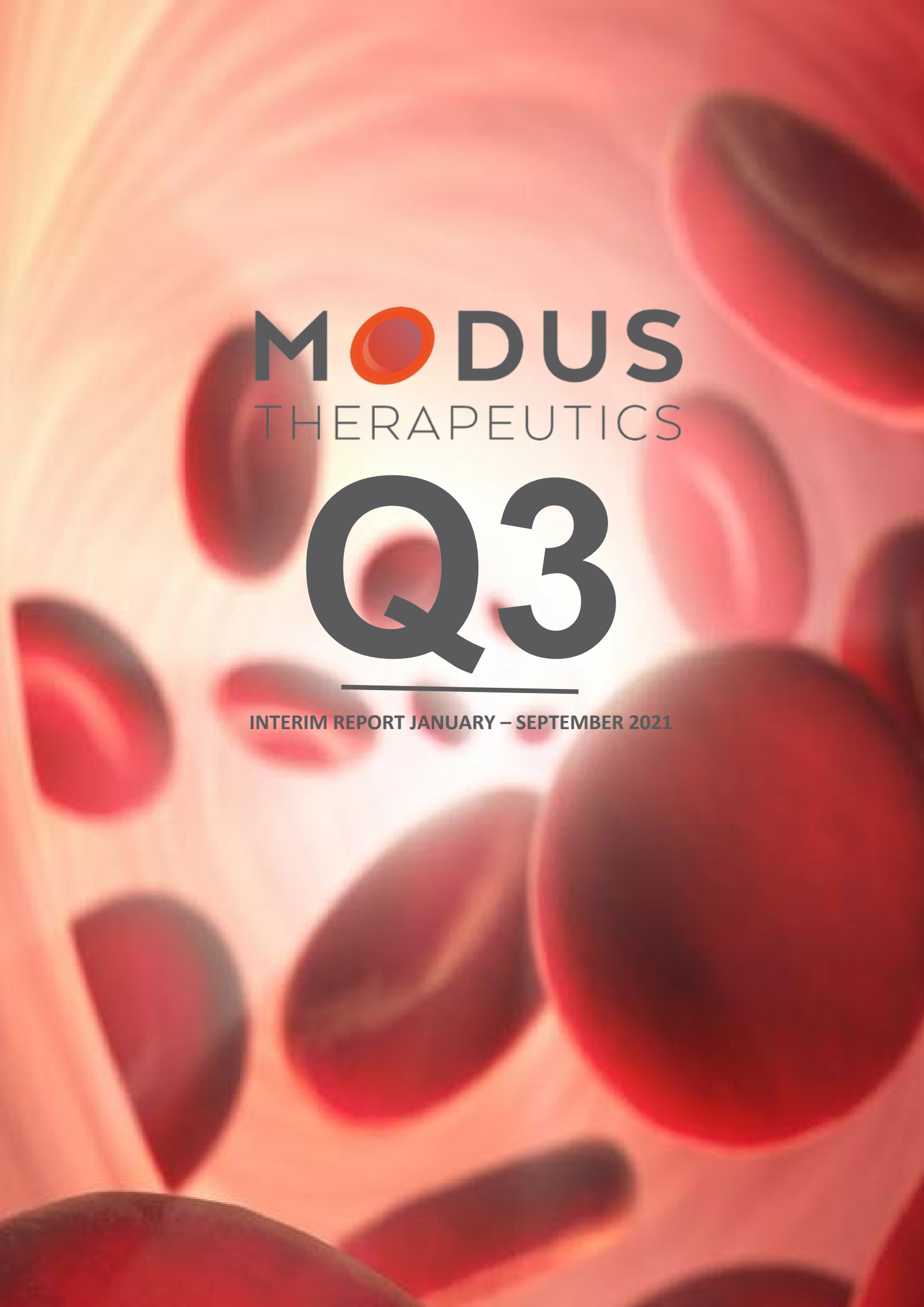

MODUS
THERAPEUTICS
Q3
INTERIM REPORT JANUARY – SEPTEMBER 2021

INTERIM REPORT FOR THE THIRD QUARTER 2021

January 1 – September 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 third quarter in figures

- The loss after tax amounted to TSEK 4 441 (697).
- The loss per share amounted to SEK 0,30 (0,12).
- The cash flow from current operations was negative in the amount of TSEK 4 226 (942).

