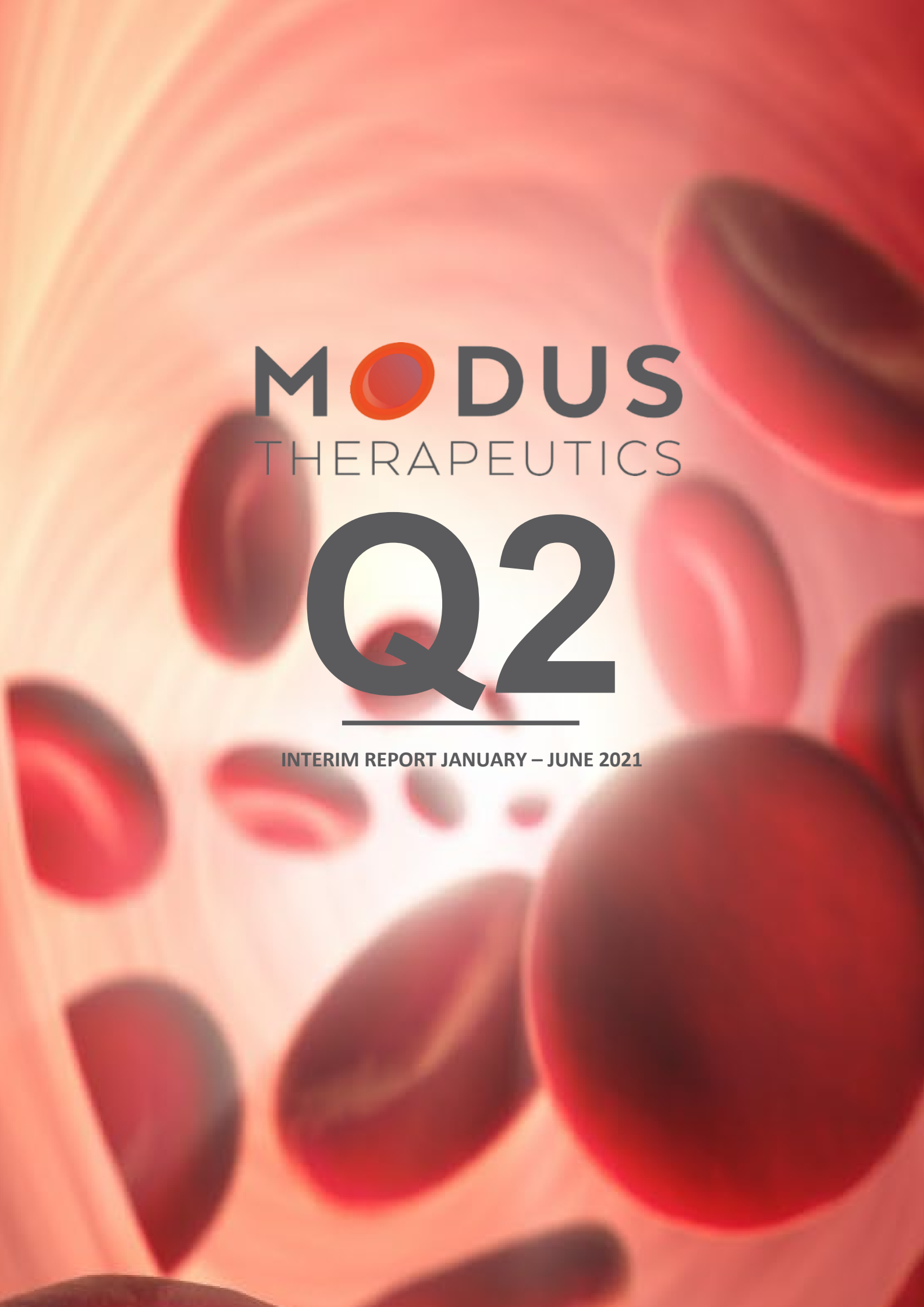


MODUS THERAPEUTICS

Q2

INTERIM REPORT JANUARY – JUNE 2021

INTERIM REPORT FOR THE SECOND QUARTER 2021

January 1 – June 30, 2021

"The Company" or "Modus" refers to the parent company Modus Therapeutics Holding AB with organization number 556951–9523. "Subsidiary" or "Modus Therapeutics" refers to the subsidiary Modus Therapeutics AB with organization number 556669–2199.

