MODUS THERAPEUTICS

YEAR-END REPORT

JANUARY – DECEMBER 2021

YEAR-END REPORT 2021

January 1 – December 31, 2021

"The Company" or "Modus" refers to the parent company Modus Therapeutics Holding AB with organization number 556851–9523. "Subsidiary" or "Modus Therapeutics" refers to the subsidiary Modus Therapeutics AB with organization number 556669–2199.

The fourth quarter in figures

- The loss after tax amounted to TSEK 12 289 (1 019).
- The loss per share amounted to SEK 0,76 (0,12).
- The cash flow from current operations was negative in the amount of TSEK 8 387 (1 107).

The full year in figures

- The loss after tax amounted to TSEK 20 691 (6 019).
- The loss per share amounted to SEK 1,67 (1,12).
- The cash flow from current operations was negative in the amount of TSEK 16 078 (7 231).
- Cash and cash equivalents amounted to TSEK 20 648 (7 345).

Important events during the fourth 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.
- First sevuparin dose administered in Modus Therapeutics' Phase 1b LPS provocation study.

Important events after the end of end of the period

No events to report

Financial overview

THE GROUP	2021.10.01 -2021.12.31	2020.10.01 -2020.12.31	2021.01.01 -2021.12.31	2020.01.01 -2020.12.31
Net sales, SEK ths	-	-	-	-
Operating profit/loss, SEK ths	-12 289	-1 020	-20 690	-6 020
Equity/Asset ratio, %	74%	93%	74%	93%
Cash equivalents, SEK ths	20 648	7 345	20 648	7 345
Cash flow from operating activities, SEK ths	-8 387	-1 107	-16 078	-7 231
Earnings per share, SEK	-0,76	-0,12	-1,67	-1,02
Shareholders' equity, SEK ths	15 735	6 995	15 735	6 995
Shareholders' equity per share, SEK	0,98	0,81	1,27	1,18
R&D expense/operating expense, %	87%	71%	65%	62%
Average number of shares, 000'	16 100	8 600	12 376	5 912
Share price at the end of the period, SEK	3,8	-	3,8	-
Average number of employees	2,0	0,5	1,6	1,3

Definitions are provided on page 19

Modus' new strategy, IPO and rapid transition into clinical phase define its 2021

– A word from our CEO John Öhd

Over the course of 2021 we've had a lot to celebrate at Modus. This has been a transformative year for the company, and we're pleased to report on how far we've come in just twelve months. We'd like to thank all our colleagues, collaborators and our investors – including our new investors from the launch of our IPO – for their continued support as we reflect on the last year and look forward to what promises to be an exciting 2022.

Early in 2021 we made a significant decision to launch a new strategy for sevuparin, focusing on the clinical development of our drug candidate as a potential treatment for sepsis/septic shock and other severe inflammatory complications.

Our confidence in sevuparin's potential in sepsis is evidenced by research indicating that the compound can counteract septic inflammation both in vivo in mice, and in vitro in human cells, with a confirmed favorable human safety profile. There are currently no specifically approved treatments for patients with sepsis, and as a result, it remains one of the costliest conditions to treat in the hospital care setting. In 2019, US in-patient care costs for patients with sepsis were estimated to amount to $23 billion. The most severe type of sepsis, septic shock, is a leading cause of death in intensive care units worldwide, with mortality rates typically exceeding 30%. To conclude, there is great incentive to address the high unmet medical need in this disease area.

Our new strategy has already started to pay off, with Modus rapidly moving from concept to clinical development in the space of just nine months, supported by an oversubscribed listing on the Nasdaq First North Growth Market in July 2021. The proceeds from our IPO funded both the Phase 1b provocation study and the manufacture of new sevuparin drug product which secures supply to future clinical trials. Looking further into the second half of 2022, Modus is planning to fund the next steps – preparing and starting a Phase 2a study in patients with sepsis – by means of the proceeds from the warrants that were issued at the IPO to be exercised in May/June.

