MODUS THERAPEUTICS

INTERIM REPORT

JANUARY – SEPTEMBER 2023

INTERIM REPORT 2023

January 1 – SEPTEMBER 30, 2023

"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 third quarter in figures

- The loss after tax amounted to TSEK 3 093 (2 908).
- The loss per share amounted to SEK 0,19 (0,18).
- The cash flow from current operations was negative in the amount of TSEK 2 955 (2 760).

The first 9-months in figures

- The loss after tax amounted to TSEK 13 828 (8 964).
- The loss per share amounted to SEK 0,86 (0,56).
- The cash flow from current operations was negative in the amount of TSEK 13 557 (13 532).

Important events during the third quarter

No events to report.

Important events after the end of end of the period

- Modus Therapeutics presents final data from its Phase 1b LPS-provocation study with sevuparin at the annual ISICIP symposium in Barcelona.
- Modus Therapeutics to present at the 2023 American Society of Hematology Meeting and Exposition (ASH): New data on sevuparin and its potential to treat chronic kidney disease anemia and reduce kidney injury.
- Modus participated in BIO-EUROPE
- On 8 November 2023, the Board of Directors resolved, with the support of the Annual General Meeting's authorization, to carry out a rights issue of approximately SEK 40,3 million and a set-off issue of SEK 20,3 million. The Rights Issue is primarily intended to finance general working capital, a clinical phase IIa study in anemia, preparation for the rest of the clinical program, as well as the storage of sevuparin and its distribution to the malaria study.

Financial overview

THE GROUP	2023.07.01 -2023.09.30	2022.07.01 -2022.09.30	2023.01.01 -2023.09.30	2022.01.01 -2022.09.30	2022.01.01 -2022.12.31
Net sales, SEK ths	-	-	-	-	-
Operating profit/loss, SEK ths	-2 456	-2 829	-12 629	-8 885	-18 006
Equity/Asset ratio, %	-311%	35%	-311%	35%	-23%
Cash equivalents, SEK ths	3 867	18 616	3 867	18 616	10 424
Cash flow from operating activities, SEK ths	-2 955	-2 760	-13 557	-13 532	-21 724
Earnings per share, SEK	-0,19	-0,18	-0,86	-0,56	-1,14
Shareholders' equity, SEK ths	-16 413	6 771	-16 413	6 771	-2 585
Shareholders' equity per share, SEK	-1,02	0,42	-1,02	0,42	-0,16
R&D expense/operating expense, %	40%	40%	57%	37%	61%
Average number of shares, 000'	16 100	16 100	16 100	16 100	16 100
Share price at the end of the period, SEK	1,98	2,27	1,98	2,27	2,79
Average number of employees	2,0	2,0	2,0	2,0	2,0

Definitions are provided on page 19

Modus pursues its strategy by broadening its portfolio to three clinical tracks

Modus Therapeutics' process of maturing towards an expanded clinical pipeline means that sevuparin's mode of action is now being evaluated for sepsis, severe malaria and anemia in chronic inflammation and kidney disease – three serious conditions that correspond to major medical needs in both acute and chronic care.

Well into the second half of 2023, I would like to take a moment to look back at the important progress we have made thus far with regards to our research to maximize the opportunities sevuparin can offer both patients in need and our investors. It has always been our long-term ambition to broaden the clinical portfolio and establish development tracks that focus on a number of serious medical conditions and opportunities for new patents. It is therefore wonderful to see that our three clear clinical indication areas are taking shape, thus making our company, Modus Therapeutics, even better equipped for the uncertain times we have been experiencing lately. We see that the increased diversification is contributing to better risk management both in terms of continued development and financing. Above all, the breadth and quality of the portfolio allows us to strengthen our position as we explore future business development opportunities through, for example, partnerships and licensing, which is Modus Therapeutics stated goal and primary business model.

As previously communicated at the beginning of the year, we filed a patent application for the treatment of anemia in patients with chronic inflammation and kidney disease. The patent application is based on new pre-clinical work in an established animal model of kidney disease carried out as an academic collaboration with the University of Brescia. If such patent is granted, it will provide patent protection until at least 2043. At the annual EHA (European Hematology Association Congress) conference in June, we were then able to present parts of the results that form the basis of our patent application. The data clearly show the ability of sevuparin to exert a strong attenuating effect on hepcidin at clinically safe doses and support our goal of being able to offer a new treatment option for hepcidin-related diseases.

We also recently communicated that at the upcoming Congress American Society of Hematology Meeting and Exposition (ASH) in San Diego, Modus, along with our collaborator, will be presenting data from a kidney disease model in mice, in which sevuparin successfully counteracted anemia, optimizing the effect of the standard treatment erythropoietin (EPO) while contributing to increased protection of kidney tissue and kidney function. These findings, which will be presented in more detail at ASH, the world-leading hematology congress, indicate the potential for continued development in chronic kidney disease, even in cases where the standard treatment EPO is unsuccessful.

In October, we were also able to communicate the final results of our Phase 1b LPS provocation study to evaluate the potential of sevuparin as a new treatment for systemic inflammation– such as sepsis and endotoxemia – at International Symposium on Infections in the Criticaly Ill Patient (ISICIP), a leading intensive care congress in Barcelona. We were very happy to be able to confirm the promising data we found and communicated as preliminary Topline data in February earlier this year, in which sevuparin counteracted the increased respiratory rate caused by LPS and also showed the potential to modulate the immune response through influencing certain types of immune cells. We are honored that our presentation at the meeting was chosen in the category "Best poster".