The second quarter in figures

- The loss after tax amounted to TSEK 2,533 (1,698).
- Cash flow from operating activities amounted to TSEK -2,299 (-2,267)
- Cash and cash equivalents amounted to TSEK 3,830 (4,395)

The first half-year in figures

- The loss after tax amounted to TSEK 3,961 (4,303).
- Cash flow from operating activities amounted to TSEK -3,465 (-5,181)
- Cash and cash equivalents amounted to TSEK 3,830 (4,395)

Important events during the second quarter

- Modus held its Annual General Meeting on May 3, 2021.
- Modus Therapeutics and Imperial College London Sign Clinical Collaboration Targeting Severe Malaria.
- New issue in connection with listing on Nasdaq First North.

Important events after the end of the second quarter

- Modus Therapeutics issue was oversubscribed, and the company was approved for listing on Nasdaq First North.

Financial overview

TSEK	2021.04.01 -2021.06.30	2020.04.01 -2020.06.30	2021.01.01 -2021.06.30	2020.01.01 -2020.06.30	2020.01.01 -2020.12.31
Net sales	-	-	-	-	-
Operating profit/loss	-2 533	-1 701	-3 961	-4 305	-6 020
Profit/loss after financial items	-2 533	-1 698	-3 961	-4 303	-6 019
Cash flow from operating activities	-2 299	- 2 267	-3 465	-5 181	-7 231
R&D expense/operating expense, %	14%	61%	23%	63%	62%
Equity at the end of the period	3 033	3 711	3 033	3711	6 995
Solidity at the end of the period, %	70%	82%	70%	82%	93%
Cash equivalents at the end of the period	3 830	4 395	3 830	4 395	7 345

* Total shareholders' equity at the end of the period divided with Total assets the end of the period.

MODUS LISTED ON FIRST NORTH

– A word from our CEO John Öhd

With the second quarter behind us, we have achieved one of 2021's most important goals. Modus is listed for trading on First North. First off, I would like to thank you for your trust and welcome all our new shareholders! I would also like to thank everyone who has contributed to Modus' progress since we were founded. Now we begin a new chapter with our ambition to develop a treatment for sepsis and septic shock that has the potential to establish a paradigm shift in sepsis care.

It is with great pleasure that we confirm that our new share issue has sparked great interest among investors. With approximately 1,180 new shareholders and added capital, we are ready to fully develop our drug candidate sevuparin for sepsis and septic shock. It also enables us to become a stable and long-term partner in external collaborations as Modus continuously evaluates collaborative projects as an essential opportunity to increase the commercial value of sevuparin.

The capital contribution allows us to carry out a clinical phase Ib-LPS provocation study planned to start Q4-21 / Q1-22, and to begin preparations for a phase IIa study. Our planned Phase Ib clinical study will observe the effect of sevuparin in healthy volunteers who received an injection of a bacterial toxin called lipopolysaccharide (LPS). LPS causes inflammation that can be recognized as a kind of "artificial sepsis". This study has the potential to provide important information about dose levels and biomarkers for the first patient study that is planned to start later in the same year (Q3 / Q4 2022), which aims to test sevuparin in patients with sepsis compared to the current standard treatment.

Presently, there is no approved drug on the market for sepsis and septic shock. An approved drug would consequently have significant benefits for healthcare and the patients affected. There are about three million patients that fall ill in the United States every year and of these patients, about 30 percent develop the most severe form, septic shock. In Sweden, this corresponds to approximately 60,000 estimated cases of sepsis per year, which is more than the four most common cancers combined. We have a patented product which thanks to previous clinical studies has already established safety and tolerability in patients and gives us an edge in the clinical development work. Our perception is that a new treatment with an effect on sepsis and septic shock could have blockbuster potential. In 2019, a study from a research group at Karolinska Institutet indicated that sevuparin could counteract septic inflammation both in vivo in mice, and in vitro in human cells - data that further strengthen the potential for sevuparin in our indication area.

The great potential of sevuparin is also highlighted in the collaboration agreement we recently entered into with Imperial College London on clinical research focusing on severe malaria. We are very honored to participate in this collaboration led by Professor Maitland, an expert in clinical malaria research. The project is funded by a scientific collaboration scholarship and will be implemented in Kilifi, Kenya. Modus will provide sevuparin for the project's future clinical study, the start of which has not yet been determined.

This collaboration provides us the opportunity to understand how sevuparin works in another type of systemic inflammation. Sevuparin has shown promising effects on the malaria parasite in previous research in patients with uncomplicated malaria and in human samples.

The last quarter has without a doubt been one of the most intense in the Company's history. Our IPO marks the beginning of a new phase for Modus where we look forward to new indications for sevuparin, but with a maintained focus on patients with severe diseases and major medical needs. I would therefore like to thank everyone who has been involved in the work on our IPO, and of course to all those who have contributed to taking Modus to this point. Together we will continue to successfully develop our company and our drug candidate sevuparin.