The Phase 1b study began in December 2021 and is planned to be finalized by end H1 2022. An interim analysis is planned for April/May as a first high-level data presentation from this study. The study will evaluate the effects of sevuparin on the symptoms of healthy volunteer participants who have been injected with the bacterial toxin lipopolysaccharide (LPS) in the skin (local inflammation) and blood (systemic inflammation). Provocation with LPS is a well-established model used to characterize the early stages of septic inflammation. The study will also evaluate the safety profile of sevuparin when used in combination with standard prophylactic, blood-thinning heparin. This study has the potential to provide important information about dose levels and biomarkers for the Phase 2 study, planned to start in Q4 2022, which will evaluate sevuparin in patients with sepsis in comparison to the current standard of care.

Last year's developments also enable Modus to become a stable and long-term partner for future external collaborations. One example came in June 2021, when we announced a partnership with Imperial College London to research the effect of sevuparin in patients with severe malaria. Throughout 2022 we intend to continue continue evaluating new potential collaborations as an essential opportunity to increase the commercial value of sevuparin.

We also made some key additions to our team in 2021, with the appointment of Claes Lindblad as Chief Financial Officer as well as three key Scientific Advisors who will support the company's future development strategy for sevuparin – Professor Eddie Weitzberg, Professor Lennart Lindbom and Professor Mats Wahlgren.

With a growing team, a successful IPO and clinical studies already under way, Modus is well prepared for a successful 2022 as we take the next key steps in sevuparin's development, and we look forward to providing more updates in the near future.

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 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. , , It is well-known that heparinoids have blood-thinning effects, which limits dosage to avoid unnecessary risk of bleeding. 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.

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, and in 2017, sepsis accounted for approximately 11 million deaths, corresponding to 19.7 percent of global mortality. 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. 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.

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 favorable safety profile, although no improvement in disease status was observed compared with placebo.

DEVELOPMENT OF PROFIT AND FINANCIAL POSITION

Fourth quarter

Operating profit/loss

The operating loss for the period October-December 2021 amounted to TSEK 12 289 (1 020). The result is in accordance with the plan and the increase in R&D spending is driven by the fact that the company has successfully implemented its activity plan after listing and issue. Initiation of the planned production of sevuparin for future clinical trials and the start of the phase 1b study are the major components affecting the result. In a comparison with previous year, the result is also affected by 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 29 035, and at the end of the period to TSEK 20 648. Cash flow from current operations was negative to the amount of TSEK 8387 (1 107), of which changes in working capital amounted to a positive TSEK 3 902 (negative 88), which is mainly attributable to an increase in accounts payable and accrued expenses. The cash flow from financing activities amounted to TSEK 0 (5 000). The total cash flow amounted to a negative TSEK 8 387 (positive 3 893).

The full year

Operating profit/loss

The operating loss for the period January-December 2021 amounted to TSEK 20 691 (6 020). The result is in accordance with the plan and the increase in R&D spending is driven by the fact that the company has successfully implemented its activity plan after listing and issue. Initiation of the planned production of sevuparin for future clinical trials and the start of the phase 1b study are the major components affecting the result. In a comparison with previous year, the result is also affected by 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 7 345, and at the end of the period to TSEK 20 648. Cash flow from current operations was negative to the amount of TSEK 16 078 (7 231), of which changes in working capital amounted to a positive TSEK 4 613 (negative 1 212), which is mainly attributable to an increase in accounts payable and accrued expenses. The cash flow from financing activities amounted to TSEK 29 431 (13 200). The total cash flow amounted to TSEK 13 303 (5 969).

IMPORTANT EVENTS DURING THE FOURTH 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.

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.

First sevuparin dose administered in Modus Therapeutics' Phase 1b LPS provocation study

On December 1, 2021 Modus announced that the first clinical trial participant has been dosed with sevuparin in the company's clinical Phase 1b LPS provocation study. The start of Modus' first clinical study in the sepsis program meant that the new strategy planned in early 2021 became a reality. Modus expects to complete this study in the second quarter of 2022 with the first interim data planned for presentation in April / May. The complete study then forms the basis for the planned follow-up patient study with sevuparin in sepsis with an estimated start in Q4 2022.

