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October 20, 2021

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 Sales of Shares by A Major Shareholder

A major shareholder of the Company, Dr. Osamu Nureki (hereinafter referred to as Dr. Nureki) submitted a Change in the Large Shareholding Report (Statement of change in beneficial ownership) on October 19, 2021, causing the difference in the ratio of ownership decreased by 1.06% to 12.68% compared to the Change in the Large Shareholding Report submitted last time). In regard to the sale of shares occurring on and after September 27, 2021, the shares were sold outside of the available sales window set by the Company and confirmed in a Company's board meeting when Dr. Nureki served as a board member. Furthermore, Dr. Nureki did not report to the Company prior to the sales, which were also required by the Company's rule.

Under the Financial Instruments and Exchange Act, individuals are considered to be affiliated with the company for one year after ending their involvement with the Company and are subject to insider trading and other regulations. As such, the "Regulations relating to the management of insider trading" that the Company has adopted for current and former board members within one year after their separation, and in compliance with the schedule set by the Company for the sales of shares which prohibits the selling of shares of the Company during the period prior to the announcement of financial results, it was confirmed at the Board of Directors meeting held in March, 2021 when Dr. Nureki's still served as a board member.

Dr. Nureki originally confirmed the scheduled period during which the sale of shares would be possible and proceeded to sell shares of the Company following the confirmation procedure set by the Company. However, as stated above, the sales of the shares that occurred on and after September 27, 2021, were made outside of the aforementioned period and without

undergoing the appropriate procedures. In addition, the Company heard that Dr. Nureki placed the sales orders by telling the securities company that he did not have insider information at the time of sale.

Although Dr. Nureki made certain contributions while serving on the Company's Board of Directors, it is extremely regrettable that it violated the criteria for selling the Company's shares confirmed by the Board of Directors, and it is regarded as a serious problem. As such, the decision was made to publicly disclose the matter.