The first 9-months in figures

- The loss after tax amounted to TSEK 8 402 (5 000).
- The loss per share amounted to SEK 0,76 (1,00).
- The cash flow from current operations was negative in the amount of TSEK 7 691 (6 124).
- Cash and cash equivalents amounted to TSEK 29 035 (3 452).

Important events during the third quarter

- Modus Therapeutics is listed on Nasdaq First North Growth Market.
- Modus Therapeutics appoints Key Scientific Advisors.

Important events after the end of the third quarter

- Symbiosis Pharmaceutical Services starts producing sevuparin for Modus' future clinical development in sepsis/septic shock.
- Modus Therapeutics engages Lago Kapital as a liquidity guarantor.
- Modus Therapeutics Receives Regulatory Approval to Start Phase 1b Clinical LPS Challenge Study with Sevuparin in the Netherlands.

Financial overview

THE GROUP	2021.07.01 -2021.09.30	2020.07.01 -2020.09.30	2021.01.01 -2021.09.30	2020.01.01 -2020.09.30	2020.01.01 -2020.12.31
Net sales, SEK ths	-	-	-	-	-
Operating profit/loss, SEK ths	-4 441	-695	-8 402	-5 000	-6 020
Equity/Asset ratio, %	95%	85%	95%	85%	93%
Cash equivalents, SEK ths	29 035	3 452	29 035	3 452	7 345
Cash flow from operating activities, SEK ths	-4 226	- 942	-7 691	-6 124	-7 231
Earnings per share, SEK	-0,30	-0,10	-0,76	-1,00	-1,02
Shareholders' equity, SEK ths	28 023	3 014	28 023	3 014	6 995
Shareholders' equity per share, SEK	1,86	0,42	2,52	0,60	1,18
R&D expense/operating expense, %	43%	43%	34%	60%	62%
Average number of shares, 000'	15 035	7 245	11 121	5 007	5 912
Share price at the end of the period, SEK	4,10	-	-	-	-
Average number of employees	2,0	0,5	1,5	1,5	1,3

Definitions are provided on page 19

MODUS SETS SIGHTS ON CLINICAL TRIALS

– A word from our CEO John Öhd

As the end of the year approaches, I am delighted to report that we are continuing to make excellent progress towards our key objectives. Following our oversubscribed IPO on First North last quarter, we have now focused on putting that funding to work on building value by taking the next important steps toward the start of the clinical development of our proprietary drug, sevuparin, as a potential new treatment for sepsis/septic shock. These efforts during Q3 reached an important milestone in November as our planned Phase 1b LPS-provocation study gained regulatory approval.

Q3 has been an exciting period for Modus, with significant external activity to help raise our profile. This has included appearances at Biostock Life Sciences Summit 2021, Investerarmötet-Live and on the Småbolagspodden podcast. It has been great to participate on these high-profile platforms and I am sure that we will be able to continue generate greater awareness of Modus' name and our goals for the treatment of sepsis/septic shock as we make further progress. In parallel, we have been hard at work building on the success of our IPO and the preclinical foundation in preparing for the start of our clinical development program for sevuparin.

Our first trial, a phase Ib-LPS challenge study, that gained regulatory approval in November, is planned to start in Q4-21/Q1-22. This study will observe the effect of sevuparin in healthy volunteers who received an injection of a bacterial toxin called lipopolysaccharide (LPS), which causes inflammation that can be seen as a kind of "artificial sepsis". For this trial we will be collaborating with the Centre for Human Drug Research (CHDR) in The Netherlands, an inflammation specialized CRO. The trial is designed to provide important information such as sevuparin dose levels and potential biomarkers that in turn are needed for the design of our subsequent Phase II study, which is planned to start in Q3/Q4 2022. This Phase II study will test sevuparin in patients with sepsis compared to current standard of care alone.