John Öhd
CEO, Modus

ABOUT MODUS

Modus is a Swedish biotechnology company that develops its proprietary polysaccharide sevuparin as a treatment for sepsis and septic shock with the possibility of also addressing other forms of systemic inflammation. There are currently no approved drug treatments specifically aimed to treat these conditions. Modus' ambition is therefore to initiate a paradigm shift in sepsis care and potentially for other similar systemic inflammatory conditions.

Modus is a biotechnology company working with its patent-protected drug candidate sevuparin to develop an injectable treatment for sepsis and septic shock. Sepsis and septic shock are one of the leading causes of death in intensive care units globally[1] and occur when a bacterial infection causes an exaggerated immune response, resulting in strong inflammation that can lead to harmful substances being secreted into the blood by activated white blood cells. These substances risk damaging the inside of the blood vessels eventually causing leakage of plasma into the tissue.

The consequence of this course of events is an increased risk of hampered organ function, and if the condition is not treated, it may lead to acute organ failure and severe tissue damage. As a result, sepsis can develop in a short time from a common infection to becoming life-threatening affecting the heart, lungs, kidneys, and brain. There is currently no approved drug that specifically treats sepsis or septic shock. Modus starting point is that sevuparin has the potential to protect blood vessels from leakage, by binding and neutralizing the harmful substances secreted into the blood during sepsis, thus preventing the condition from worsening and progressing further into septic shock.

Sevuparin's mode of action

Based on available preclinical data, heparinoids – the subgroup of polysaccharides to which sevuparin belongs – have been implicated as a potential specific treatment for sepsis. Its potentially beneficial properties in sepsis and systemic inflammation have been observed by several researchers using preclinical models.[2,3,4] It is well-known that heparinoids have blood-thinning effects, which limits dosage to avoid unnecessary risk of bleeding.[5] Sevuparin has been developed with significantly lower levels of blood-thinning but with retained anti-inflammatory properties, enabling sevuparin to be dosed significantly higher than other comparable heparinoids.

Thanks to the unique profile with greatly reduced blood-thinning properties and a confirmed safety profile, sevuparin has the potential to harness these potential properties in sepsis/septic shock and other conditions with systemic inflammation. Examples of other such conditions are severe trauma, burns, major surgery and severe malaria to name a few. Based on preclinical research, sevuparin is believed to counteract systemic inflammation by binding and neutralizing harmful substances secreted by activated white blood cells in sepsis and septic shock, providing robust vascular protection. Sevuparin could thereby break the molecular chain of events that lead to loss of blood vessel integrity, plasma leakage, and ultimately failing organ function. [6]

Modus continuously evaluates possible research collaborations that can increase the understanding of sevuparin's mode of action. An excellent example of this is the collaboration during Q2 with Imperial College London around severe malaria. Such collaborations with academic institutions can sometimes lead to so-called investigator-initiated clinical studies. Furthermore, Modus also collaborates externally to enable new patentable uses of sevuparin.

[1] Vincent et al., "Frequency and mortality of septic shock in Europe and North America: a systematic review and meta-analysis", *Critical Care Medicine* (2019).
[2] Wildhagen et al., "Nonanticoagulant heparin prevents histone-mediated cytotoxicity in vitro and improves survival in sepsis", *Blood* (2014).
[3] Buijsers et al., "Beneficial non-anticoagulant mechanisms underlying heparin treatment of COVID-19 patients", *EBioMedicine* (2020).
[4] Tang et al., "Heparin prevents caspase-11-dependent septic lethality independent of anticoagulant properties", *Immunity* (2021).
[5] Hogwood et al., "Heparin and non-anticoagulant heparin attenuate histone-induced inflammatory responses in whole blood", *PLOS ONE* (2020).
[6] Rasmuson et al., "Heparinoid sevuparin inhibits Streptococcus-induced vascular leak through neutralizing neutrophil-derived proteins", *FASEB Journal* (2019).

Market

According to the WHO, sepsis may be the leading cause of death in the world[7], and in 2017, sepsis accounted for approximately 11 million deaths, corresponding to 19.7 percent of global mortality.[8] The most serious stage of sepsis, septic shock, is a leading cause of death in intensive care units globally, with a mortality rate usually exceeding 30 percent. [9] There is no pharmaceutical product available that is specifically developed to treat patients with sepsis and septic shock, although most are already being treated with antibiotics for the infection that caused the condition. Due to the lack of effective treatment, it is cost-intensive to diagnose and treat sepsis / septic shock. In the United States, it is estimated that sepsis costs U.S. health care about $ 22 billion annually, a figure that has increased by about $ 5 billion since 2012. [10]

Sepsis is a vital indication and thus places itself in a high-price segment for medicines. The company XPLICO specializes in the valuation of life science companies and has, on behalf of Modus, estimated that the market potential for sevuparin in the U.S. amounts to USD 1.2 billion, provided that Modus has a market share of 25 percent. The market potential in the EU and Japan amounts to USD 300 million if the same market share is assumed. The total market potential with the previously mentioned delimitations thus amounts to USD 1.5 billion, according to XPLICO's assessment. The Board of Director's assessment is that the gross margin for sevuparin at a market introduction amounts to approximately 90 percent.