Important events after the end of the quarter

No event to report.

OTHER DISCLOSURES

Ownership structure

At the end of the fourth quarter, there were 1076 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 December 31, 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 December 31, 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 505 (609). The loss for the period amounted to TSEK 25 632 (+67 617). 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).

Proposed dividend

In view of the Modus financial position and negative earnings, the company's Board of Directors does not intend to propose any dividend before the company generates long-term sustainable profit and positive cash flow.

Annual General Meeting and Annual Report

The Annual General Meeting will be held on May 11, 2022. The annual report for the financial year 2021 will be available for download via the Company's website (www.modustx.com) on April 19, 2022.

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. As Modus is primarily a research and development company, the company's long-term cash needs are determined by the scope and results of the clinical research conducted with regard to the company's drug candidate sevuparin. As of the last December 2021, the Group's cash and cash equivalents amounted to SEK 20.6 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 3.7 million.

Interim data from the phase 1 b study started in December are expected to be presented during April / May.

Further financing of the company, including the planned phase 2 a study starting in Q4 2022, is planned in accordance with the previously published prospectus to be made via warrants TO1. 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.

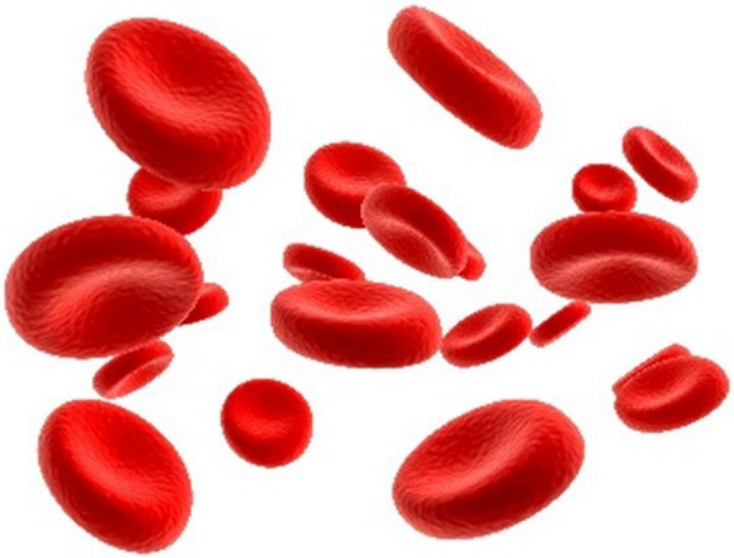
The company's development project will require additional capital injections from investors in order for the values to be realized. There are no guarantees that the required capital can be raised to finance the development on favorable terms, or that such capital can be raised at all. The Board and the CEO make the assessment that these projects will be able to be completed and put into use, and they also make the assessment that the prospects for future capital raising are good provided that the development project delivers according to plan. Should capital raising activities according to the above not be fulfilled, there is a risk regarding the group's continued operations.

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. However, the introduction of the new COVID mutation Omicron at the end of the quarter led to the reintroduction of restrictions in many countries. In December, Modus started its phase 1b clinical study in the Netherlands and it is still following the planned schedule. It is however important at present to maintain awareness of potential disruptions in planned clinical activities due to fluctuating and potentially increasing COVID infection and resulting vaccination programs around Europe. In a longer perspective from 2022, continued disruptions due to unforeseen infection development can unfortunately not be completely ruled out and therefore still constitute an element of uncertainty in Modus' planned operations.

