most recent trading day preceding that day).

④ In addition to the monetary compensation claims paid in ③ above, the Company will pay each Allottee the amount of money determined in ② above .

However, if there is a risk that the amount of monetary compensation claims and the amount of money to be paid to the Eligible Directors due to the allotment of the above number of Company shares will exceed the total amount stated above, the number of Company shares to be paid and the amount of money will be reduced by a reasonable method such as pro rata, so long as it does not exceed the total amount.

(3) Method for calculating the number of Company shares and monetary amount to be paid to each Eligible Person under the System.

The Company will calculate the number of Company shares and the amount of money to be paid to each Eligible Shareholder based on the following formula:

① Number of units to be granted to each recipient

Base amount (※ 1) ÷ share price at time of grant (※ 2)

Any fractional units resulting from the calculation will be rounded to the nearest whole unit.

② Number of Company shares to be allocated to each Allottee

Number of units to be awarded calculated in ① above x 75%

resulting number of the Company's shares that is less than 100 shares will be rounded up to the nearest 100 shares unless the monetary compensation portion is negative. If the monetary compensation portion is negative, it will be rounded down.

③ Amount of money to be paid to each recipient

(Number of units to be granted calculated in ① above - Number of Company shares calculated in ② above) x share price at time of issuance (※3)

Any fraction less than 1 yen resulting from the calculation will be rounded up to the nearest 1 yen.

*1 The base amount will be determined for each Allottee by the Company's Board of Directors depending on the scope of each Allottee 's responsibilities, etc.

*2 The share price at the time of grant will be the average closing price of the Company's common stock on the Tokyo Stock Exchange during the one- month period preceding the day immediately preceding the date of the Ordinary General Meeting of Shareholders in the year in which the units are granted.

*3 The share price at the time of delivery will be the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day preceding the day on which the Company's Board of Directors resolves the issuance or disposal of the Company's shares to be provided under the Plan (if no transactions are made on that day, the closing price on the most recent trading day preceding that).

(4) Requirements for payment of Company shares and money to the Allottees

Under this system, when the applicable period ends and the following requirements are met, the Company's shares and money will be paid to each Allottee. When the Company pays its shares, the Company will issue its own shares or dispose of its own shares, and the Allottees to whom the Company's shares will be paid and the subscription terms related to the issuance of its own shares or disposal of its own shares will be determined by the Board of Directors after the applicable period has elapsed.

① The person to whom the allotment is made must have held the position of an executive officer or employee continuously during the applicable period.

② There was no violation of certain rules as determined by the Board of Directors of the Company.

③ Other requirements determined by the Board of Directors of the Company as necessary to achieve the purpose of the System must be satisfied.

(5) Treatment upon retirement

If an Eligible Person loses his/her status as an officer or employee during the applicable period, only if approved by the Company's Board of Directors, the number of Company shares and the amount of money will be paid at a reasonably adjusted time based on a reasonable method determined by the Company's Board of Directors, taking into account the term of office during the applicable period until the time of losing his/ her status.

(6) Treatment in the event of organizational restructuring, etc.

If, during the Target Period, a proposal regarding a merger agreement in which the Company will be the disappearing company, a share exchange agreement or share transfer plan in which the Company will become a wholly owned subsidiary, or other organizational restructuring, etc. is approved at the Company's General Meeting of Shareholders (or, in cases where approval of the Company's General Meeting of Shareholders is not required for the organizational restructuring, etc., at the Company's Board of Directors), the Company will pay to the Allottees, by resolution of the Company's Board of Directors, a number of Company shares and an amount of money that are

reasonably determined taking into account the period from the start of the Target Period to the date of approval of the organizational restructuring, etc., prior to the effective date of the organizational restructuring, etc.
The type of shares shall be 880,000 shares of the Company's common stock.

4. Basis for calculation of payment amount and its specific details

In order to eliminate arbitrariness, the issue price for this new share issue will be set at 77 yen, which is the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the Company's Board of Directors' resolution (April 11, 2025). This is the market price immediately preceding the date of the Company's Board of Directors' resolution and is considered reasonable. This price deviates by -8.33% (rounded off to the nearest yen; the same applies below for the simple average closing price) from 84 yen (rounded down to the nearest yen; the same applies below for the simple average closing price) which is the one-month average closing price on the Tokyo Stock Exchange up to the business day immediately preceding the date of the Company's Board of Directors' resolution (from March 12, 2025 to April 11, 2025); by -16.30 % from 92 yen which is the simple average closing price for the three-month period up to the business day immediately preceding the date of the Company's Board of Directors' resolution (from January 12, 2025 to April 11, 2025); and by -25.96% from 104 yen which is the simple average closing price for the six-month period up to the business day immediately preceding the date of the Company's Board of Directors' resolution.