Completed studies

Sevuparin has undergone preclinical toxicological testing enabling dosing for up to 14 days in clinical trials. Furthermore, preclinical in vivo efficacy studies have been performed previously in mice indicating beneficial effects on several disease models for, among others, sickle cell disease and malaria, as well as in mouse and in vitro human experimental systems for sepsis.

In clinical trials with healthy phase I volunteers, sevuparin has been shown to be safe and tolerable with single and multiple intravenous dosing within clinically relevant dose ranges. Two patient studies (phase Ib and II) also showed the inhibitory effects of sevuparin on the ability of the malaria parasite in its binding to blood cells and the vessel wall. In a patient study for the treatment of acute sickle cell disease, sevuparin was shown to have a favourable safety profile, although no improvement in disease status was observed compared with placebo.

[7] https://www.who.int/news-room/fact-sheets/detail/sepsis
[8] Rudd et al., "Global, regional, and national sepsis incidence and mortality, 1990-2017: analysis for the Global Burden of Disease Study", *The Lancet* (2020).
[9] Vincent et al., "Frequency and mortality of septic shock in Europe and North America: a systematic review and meta-analysis", *Critical Care Medicine* (2019).
[10] Buchman et al., "Sepsis Among Medicare Beneficiaries: The Burdens of Sepsis", *Critical Care Medicine* (2020).

DEVELOPMENT AND FINANCIAL POSITION

Second quarter

Operating profit/loss

The operating loss for the period April-June 2021 amounted to TSEK 2 533 (1 701), a reduced profit of TSEK 832. This is mainly due to costs associated with the listing of the company on Nasdaq First North. Overall, operating expenses increased by 33 percent in the second quarter compared to Q2 2020.

Cash flow, Investments, and financial position

At the beginning of the period, cash and cash equivalents amounted to TSEK 6179, and at the end of the period to TSEK 3 830. Cash flow from current operations was negative to the amount of TSEK 2 299 (2 267), of which changes in working capital amounted to a positive TSEK 231 (negative 569), which is mainly attributable to an increase in accounts payable and accrued expenses. On June 2, 2021, the Company decided on a directed set-off issue to fulfill its obligations in accordance with a bridge loan agreement with Karolinska development (see Note 2). The total cash flow amounted to TSEK -2 349 (2 933).

First half-year

Operating profit/loss

The operating loss for the period January-June 2021 amounted to TSEK 3 961 (4 305), an improved profit of TSEK 344. This is mainly due to reduced staff costs. In total the operating expenses decreased with 9% compared with the same period last year.

Cash flow, Investments, and financial position

At the beginning of the period, cash and cash equivalents amounted to TSEK 7345, and at the end of the period to TSEK 3 830. Cash flow from current operations was negative to the amount of TSEK 3 461 (5 181), of which changes in working capital amounted to a positive TSEK 496 (negative 878), which is mainly attributable to an increase in accounts payable and accrued expenses. On June 2, 2021, the Company decided on a directed set-off issue to fulfill its obligations in accordance with a bridge loan agreement with Karolinska development (see Note 2). The total cash flow amounted to TSEK -3 515 (3 019).

IMPORTANT EVENTS DURING THE SECOND QUARTER

The Annual General Meeting was held on May 3, 2021

The Annual General Meeting was held on May 3, 2021. The AGM resolved to adopt the income statement and balance sheet, consolidated income statement and consolidated balance sheet, determination of profit allocation, and the discharge from liability of the Board and the Managing Director.

All current board members were re-elected, and Viktor Drvota was re-elected as chairman of the board.

Furthermore, the AGM resolved that the Company be made public and that the Articles of Association be amended.

At the Annual General Meeting it was resolved to merge the number of existing outstanding shares from 137 297 153 shares to 8 600 000 shares. The merger aims to achieve an appropriate number of shares for the upcoming listing process.

The AGM resolved, through a bonus issue, to increase the company's share capital to SEK 516 000.

The Annual General Meeting resolved to authorize the Board, until the next Annual General Meeting, to decide on the issue of shares, convertibles and / or warrants that entitles to new subscription of shares, within the limits of the proposed adjusted Articles of Association, with or without deviation from the shareholders' preferential rights.

