

Modus Therapeutics Holding AB Conducts a Rights Issue of 40.3 MSEK and an Offset Issue of 20.3 MSEK

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The Board of Directors of Modus Therapeutics Holding AB ("Modus" or the "Company") has today, based on the authorization from the Annual General Meeting on May 11, 2023, resolved to carry out a new issue of up to 20,125,060 shares with pre-emptive rights for the Company's shareholders (the "Rights Issue" or the "Offer"), as well as a directed issue of 10,156,569 shares through the offsetting of loans from Karolinska Development AB amounting to approximately 20.3 MSEK (the "Offset Issue", collectively the "Issues"). The Rights Issue is primarily intended to finance general working capital, a clinical phase IIa study in anemia of chronic kidney disease, preparation for other clinical activities, as well as the storage of sevuparin and its distribution to the malaria study. The Rights Issue is covered by subscription commitments of approximately 43.8 percent, corresponding to approximately 17.6 MSEK.

Background and Motive

Through targeted scientific efforts, Modus has been able to secure applications for new intellectual property, which in turn has enabled an expansion of the clinical project portfolio. The portfolio now includes an indication for anemia in chronic inflammation/kidney disease. The aim of the expansion is to achieve diversification of indication-specific risks in the portfolio and to provide increased flexibility for future business development and financing. To finance the clinical phase IIa study in anemia of chronic kidney disease as well as to finance general working capital, the board of Modus has, with the authority granted by the shareholders' meeting, decided to carry out a rights issue according to the below.

The Offer amounts to a maximum of approximately 40.3 MSEK before issue costs. The remaining net proceeds, if the offer is fully subscribed, amount to approximately 38.3 MSEK, after issue costs of approximately 2.0 MSEK. The net proceeds are intended for the following uses, primarily in order of priority and then by estimated scope:

- Working capital/operational costs such as salaries, consultancy fees, patent costs, and other administrative costs, approximately 25%
- Conducting a clinical phase IIa study in anemia/chronic kidney disease, approximately 65%

- Part 1 of clinical study, approximately 14%
- Supplemental preclinical toxicological study to enable 28 days of treatment in Part 2, approximately 22%
- Part 2 of clinical study, approximately 29%
- Management and storage of sevuparin, regulatory costs associated with the Investigational New Drug (IND) application, preparations for a phase IIa study in sepsis, and distribution of sevuparin to the malaria study, approximately 10%

Summary of the Issues

- The record date for the Rights Issue is November 15, 2023.
- Each existing share held in the Company on the record date of November 15, 2023, entitles the holder to one subscription right. Four (4) subscription rights entitle the holder to subscribe for five (5) shares.
- The subscription price for a share is 2.00 SEK (which corresponds to a 30-day VWAP with a discount of 5.25 percent).
- The subscription period for the Rights Issue runs from November 17 to December 1, 2023.
- The Rights Issue is covered by subscription commitments of approximately 43.8 percent of the issue amount, corresponding to approximately 17.6 MSEK.
- The Offset Issue is a directed issue to the Company's main shareholder, Karolinska Development AB, whereby debts of approximately 20.3 MSEK will be offset against newly issued shares.

Preliminary timetable for the Rights Issue

November 13, 2023 Last trading day of the share with the right to participate in the Rights Issue

November 14, 2023 First trading day of the share without the right to participate in the Rights Issue

November 14, 2023 Estimated date for publication of prospectus

November 15, 2023 Record date for participation in the Rights Issue

November 17 – 27, 2023 Trading in subscription rights

November 17– December 1, 2023 Subscription period

December 5, 2023 Estimated date for publication of the outcome of the Rights Issue

Rights Issue Summary

The right to subscribe for shares is granted with preferential rights to the Company's shareholders. Each existing share held in the Company on the record date of November 15, 2023, entitles the holder to one (1) subscription right. Four (4) subscription rights entitle the holder to subscribe for five (5) shares at a subscription price of 2.00 SEK per share. To the extent that shares are not subscribed for with pre-emptive rights, they will be offered to shareholders and other investors who have expressed an interest in subscribing for shares in Modus.

Subscription of shares will take place during the period from November 17 to December 1, 2023. If the Rights Issue is fully subscribed, the Company will raise approximately 40.3 MSEK before issue expenses.

Offset Issue Summary

The Board of Directors of Modus has also resolved on a directed offset issue of approximately 20.3 MSEK to the Company's main shareholder, Karolinska Development AB. The subscription price in the Offset Issue is 2.00 SEK per share, i.e., the same subscription price as in the Rights Issue. Payment is to be made by offsetting claims that have arisen under previously granted bridge loans to the Company.