Given the aggressive timelines, it is vital that we have timely supply of the sevuparin drug product to meet our targets. That is why we are pleased to have announced a drug supply agreement with specialist contract manufacturing organization Symbiosis Pharmaceutical Services, a company which is focused on the manufacture and sterile fill/finish of vials for clinical trials. Symbiosis, which is headquartered in Stirling, Scotland, has started manufacturing sevuparin, and we believe their strong track record makes them the ideal partner for this business-critical activity. We are also very happy to have gained the support of several key scientific advisors this quarter. These are Professor Eddie Weitzberg, Professor Lennart Lindbom and Professor Mats Wahlgren, all of whom are leaders in their fields.

Our excitement about the future of Modus is based on the research performed in collaboration with Karolinska Institutet. This reasearch indicated that sevuparin can counteract septic inflammation both in vivo in mice, and in vitro in human cells, which constitutes the basis for the potential to be game-changing for the many patients with sepsis. At present there are no treatments specifically approved for the disorder. In 2019, an estimated 49 million people globally developed Sepsis and of these about 11 million died, accounting for about 19.7 percent of all global disease-related deaths. Because of this, and thanks to the robust preclinical and clinical data for sevuparin, a recent Carlsquare analysis has noted that there is a substantial market potential for sevuparin in sepsis, a market estimated to $27 billion.

We would like to thank our shareholders for their continued support. Modus is in a very strong position, and we are confident that during the remainder of 2021 and in 2022 we will make further significant progress as we deliver the data from our phase Ib study and begin our Phase II study in patients with sepsis. We remain focused on our goal of bringing sevuparin to market for sepsis/septic shock, one of the world's most pressing and costly healthcare problems.

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.

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,

[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).

[7] https://www.who.int/news-room/fact-sheets/detail/sepsis

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 total market potential for sevuparin in septic shock for the 7 major markets amounts to 6 billion USD. The potential for U.S. here amounts to USD 4.9 billion and the market potential in the EU and Japan amounts to USD 1.1 billion. In a recent analysis performed by Carlsquare assuming an earlier deployment of sevuparin in the sepsis treatment cascade the estimated total market potential for the 7 major markets amounted to 27 billion USD in 2036. 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.

[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 OF PROFIT AND FINANCIAL POSITION

Third quarter

Operating profit/loss

The operating loss for the period July- September 2021 amounted to TSEK 4 441 (695). The increased loss is largely driven by the initiation of the planned manufacturing of sevuparin for future clinical studies and preparations for the upcoming Phase 1b study. It is also a result of an increase in staffing and costs associated with the listing of the company on Nasdaq First North.

Cash flow, Investments, and financial position

At the beginning of the period, cash and cash equivalents amounted to TSEK 3 830, and at the end of the period to TSEK 29 035. During the period, SEK 3,7 million was paid in issue costs for the new share issue carried out during the third quarter. Cash flow from current operations was negative to the amount of TSEK 4 226 (942), of which changes in working capital amounted to a positive TSEK 215 (negative 246). The cash flow from financing activities amounted to TSEK 29 431 (0). The total cash flow amounted to TSEK 25 205 (-942).

First 9-Months

Operating profit/loss

The operating loss for the period January-September 2021 amounted to TSEK 8 402 (5 000). The reduced result is mainly due to the execution of planned activities linked to the manufacturing of sevuparin and preparations for the Phase 1 b study. Costs linked to the listing of the company also have a negative effect on earnings.

Cash flow, Investments, and financial position

At the beginning of the period, cash and cash equivalents amounted to TSEK 7 345, and at the end of the period to TSEK 29 035. Cash flow from current operations was negative to the amount of TSEK 7 691 (6 124), of which changes in working capital amounted to a positive TSEK 711 (negative 1 124), which is mainly attributable to an increase in accounts payable and accrued expenses. The cash flow from financing activities amounted to TSEK 29 431 (8 200). The total cash flow amounted to TSEK 21 690 (2 076).