The AGM resolved to issue a maximum of 215,000 warrants of series 2021/2024 which corresponds to maximum 2,5% dilution within the framework of a long-term incentive program for employees and consultants in the company.

The Annual General Meeting also adopted principles for the appointment of the Nomination Committee prior to the next Annual General Meeting and instructions for the Nomination Committee's work.

Modus Therapeutics and Imperial College London Sign Clinical Collaboration Targeting Severe Malaria

On June 11 202 Modus announced that it has entered a clinical research collaboration with a team led by Professor Kathryn Maitland from Imperial College London, UK. The project aims at researching the effect of the Company's proprietary drug sevuparin in patients with severe malaria.

Severe malaria, like sepsis/septic shock, remains an unaddressed medical problem in the parts of the world with endemic malaria. The condition primarily affects young children infected with the parasites. In severe malaria, the parasitic infection causes a systemic inflammation syndrome that shares similarities with sepsis and other severe conditions resulting in uncontrolled systemic inflammation, which can then progress into shock and multi-organ failure.

The malaria project is funded by a collaborator grant in science from Wellcome (209265/Z/17/Z) to Professor Maitland's research group at KEMRI-Wellcome Trust Programme, Kilifi Kenya and to the international consortium "Severe Malaria Africa -A consortium for Research and Trials" (SMAART), the goal of which is to identify and research new treatments for severe malaria.

Under the collaboration, Modus will supply sevuparin to a future clinical study in patients with severe malaria. Sevuparin has already shown promising effects on the malaria parasite in patients with uncomplicated malaria and in human samples (Leitgeb et al 2017, Saiwaew et al 2017).

New issue in connection with listing on Nasdaq First North

On June 17, the Board of Directors of Modus Therapeutics Holding AB, authorized by the Annual General Meeting on May 3, 2021, decided on a new issue of up to 5,156,300 shares and to apply for admission to trading of the Company's shares on Nasdaq First North.

Important events after the end of the second quarter

Modus Therapeutics issue was oversubscribed, and the Company was approved for listing on Nasdaq First North

On July 13, 2021, the subscription period in Modus Therapeutics Holding issue of units before listing on the Nasdaq First North Growth Market ended. The issue was subscribed to a total of approximately SEK 37.3 million, corresponding to a subscription ratio of approximately 113 percent. The Company will thus receive approximately SEK 33 million before issue costs amounting to approximately SEK 3.8 million. On July 20, the Company was approved for listing on Nasdaq First North and the first day of trading occurred on July 22.

OTHER DISCLOSURES

Ownership structure

At the end of the second quarter, there were 26 shareholders in Modus Therapeutics Holding AB, of which the three largest shareholders owned 93,4% of the capital and votes. The total number of shares was 10 943 750. The largest shareholders, on June 30, 2021, were Karolinska Development AB, KDev Investment AB and John Öhd.

Parent Company

Modus Therapeutics Holding AB, corporate identity number 556851-9523 is the parent company of the group and was formed in 2011. The actual operations are conducted by the fully owned subsidiary Modus Therapeutics AB. As per June 30, 2021, there were two employees, the CEO and the groups finance department. The company's main task is of a financial nature-to fund the group's operational activities. Net sales for the period reached TSEK 228 (324). The loss for the period amounted to TSEK 3 656 (4 061). The company's net sales consist of invoiced consultancy fees to the fully owned subsidiary Modus Therapeutics AB.

Employees

The number of employees at the end of the period was two people. In addition, several expert consultants are regularly active in the Company.

Financing

The Board of Directors regularly reviews the company's existing and forecast cash flow to ensure that the company's funds and resources necessary to pursue operations and strategic focus adopted by the board. The company's long-term cash requirements are determined by the scope and results of the performed clinical research conducted for the company's pharmaceutical candidate Sevuparin. As of June 30, 2021, the group's cash and cash equivalents amounted to SEK 3,8 million.

Modus Therapeutics has recently completed a new share issue that was fully subscribed and through which the Company received approximately SEK 33 million before issue costs. The Board of Directors of the Company assesses that existing working capital is sufficient to carry out the planned clinical study and finance the Company's operations for at least 12 months.

Covid-19 pandemic

During the second quarter of 2021, the global vaccination programs have led to a gradual return of life to a more normal state both in terms of investment willingness and business activities. Modus expects to start its clinical study in Q421 / Q122 and considers it probable that the effects of the pandemic have then diminished significantly, but continued disruption due to unforeseen infection development can nevertheless not be ruled out and therefore still constitutes an element of uncertainty in Modus planned activities.