The reason for deviating from the shareholders' pre-emptive rights in the Offset Issue is that the Board has considered it necessary to reduce the Company's indebtedness, which is not expected to be possible through internally generated funds in the near future. Furthermore, the possibility to increase the size of the Rights Issue by a corresponding amount has been deemed unlikely. Accordingly, the board of directors has established that the advantages of carrying out the Offset Issue in this manner clearly outweigh the main rule that new securities shall be issued with pre-emptive rights for the Company's shareholders. The board thus considers the Offset Issue to be in the best interest of both the Company and all its shareholders.

The subscription price has been determined based on the subscription price in the Rights Issue, which the Company has considered will be of decisive importance for the market's pricing of the share, particularly in light of the size of the Rights Issue and the financially strained position that the Company finds itself in, and therefore also for the assessment of the market fairness of the subscription price in the Offset Issue. Accordingly, the board consider the subscription price to be at market terms.

Change in Share Capital and Number of Shares and Dilution through the Issues

Through the Rights Issue, the share capital of the Company increases by a maximum of 1,207,503.60 SEK, by issuing a maximum of 20,125,060 shares. Through the Offset Issue, the share capital of the Company increases by a maximum of 609,394.14 SEK, by issuing a maximum of 10,156,569 shares.

Thus, through the Issues, the total number of shares increases by a maximum of 30,281,629 shares, corresponding to a total dilution of up to 65.3 percent.

Subscription Commitments and Prospectus

The Rights Issue is covered by subscription commitments to approximately 43.8 percent of the issue amount, corresponding to approximately 17.6 MSEK. Further information regarding the parties that have entered into subscription commitments, as well as the Offer and the Company, will be available in the EU growth prospectus expected to be published on November 14, 2023.

Advisors

Erik Penser Bank AB is the financial advisor to Modus in connection with the Issues, and Advokatfirman Vinge KB is the legal advisor.

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This information is information that Modus Therapeutics Holding AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2023-11-08 08:30 CET.

Certified Adviser

Svensk Kapitalmarknadsgranskning AB

Website: www.skmg.se

About Modus Therapeutics and sevuparin

Modus Therapeutics is a Swedish biotechnology company headquartered in Stockholm is developing its proprietary polysaccharide sevuparin as a potential treatment for several major healthcare needs including sepsis/septic shock and other disorders with severe systemic inflammation as well as states of anemia, related to chronic inflammation such as kidney disease. There is a great need for new treatments that can effectively treat these conditions. Modus' ambition is to create a paradigm shift in the care of these diseases, where sevuparin could provide therapeutic benefits. Modus Therapeutics is listed on the Nasdaq First North Growth market ("MODTX"). More information is available at www.modustx.com.

Sevuparin is a clinical stage, innovative proprietary polysaccharide drug with a multimodal mechanism of action, including immunomodulating, anti-adhesive and anti-aggregate effects. Sevuparin is a heparinoid with markedly attenuated anti-coagulation features that allows severalfold higher doses to be given, compared to regular heparinoids, without the associated risk for bleeding side-effects. Two routes of administration of sevuparin are currently being tested – an IV formulation for in-patient administration and a subcutaneous formulation that allows ambulatory and home care administration.

Important Information

The information in this press release does not constitute an offer to acquire, subscribe or otherwise trade in shares or other securities in Modus. The invitation to concerned persons to subscribe for shares in Modus will be made only through the prospectus that Modus will publish on or about November 14, 2023. No action has been taken, or will be taken, by Modus to permit an offer to the public in jurisdictions other than Sweden.

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Forward-looking statements

This press release contains certain forward-looking statements that reflect Modus' current views and expectations regarding future events and financial and operational developments, including statements regarding the Rights Issue and statements regarding guidance, planning, prospects and strategies. Words such as "intended," "estimated," "expected," "planned," "estimated," "may," and other expressions that imply indications or predictions of future developments or trends and are not based on historical facts constitute forward-looking statements information. Although Modus believes that these statements are based on reasonable assumptions and expectations, Modus cannot guarantee that such forward-looking statements will be realized. Because these forward-looking statements involve both known and unknown risks and uncertainties, actual outcomes may differ materially from those expressed in forward-looking information. Forward-looking statements in the press release speak only as of the date of the press release and are subject to change without notice. Potential investors should not place undue reliance on the forward-looking information contained herein, and potential investors are strongly encouraged to read those parts of the prospectus that include a more detailed description of factors that may affect the Company's business and the market in which the Company operates. The Company makes no promises to publish updates or revisions to forward-looking statements as a result of new information, future events or the like beyond what is required by applicable laws or stock market regulation.

Attachments

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