IMPORTANT EVENTS DURING THE THIRD 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 3.7 million. On July 20, the Company was approved for listing on Nasdaq First North and the first day of trading occurred on July 22.

Modus Therapeutics Appoints Key Scientific Advisors

On 23 September 2021 Modus announced that it had appointed a panel of key scientific advisors – Professor Eddie Weitzberg, Professor Lennart Lindbom and Professor Mats Wahlgren – who will support the company's future development strategy for sevuparin for sepsis/septic shock and other conditions where systemic inflammation is involved.

Lennart Lindbom is Professor of Physiology at the Department of Physiology and Pharmacology at Karolinska Institutet. He is an expert in microvascular physiology and discovered the protective effects of heparinoids in systemic inflammation and performed landmark preclinical studies to show the benefit of sevuparin. Prof. Lindbom is also an expert in biomarkers in this field and identified leukocyte-derived heparin binding proteins (e.g. HBP) as inducers of vascular hyperpermeability, an important feature in the pathology of systemic inflammation.

Eddie Weitzberg is Professor of Anesthesiology and Intensive care at Karolinska Institutet and Senior Consultant at the department of Perioperative Medicine and Intensive Care at Karolinska University Hospital in Stockholm. He has a longstanding research interest in critical illness including sepsis. He also spent several years as a member of the board at the Stockholm School of Entrepreneurship (SSES).

Mats Wahlgren is Professor of Infectious Disease Control at Karolinska Institutet. He is a co-inventor of sevuparin and pioneered human studies in micro-vascular diseases. He has also explored the uses of heparinoids in diseases that do not rely on the anti-coagulant features of these compounds. Professor Wahlgren was a member of The Nobel Assembly and The Nobel Committee. He is a world-leading researcher in the malaria field.

Important events after the end of the third quarter

Symbiosis Pharmaceutical Services Starts Producing Sevuparin for Modus' Future Clinical Development

On 12 October 2021 Modus announced that Symbiosis Pharmaceutical Services, a specialist contract manufacturing organization, has started manufacturing sevuparin drug product securing the supply for the Phase II clinical development. This follows a recent drug supply agreement between Modus and Symbiosis covering the drug product needs for the Phase II program, beyond the Phase Ib LPS challenge study planned to start in Q4-21/Q1-22. Symbiosis, headquartered in Stirling, Scotland, specialises in the GMP manufacture and sterile fill/finish of vials for clinical trials and low-volume commercial supply.

Modus Therapeutics engages Lago Kapital as a liquidity guarantor

On 21 October 2021 Modus announced that it has engaged Lago Kapital as a liquidity guarantor for the company's share. Lago Kapital will ensure the opportunity to trade in the company's shares by continuously placing trading items on each buy and sell page in the order book. This is in accordance with Nasdaq First North Growth Market regulations regarding liquidity guarantee and means that the liquidity guarantor quotas the purchase and sale volume corresponding to at least SEK 15,000 with a spread of a maximum of 4% between the buy and sell price. The purpose of the liquidity guarantee is to improve the liquidity of the share and reduce the difference between the bid and ask price during ongoing trading. For this purpose, Karolinska Development lends 40,000 MODTX shares to Lago Kapital pro bono.

Modus Therapeutics Receives Regulatory Approval to Start a Phase 1b Clinical LPS Challenge Study with Sevuparin in the Netherlands

On 9 November 2021 Modus Therapeutics announces that it has received the approval for its planned phase 1b clinical trial with sevuparin by the competent authorities in the Netherlands.

The planned randomized, placebo-controlled Phase 1b study will evaluate the effects of intravenous sevuparin on the dermal and systemic lipopolysaccharide (LPS) induced inflammatory responses in healthy volunteers. The LPS challenge is a well-established model used to characterize the early stages of a septic reaction.

The study will also assess the safety profile of sevuparin in combination with regular prophylactic anticoagulant heparin use.