Risks and uncertainty

Modus Therapeutics risks and uncertainties include, but are not limited to, risks related to drug development and financial risks such as future financing. Further information on the Company's risk exposure can be found on page 3 of Modus Therapeutics Holding's annual report for 2020.

Consolidated summary income statement

TSEK	2021.04.01 -2021.06.30	2020.04.01 -2020.06.30	2021.01.01 -2021.06.30	2020.01.01 -2020.06.30	2020.01.01 -2020.12.31
Net sales	-	-	-	-	-
Research and development costs	-345	-1 035	-926	-2 703	-3 723
Administration costs	-2 188	-667	-3 035	-1 600	-2 299
Other operating expenses	0	1	0	-2	2
Operating profit/loss	**-2 533**	**-1 701**	**-3 961**	**-4 305**	**-6 020**
Net interest income	-1	3	-1	2	1
Profit/loss after financial items	**-2 533**	**-1 698**	**-3 961**	**-4 303**	**-6 019**
Income tax	-	-	-	-	-
Profit/loss for the period	**-2 533**	**-1 698**	**-3 961**	**-4 303**	**-6 019**
Net profit/loss attributable to:					
Parent company shareholders	**-2 533**	**-1 698**	**-3 961**	**-4 303**	**-6 019**

Consolidated summary of comprehensive income

TSEK	2021.04.01 -2021.06.30	2020.04.01 -2020.06.30	2021.01.01 -2021.06.30	2020.01.01 -2020.06.30	2020.01.01 -2020.12.31
Profit/loss for the period	**-2 533**	**-1 698**	**-3 961**	**-4 303**	**-6 019**
Other comprehensive income	**-**	**-**	**-**	**-**	-
Other comprehensive income for the period	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the period	**-2 533**	**-1 698**	**-3 961**	**-4 303**	**-6 019**
Total comprehensive income attributable to:					
Parent company shareholders	**-2 533**	**-1 698**	**-3 961**	**-4 303**	**-6 019**

Consolidated summary balance sheet

TSEK	2021.06.30	2020.06.30	2020.12.31
Assets			
Fixed assets			
Other financial fixed assets	50	-	-
Total Fixed assets	**50**		
Current assets			
Other receivables	436	123	146
Cash equivalents	3 830	4 395	7 345
Total current assets	**4 266**	**4 518**	**7 491**
Total assets	**4 316**	**4 518**	**7 491**
Equity and liabilities			
Share capital	657	25	44
Additional paid-in capital	266 805	252 245	257 226
Retained earnings including net loss for the period	-264 428	-248 559	-250 275
Total equity attributable to parent company shareholders	**3 033**	**3 711**	**6 995**
Current liabilities			
Accounts payable	359	165	108
Other liabilities	94	159	75
Accrued expenses and deferred income	830	483	313
Total current liabilities	**1 283**	**807**	**496**
Total equity and liabilities	**4 316**	**4 518**	**7 491**

Consolidated change in shareholder's equity in summary

TSEK	2021.04.01 -2021.06.30	2020.04.01 -2020.06.30	2021.01.01 -2021.06.30	2020.01.01 -2020.06.30	2020.01.01 -2020.12.31
Opening balance equity	**5 567**	**209**	**6 995**	**-2 686**	**-2 686**
Profit/loss for the period	-2 533	-1 698	-3 961	-4 303	-6 019
Other comprehensive income	-	-	-	**-**	-
Total comprehensive income	**-2 533**	**-1 698**	**-3 961**	**-4 303**	**-6 019**
Transactions with shareholders					
New issue of shares	15 000	-	15 000	5 500	10 700
Subscription of convertible loans	-15 000	-	-15 000	-	- 5200
Convertible loans with obligatory conversion	-	5 200	-	5 200	10 200
Total transactions with shareholders	**-**	**5 200**	**-**	**10 700**	**15 700**
Closing balance equity	**3 033**	**3 711**	**3 034**	**3 711**	**6 995**

The equity is assignable the shareholders of the parent company.

Consolidated cash flow statement in summary

TSEK	2021.04.01 -2021.06.30	2020.04.01 -2020.06.30	2021.01.01 -2021.06.30	2020.01.01 -2020.06.30	2020.01.01 -2020.12.31
Operating activities					
Operating profit/loss	-2 533	-1 701	-3 961	-4 305	-6 020
Interest received	-	3	-	3	2
Interest paid	-1	0	-1	-1	-1
Cash flow from operating activities before changes in working capital	**-2 533**	**-1 698**	**-3 961**	**-4 303**	**-6 019**
Changes in working capital	234	-569	496	-878	-12 12
Cash flow from operating activities	**-2 299**	**-2 267**	**-3 465**	**-5 181**	**-7 231**
Cash flow from investment activities	-50	-	-50	-	-
Cash flow from financing activities	-	5 200	-	8 200	13 200
Cash flow for the period	**-2 349**	**2 933**	**-3 515**	**3 019**	**5 969**
Cash equivalents at the beginning of the period	6 179	1 462	7345	1 376	1 376
Changes in cash equivalents	-2 349	2 933	-3 515	3 019	5 969
Cash equivalents at the end of the period	**3 830**	**4 395**	**3 830**	**4 395**	**7 345**