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	2021.10.01 -2021.12.31	2020.10.01 -2020.12.31	2021.01.01 -2021.12.31	2020.01.01 -2020.12.31
Net sales	-	-	-	-
Research and development costs	-10 712	-722	-13 544	-3 723
Administration costs	-1 526	-300	-7 094	-2 299
Other operating expenses	-50	2	-52	2
Operating profit/loss	**-12 289**	**-1 020**	**-20 690**	**-6 020**
Net interest income	0	**0**	**-1**	1
Profit/loss after financial items	**-12 289**	**-1 019**	**-20 691**	**-6 019**
Income tax	-	**-**	**-**	-
Profit/loss for the period	**-12 289**	**-1 019**	**-20 691**	**-6 019**
Earnings per share before and after dilution (SEK)	-0,76	-0,12	-1,67	-1,02
Net profit/loss attributable to:				
Parent company shareholders	**-12 289**	**-1 019**	**-20 691**	**-6 019**

Consolidated summary of comprehensive income

TSEK	2021.10.01 -2021.12.31	2020.10.01 -2020.12.31	2021.01.01 -2021.12.31	2020.01.01 -2020.12.31
Profit/loss for the period	**-12 289**	**-1 019**	**-20 691**	**-6 019**
Other comprehensive income	**-**	**-**	**-**	**-**
Other comprehensive income for the period	**-**	**-**	**-**	**-**
Total comprehensive income for the period	**-12 289**	**-1 019**	**-20 691**	**-6 019**
Total comprehensive income attributable to:				
Parent company shareholders	**-12 289**	**-1 019**	**-20 691**	**-6 019**

Consolidated summary balance sheet

TSEK	2021.12.31	2020.12.31
Assets		
Fixed assets		
Other financial fixed assets	50	-
Total Fixed assets	**50**	
Current assets		
Other receivables		146
	493	
Cash equivalents	20 648	7 345
Total current assets	**21 141**	**7 491**
Total assets	**21 191**	**7 491**
Equity and liabilities		
Share capital	966	44
Additional paid-in capital	295 926	257 226
Retained earnings including net loss for the period	-281 158	-250 275
Total equity attributable to parent company shareholders	**15 734**	**6 995**
Current liabilities		
Accounts payable	4 485	108
Other liabilities	139	75
Accrued expenses and deferred income	833	313
Total current liabilities	**5 457**	**496**
Total equity and liabilities	**21 191**	**7 491**

Consolidated change in shareholder's equity in summary

TSEK	2021.10.01 -2021.12.31	2020.10.01 -2020.12.31	2021.01.01 -2021.12.31	2020.01.01 -2020.12.31
Opening balance equity	**28 024**	**3 014**	**6 995**	**-2 686**
Profit/loss for the period	-12 289	-1 019	-20 691	-6 019
Other comprehensive income	-	-	-	-
Total comprehensive income	**-12 289**	**-1 019**	**-20 691**	**-6 019**
Transactions with shareholders				
New issue of shares	-	-	48 000	10 700
Costs for new issue	-	-	- 3 695	
Subscription of convertible loans	-	-	-15 000	- 5 200
Option premiums received	-	-	126	
Convertible loans with obligatory conversion	-	5 000	-	10 200
Total transactions with shareholders	**-**	**5 000**	**29 431**	**15 700**
Closing balance equity	**15 735**	**6 995**	**15 735**	**6 995**

The equity is assignable the shareholders of the parent company.

Consolidated cash flow statement in summary

TSEK	2021.10.01 -2021.12.31	2020.10.01 -2020.12.31	2021.01.01 -2021.12.31	2020.01.01 -2020.12.31
Operating activities				
Operating profit/loss	-12 289	-1 020	-20 691	-6 020
Interest received	-	-1	-	2
Interest paid	-	1	-1	-1
Cash flow from operating activities before changes in working capital	**-12 289**	**-1 019**	**-20 691**	**-6 019**
Changes in working capital	3 902	-88	4 613	-1 212
Cash flow from operating activities	**-8 387**	**-1 107**	**-16 078**	**-7 231**
Cash flow from investment activities	-	-	-50	-
Cash flow from financing activities	-	5 000	29 431	13 200
Cash flow for the period	**-8 387**	**3 893**	**13 303**	**5 969**
Cash equivalents at the beginning of the period	29 035	3 452	7 345	1 376
Changes in cash equivalents	-8 387	3 893	13 303	5 969
Cash equivalents at the end of the period	**20 648**	**7 345**	**20 648**	**7 345**