These evaluations will pave the way for a subsequent study evaluating sevuparin in patients with sepsis, which is planned to start during H2 2022.

The planned Phase 1b study will be performed in collaboration with Centre for Human Drug Research, CHDR in Leiden, The Netherlands. CHDR is an independent contract research organization (CRO) that specializes in cutting-edge early-stage clinical drug research. CHDR has a specialized interest and significant expertise in advanced inflammation models that make it particularly well-suited for this early clinical development work with sevuparin.

OTHER DISCLOSURES

Ownership structure

At the end of the third quarter, there were 1122 shareholders in Modus Therapeutics Holding AB, of which the three largest shareholders owned 66% of the capital and votes. The total number of shares was 16 100 050. The largest shareholders, on September 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 September 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 320 (324). The loss for the period amounted to TSEK 6,092 (4,502). 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 2 (0,5).

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 September 30, 2021, the group's cash and cash equivalents amounted to SEK 29 million.

The issue in Q3 was subscribed for to a total of approximately SEK 37.3 million, including subscription commitments, corresponding to a subscription ratio of approximately 113 percent. 5,156,300 shares and 5,156,300 warrants of series TO 1 was issued and Modus was provided approximately SEK 33 million before issue costs, which amounted to approximately SEK 3.6 million.

Subscription of shares with the support of warrants TO1 may take place during the period from and including May 19th, 2022, to and including June 9th, 2022. The warrants of TO1 series can provide a maximum of approximately SEK 45 million before issue costs.

The Board of Directors of the Company assesses that existing working capital is sufficient to carry out the first planned Phase 1b 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 Q4-21 / Q1-22 in The Netherlands, but for the time being it is prudent to maintain awareness of potential disturbances in planned clinical activities due to fluctuating and potentially rising COVID contagion around Europe. For the longer 2022 horizon, continued disruption due to unforeseen infection development can unfortunately not be ruled out altogether 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	2021.07.01 -2021.09.30	2020.07.01 -2020.09.30	2021.01.01 -2021.09.30	2020.01.01 -2020.09.30	2020.01.01 -2020.12.31
Net sales	-	-	-	-	-
Research and development costs	-1 906	-298	-2 832	-3 001	-3 723
Administration costs	-2 533	-399	-5 568	-1 999	-2 299
Other operating expenses	-3	2	-2	0	2
Operating profit/loss	**-4 441**	**-695**	**-8 402**	**-5 000**	**-6 020**
Net interest income	0	**-1**	**-1**	**1**	1
Profit/loss after financial items	**-4 441**	**-697**	**-8 402**	**-5 000**	**-6 019**
Income tax	-	**-**	**-**	**-**	-
Profit/loss for the period	**-4 441**	**-697**	**-8 402**	**-5 000**	**-6 019**
Earnings per share before and after dilution (SEK)	-0,30	-0,10	-0,76	-1,00	-1,02
Net profit/loss attributable to:					
Parent company shareholders	**-4 441**	**-697**	**-8 402**	**-5 000**	**-6 019**

Consolidated summary of comprehensive income

TSEK	2021.07.01 -2021.09.30	2020.07.01 -2020.09.30	2021.01.01 -2021.09.30	2020.01.01 -2020.09.30	2020.01.01 -2020.12.31
Profit/loss for the period	**-4 441**	**-697**	**-8 402**	**-5 000**	**-6 019**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**
Other comprehensive income for the period	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the period	**-4 441**	**-697**	**-8 402**	**-5 000**	**-6 019**
Total comprehensive income attributable to:					
Parent company shareholders	**-4 441**	**-697**	**-8 402**	**-5 000**	**-6 019**