Parent company income statement in summary

TSEK	2021.04.01 -2021.06.30	2020.04.01 -2020.06.30	2021.01.01 -2021.06.30	2020.01.01 -2020.06.30	2020.01.01 -2020.12.31
Net sales	92	324	228	324	609
Research and development costs	-115	-186	-325	-638	-975
Administration costs	-2 028	-516	-2 559	-1 271	-1 775
Other operating expenses	-	-	-	-	-
Operating profit/loss	-2 051	-378	-2 656	-1 585	-2 141
Net interest income	-1	-1 082	-1	- 2 471	65 256
Profit/loss after financial items	**-2 051**	**-1 460**	**-2 656**	**-4 061**	**63 115**
Appropriation	-	-	-1 000	-	-
Income tax expense	-	-	-	-	-
Profit/loss for the period	**-2 051**	**-1 460**	**-3 656**	**-4 061**	**63 115**

Other comprehensive income in the parent company is in line with the profit/loss for the period.

Parent company balance sheet in summary

TSEK	2021.06.30	2020.06.30	2020.12.31
Assets			
Non-current assets			
Financial assets	70 050	267	70 000
Total non-current assets	**70 050**	**70 000**	**70 000**
Current assets			
Other receivables	270	55	22
Cash equivalents	3 514	4 266	7 292
Total current assets	**3 784**	**4 321**	**7 314**
Total assets	**73 834**	**4 588**	**77 314**
Equity and liabilities			
Restricted equity			
Share capital	657	25	44
Non-restricted equity			
Share premium reserve	266 804	246 764	251 945
Retained earnings	-191 333	-238 776	-238 975
Profit/loss for the period	-3 656	-4 061	63 115
Total equity	**72 472**	**3 952**	**76 129**
Current liabilities			
Accounts payable	282	69	17
Other liabilities	275	281	910
Accrued expenses and deferred income	805	286	258
Total current liabilities	**1 362**	**636**	**1 185**
Total equity and liabilities	**73 834**	**4 588**	**77 314**

NOTES TO THE FINANCIAL REPORTS IN SUMMARY

Note 1 Accounting principles

Modus Therapeutics Holding AB's consolidated accounts have been prepared in accordance with the annual accounts act and the Swedish accounting standards board's general advice BFNAR 2012: 1 Annual Report and the Consolidated Financial Statements (K3). The interim report for the company has been prepared in accordance with chapter 9 of the annual accounts act and the same accounting principles have been applied as in the most recent annual report.

Note 2 Transactions with related parties

During the period, the parent company Modus Therapeutics Holding AB has invoiced TSEK 228 (324) to the fully owned subsidiary Modus therapeutics AB, which corresponds to 100% of the parent company's turnover for the period. On April 8, 2021, Karolinska Development AB issued a capital adequacy guarantee to Modus of a maximum of SEK 2 million. As Modus from 22 / 7-2021 is listed on Nasdaq First North, this capital adequacy guarantee has expired. On June 2, 2021, the Company decided on a directed set-off issue in order to fulfill its obligations in accordance with a bridge loan agreement with Karolinska Development AB. According to the agreement, the claim that Karolinska Development AB had on the Company was set off against shares in the Company at a subscription price of SEK 6.40 per share. The loan, which was taken in October 2020, and its loan fee amounted to a total of SEK 15 million, of which the loan comprised SEK 5 million and the loan fee corresponded to the loan amount * 2. The transaction had no effect on cash flow. During the reporting period there were no other transactions with related parties that had any material impact on the group or parent company's position and earnings.

Note 3 Incentive program

At the Annual General Meeting on May 3, 2021, it was decided to issue a maximum of 215,000 warrants to a long-term incentive program for employees and consultants in the Company called "Incentive Program 2021/2024". The scope of the program corresponds to a maximum of 2 percent dilution before listing. Each warrant entitles the holder to subscribe for one new share in the Company at a subscription price corresponding to 130 percent of the subscription price applicable upon listing on Nasdaq First North SEK 6.40. Subscription of new shares with the support of the warrants shall take place during the period from 1 September 2024 to 31 October 2024. At the date of this report, 172,000 warrants had been granted and acquired. In addition, there are no outstanding share-related incentive programs in the Company.