Parent company income statement in summary

TSEK	2021.10.01 -2021.12.31	2020.10.01 -2020.12.31	2021.01.01 -2021.12.31	2020.01.01 -2020.12.31
Net sales	185	285	505	609
Research and development costs	-436	-161	-1 057	-975
Administration costs	-1 176	-241	-5 967	-1 775
Other operating expenses	-5	-	-5	-
Operating profit/loss	-1 432	-117	-6 524	-2 141
Net interest income	0	67 734	0	65 256
Profit/loss after financial items	**-1 432**	**67 617**	**-6 525**	**63 115**
Appropriation	-24 200	-	-25 200	-
Income tax expense	-	-	-	-
Profit/loss for the period	**-25 632**	**67 617**	**-31 725**	**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	2021.12.31	2020.12.31
Assets		
Non-current assets		
Financial assets	70 050	70 000
Total non-current assets	**70 050**	**70 000**
Current assets		
Other receivables	335	22
Cash equivalents	19 486	7 292
Total current assets	**19 821**	**7 314**
Total assets	**89 871**	**77 314**
Equity and liabilities		
Restricted equity		
Share capital	966	44
Non-restricted equity		
Share premium reserve	295 800	251 945
Retained earnings	-191 333	-238 975
Profit/loss for the period	-31 725	63 115
Total equity	**73 709**	**76 129**
Current liabilities		
Accounts payable	354	17
Liabilities to Group companies	15 024	820
Other liabilities	139	90
Accrued expenses and deferred income	646	258
Total current liabilities	**16 163**	**1 185**
Total equity and liabilities	**89 871**	**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 505 (609) 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 -2021.12.31	2020.01.01 -2020.12.31
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 sharebased 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

Annual Report 2021	2022.04.19
Interim Report Q1 2022	2022.05.09
Annual General Meeting 2022	2022.05.11
Interim Report Q2 2022	2022.08.23
Interim Report Q3 2022	2022.11.22

Modus Therapeutics Holding AB - Stockholm 22 February 2021

Viktor Drvota
Styrelseordförande

Ellen Donnelly
Styrelseledamot

Torsten Goesch
Styrelseledamot

John Öhd
CEO

Quarterly overview

	2021				2020			
THE GROUP	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales, SEK ths	-	-	-	-	-	-	-	-
Operating profit, SEK ths	-12 289	-4 441	-2 533	-1 428	-1 020	-695	-1 701	-2 604
Equity/Asset ratio,%	74%	95%	70%	86%	93%	85%	82%	13%
Cash equivalents, SEK ths	20 648	29 035	3 830	6 179	7 345	3 452	4 395	1 462
Cashflow from operating activities, SEK ths	-8 387	-4 226	-2 299	-1 166	-1 107	-942	-2 267	-2 914
Earnings per share (before and after dilution), SEK	-0,76	-0,30	-0,26	-0,17	-0,12	-0,10	-0,34	-0,69
Shareholder's equity at the end of the period, SEK ths	15 735	28 023	3 033	5 567	6 995	3 014	3 711	209
Shareholder's equity per share, SEK	0,98	1,86	0,31	0,65	0,81	0,42	0,75	0,06
R&D expense/operating expense, %	87%	43%	14%	41%	71%	43%	61%	64%
Average number of shares, 000'	16 100	15 035	9 656	8 600	8 600	7 245	4 934	3 791
Share price at the end of the period, SEK	3,8	4,10	-	-	-	-	-	-
Average number of employees	2,0	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.

MODUS THERAPEUTICS

Olof Palmes gata 29 IV, 111 22 Stockholm, Sverige
+ 46 (0)8-501 370 00
info@modustx.com
www.modustx.com

CONTACT

John Öhd, CEO
+46(0)70-744 80 97
john.ohd@modustx.com

Claes Lindblad, CFO
+46(0)70-246 75 54
claes.lindblad@modustx.com