Consolidated summary balance sheet

TSEK	2021.09.30	2020.09.30	2020.12.31
Assets			
Fixed assets			
Other financial fixed assets	50	-	-
Total Fixed assets	**50**		
Current assets			
Other receivables	388	76	146
Cash equivalents	29 035	3 452	7 345
Total current assets	**29 424**	**3 528**	**7 491**
Total assets	**29 473**	**3 528**	**7 491**
Equity and liabilities			
Share capital	966	44	44
Additional paid-in capital	295 926	252 226	257 226
Retained earnings including net loss for the period	-268 869	-249 256	-250 275
Total equity attributable to parent company shareholders	**28 023**	**3 014**	**6 995**
Current liabilities			
Accounts payable	815	45	108
Other liabilities	151	128	75
Accrued expenses and deferred income	484	341	313
Total current liabilities	**1 450**	**514**	**496**
Total equity and liabilities	**29 473**	**3 528**	**7 491**

Consolidated change in shareholder's equity in summary

TSEK	2021.07.01 -2021.09.30	2020.07.01 -2020.09.30	2021.01.01 -2021.09.30	2020.01.01 -2020.09.30	2020.01.01 -2020.12.31
Opening balance equity	**3 034**	**3 711**	**6 995**	**-2 686**	**-2 686**
Profit/loss for the period	-4 441	-697	-8 402	-5 000	-6 019
Other comprehensive income	-	-	-	**-**	-
Total comprehensive income	**-4 441**	**-697**	**-8 402**	**-5 000**	**-6 019**
Transactions with shareholders					
New issue of shares	33 000	5 200	48 000	10 700	10 700
Costs for new issue	-3 695	-	- 3 695	-	
Subscription of convertible loans	-	-5 200	-15 000	-5 200	- 5200
Option premiums received	126	-	126		
Convertible loans with obligatory conversion	-	-	-	5 200	10 200
Total transactions with shareholders	**29 431**	**-**	**29 431**	**10 700**	**15 700**
Closing balance equity	**28 024**	**3 014**	**28 024**	**3 014**	**6 995**

The equity is assignable the shareholders of the parent company.

Consolidated cash flow statement in summary

TSEK	2021.07.01 -2021.09.30	2020.07.01 -2020.09.30	2021.01.01 -2021.09.30	2020.01.01 -2020.09.30	2020.01.01 -2020.12.31
Operating activities					
Operating profit/loss	-4 441	-695	-8 402	-5 000	-6 020
Interest received	-	-	-	3	2
Interest paid	-0	-1	-1	-2	-1
Cash flow from operating activities before changes in working capital	**-4 441**	**-696**	**-8 402**	**-5 000**	**-6 019**
Changes in working capital	215	-246	711	-1 124	-12 12
Cash flow from operating activities	**-4 226**	**-972**	**-7 691**	**-6 124**	**-7 231**
Cash flow from investment activities	-	-	-50	-	-
Cash flow from financing activities	29 431	-	29 431	8 200	13 200
Cash flow for the period	**25 205**	**-942**	**21 690**	**2 076**	**5 969**
Cash equivalents at the beginning of the period	3 830	4 395	7345	1 376	1 376
Changes in cash equivalents	25 205	-942	21 690	2 076	5 969
Cash equivalents at the end of the period	**29 035**	**3 452**	**29 035**	**3 452**	**7 345**

Parent company income statement in summary

TSEK	2021.07.01 -2021.09.30	2020.07.01 -2020.09.30	2021.01.01 -2021.09.30	2020.01.01 -2020.09.30	2020.01.01 -2020.12.31
Net sales	92	-	320	324	609
Research and development costs	-296	-176	-621	-814	-975
Administration costs	-2 232	-263	-4 791	-1 534	-1 775
Other operating expenses	-	-	-	-	-
Operating profit/loss	-2 436	-439	-5 092	-2 024	-2 141
Net interest income	0	-2	0	- 2 478	65 256
Profit/loss after financial items	**-2 436**	**-441**	**-5 092**	**-4 502**	**63 115**
Appropriation	-	-	-1 000	-	-
Income tax expense	-	-	-	-	-
Profit/loss for the period	**-2 436**	**-441**	**-6 092**	**-4 502**	**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	2021.09.30	2020.09.30	2020.12.31
Assets			
Non-current assets			
Financial assets	70 050	2 267	70 000
Total non-current assets	**70 050**	**2 267**	**70 000**
Current assets			
Other receivables	2 210	20	22
Cash equivalents	28 230	3 339	7 292
Total current assets	**30 440**	**3 359**	**7 314**
Total assets	**100 490**	**5 626**	**77 314**
Equity and liabilities			
Restricted equity			
Share capital	966	44	44
Non-restricted equity			
Share premium reserve	295 800	251 945	251 945
Retained earnings	-191 333	-243 975	-238 975
Profit/loss for the period	-6 092	-4 502	63 115
Total equity	**99 341**	**3 512**	**76 129**
Current liabilities			
Accounts payable	649	16	17
Other liabilities	151	1 873	910
Accrued expenses and deferred income	349	225	258
Total current liabilities	**1 149**	**2 114**	**1 185**
Total equity and liabilities	**100 490**	**5 626**	**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 320 (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.