Signatures

The Board of Directors and the CEO provide their assurance that this interim report provides an accurate view of the operations, position and earning of the group and the parent company, and that it also describes the principal risks and uncertainties faced by the parent company and the companies included within the group.

This report has been prepared in both Swedish and English. In the event of discrepancies between the versions, it is the Swedish version that applies.

This interim report has not been subject to review by the Company's auditors.

Financial calendar

Q3 2021	2021.11.18
Year-End report 2021	2022.02.22

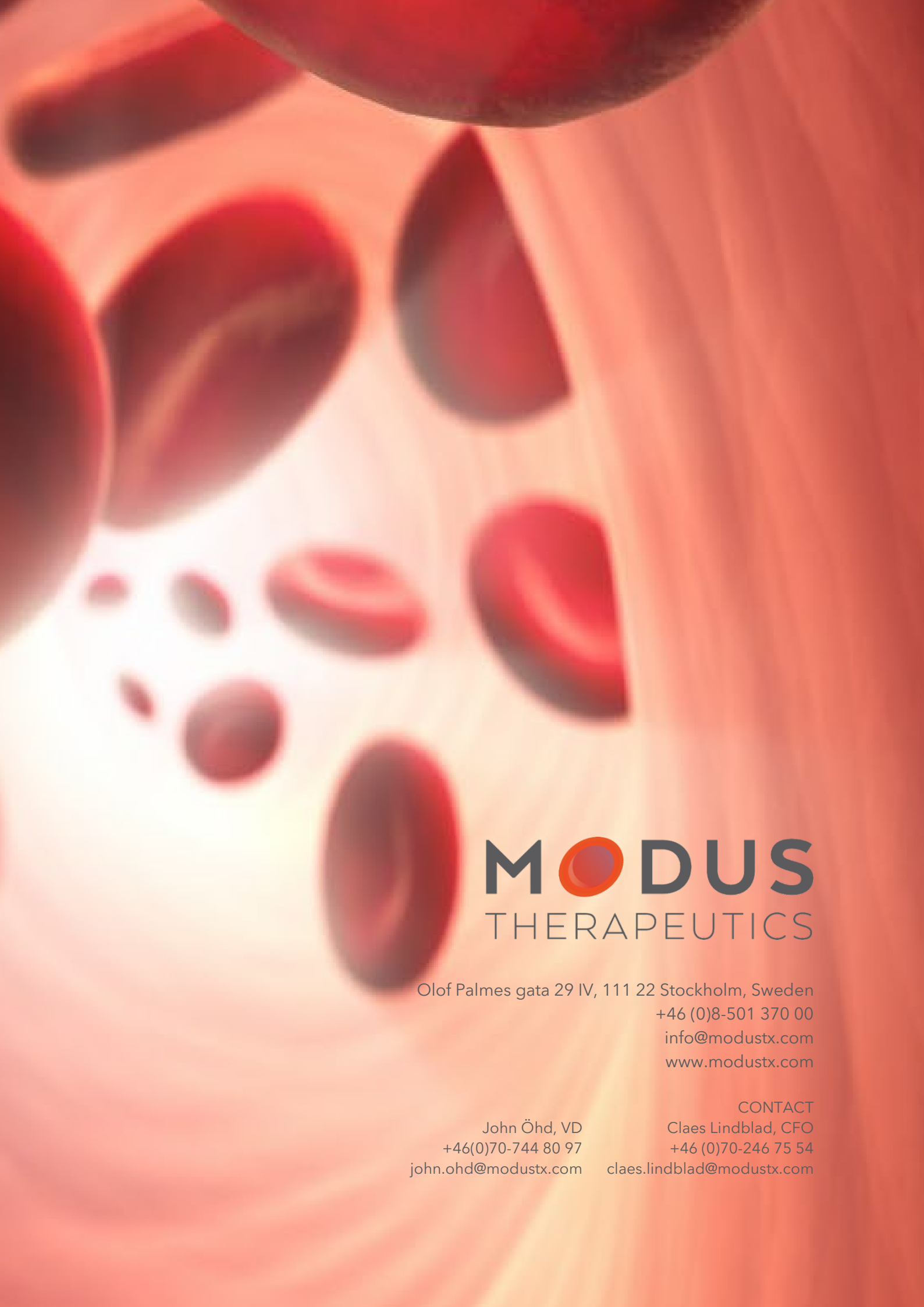
Modus Therapeutics Holding AB
Stockholm 19 August, 2021

Viktor Drvota
Chairman of the Board

Ellen Donnelly
Board Member

Torsten Goesch
Board Member

John Öhd
CEO



MODUS
THERAPEUTICS

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