Not 4 Equity

The share capital of the Parent Company consists only of fully paid ordinary shares with a nominal (quota value) of SEK 0,060/share. The company has 16 100 050 shares.

Shares/SEK	2021.01.01 -2020.09.30	2020.01.01 -2020.09.3
Subscribed and paid shares:		
At the beginning of the period	137 297 153	23 777 066
Share merger	-128 697 153	
Offset issue	2 343 750	
Rights issue	5 156 300	113 520 087
Subscribed and paid shares	**16 100 050**	**137 297 153**
Shares for share based payments	-	-
Sum at the end of the period	**966 003**	**43 571**

During 2020, the company carried out new issues on two occasions amounting to a total of 113,520,087 shares. In the second quarter of 2021, the company completed a share merger at a ratio of 1: 15.96 and a set-off issue (see Note 2). In the third quarter of 2021, the company issued an issue of 5,156,300 units, which corresponds to 5,156,300 shares and 5,156,300 warrants. A unit consists of one share and a warrant of the TO1 series. The total number of shares thereafter amounted to 16,100,050 and with a quota value of SEK 0.060 / Share.

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

Year-End report 2021	2022.02.22

Modus Therapeutics Holding AB
Stockholm 18 November, 2021

Viktor Drvota Chairman of the Board	Ellen Donnelly Board Member
Torsten Goesch Board Member	John Öhd CEO

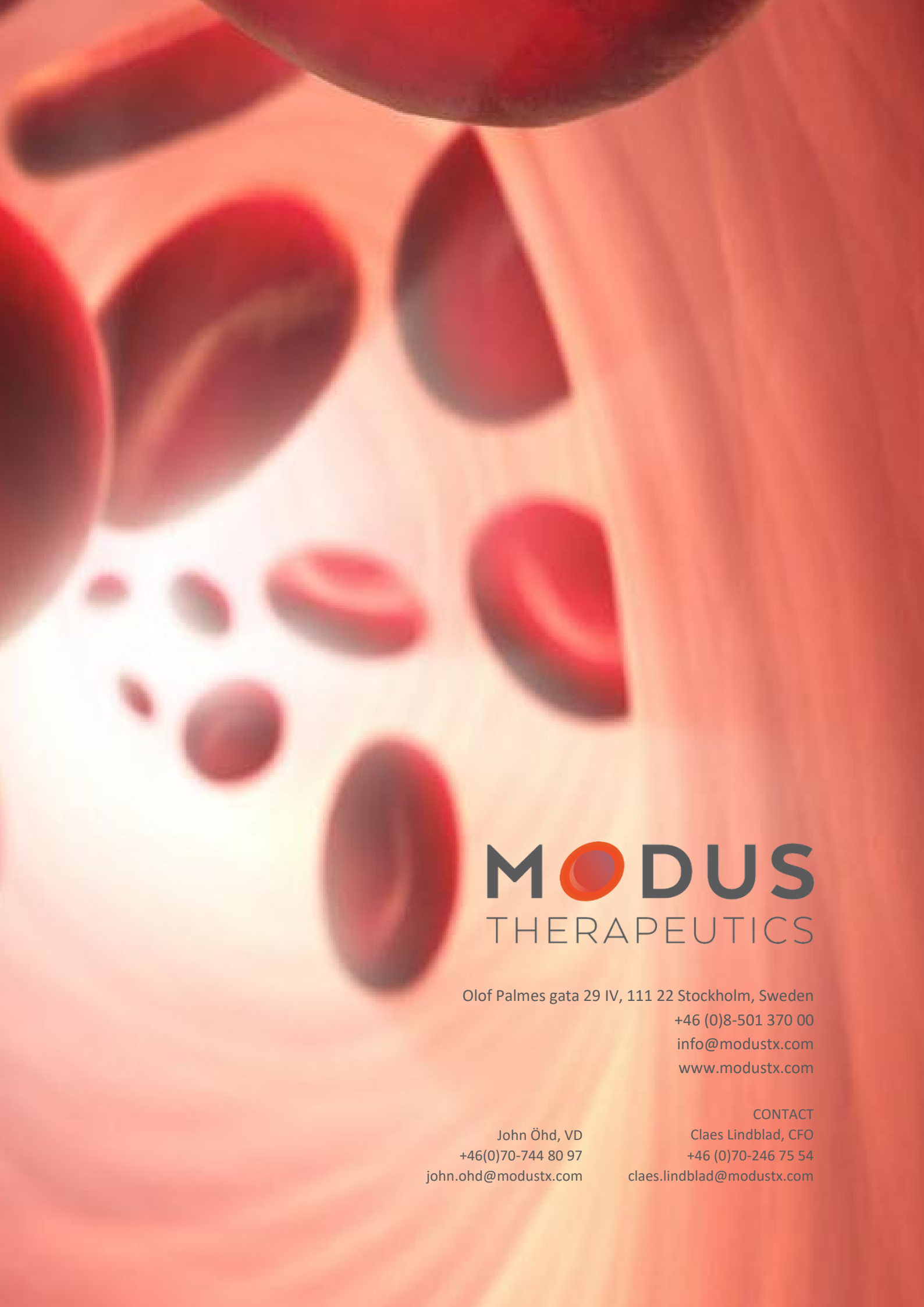
Quarterly overview

	2021			2020			
THE GROUP	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales, SEK ths	-	-	-	-	-	-	-
Operating profit, SEK ths	-4 441	-2 533	-1 428	-1 020	-695	-1 701	-2 604
Equity/Asset ratio,%	95%	70%	86%	93%	85%	82%	13%
Cash equivalents, SEK ths	29 035	3 830	6 179	7 345	3 452	4 395	1 462
Cashflow from operating activities, SEK ths	-4 226	-2 299	-1 166	-1 107	-942	-2 267	-2 914
Earnings per share (before and after dilution), SEK	-0,30	-0,26	-0,17	-0,12	-0,10	-0,34	-0,93
Shareholder's equity at the end of the period, SEK ths	28 023	3 033	5 567	6 995	3 014	3 711	209
Shareholder's equity per share, SEK	1,86	0,31	0,65	0,81	0,42	0,75	0,07
R&D expense/operating expense, %	43%	14%	41%	71%	43%	61%	64%
Average number of shares, 000'	15 035	9 656	8 600	8 600	7 245	4 934	3 791
Share price at the end of the period, SEK	4,10	-	-	-	-	-	-
Average number of employees	2,0	1,5	1,0	0,5	0,5	2,0	2,0

Definitions

Financial key ratios

- **Operating profit:** Operating income less operating expenses.
- **Equity/Asset ratio:** Equity at the end of the period divided by total assets at the end of the period.
- **Earnings per share for the period before dilution:** Profit for the period divided by the average number of shares before dilution.
- **Earnings per share for the period after dilution:** Profit for the period divided by the number of shares after dilution. Earnings per share after dilution is the same as before dilution because potential ordinary shares do not cause dilution.
- **Shareholder's equity per share:** Equity divided by average number of shares.
- **R&D expense/operating expense, %:** Research and development costs divided by total operating costs.
- **Number of employees (average):** Weighted average number of employees in the relevant period.



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