What drives us at Modus is the urgency of the indications we address — each year, at least 49 million people are affected by sepsis globally. This is equivalent to 19.7 percent of the total number of deaths in the world. Anemia is estimated to affect a quarter of the world's population with iron deficiency anemia as the most common form with approximately 1 billion patients. Chronic kidney disease is also very common with a global prevalence of 10% of the world's population, of which up to an estimated 25% have anemia

requiring therapy, equivalent to approximately 4-5 million patients just in the United States.

In collaboration with Imperial College London, and funded with grants from Wellcome, efforts continue the Phase 1b study to evaluate the potential of sevuparin in the treatment of severe malaria in young children. In 2021, the WHO estimated that there were 247 million malaria cases worldwide. Of these, 475,000 children under the age of 5, the group most at risk of acute and severe malaria, died.

We are unique in developing an adjuvant treatment for early use against the acute system inflammation in severe malaria, i.e., before standard anti-malaria treatments can work optimally. Our hope is that this will enable the saving of more lives in the early critical stage. We already have promising results from mechanistic studies with sevuparin in patients with mild malaria, which forms the basis for our continued clinical development with a focus on severe malaria.

The strength of Modus' broadened portfolio is in the risk diversification where sepsis represents an indication that breaks new ground without clear predecessors in an area of great medical needs, while anemia is a mature therapy area where the goals of treatment are already clear and well-established. Our work on severe malaria is a collaboration funded through grants from the Wellcome Foundation of our partner Imperial College London, ensuring limitation of our financial exposure for this project.

The breadth and quality of our clinical development portfolio strengthens our position as we explore future licensing and partnership opportunities. We continuously evaluate different funding opportunities for continued clinical development. At the same time, we continuously evaluate the best possible ways forward in terms of financing and how to best support our efforts to maximize the potential of our portfolio.

So far this year, we have delivered according to our long-term strategy, and it is with confidence that I look forward to another eventful quarter for Modus Therapeutics.

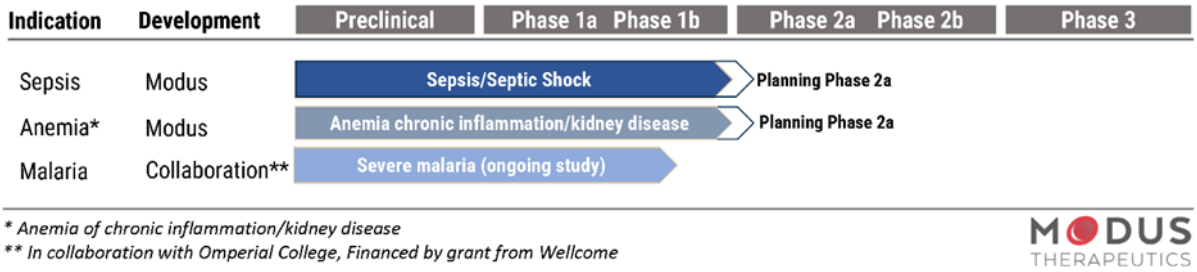
John Öhd

CEO Modus

ABOUT MODUS

Modus is a Swedish biotechnology company that 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 PIPELINE



** Anemia of chronic inflammation/kidney disease*
*** In collaboration with Omperial College, Financed by grant from Wellcome*

MODUS THERAPEUTICS

Sevuparin's mode of action

Sevuparin, a heparinoid, has been designed to retain its inflammation modifying properties while causing significantly less blood-thinning. As a result, sevuparin can be dosed at significantly higher levels than other comparable heparinoids, allowing it to be used to treat multiple diseases that are caused by severe inflammation.

Thanks to its unique properties and a confirmed safety profile, sevuparin has the potential to greatly improve the treatment of sepsis/septic shock and other conditions with acute systemic inflammation for example severe trauma, burns, major surgery, and severe malaria. Furthermore, the properties of sevuparin could also address states of anemia that are related to chronic inflammatory diseases such as kidney disease.

Based on preclinical research, sevuparin is believed to counteract systemic inflammation by binding and neutralizing harmful substances secreted by activated white blood cells as well as modifying the action of these 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.

Additionally, data presented at the EHA 2023 shows that sevuparin could represent a major advance in the treatment of certain states of anemia. In particular, high levels of hepcidin have been implicated in causing and aggravating the anemias that often complicate chronic kidney disease and other chronic inflammation disorders. High hepcidin is also responsible for conferring resistance to the current standard of care therapies to anemia in non-responding patients.

Sepsis

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 and erratically behaving white blood cells. These substances and the hyperactivated cells 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 reduced organ function, and if the condition is not treated, it may lead to respiratory and circulatory collapse followed by acute organ failure and severe tissue damage. As a result, sepsis can develop in a short time from a common infection to something life-threatening, affecting the lungs, heart, kidneys, and brain. There is currently no approved drug that specifically treats sepsis or septic shock.

At the start of 2023, we announced encouraging topline data from our Phase 1b lipopolysaccharide (LPS) provocation study with sevuparin for the treatment of conditions with systemic inflammation such as sepsis.

Modus believes 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.

Anemia in chronic diseases

Modus is also evaluating sevuparin's potential as a treatment option in disorders with high levels of the iron regulating hormone hepcidin, such as anemia in chronic inflammation and kidney disease (CKD) and certain other chronic inflammation disorders, as part of its longstanding collaboration with the University of Brescia.

Compelling data, presented at the European Hematology Association Congress (EHA) in June 2023, demonstrates sevuparin's potential to treat anemia related to chronic diseases. These data show sevuparin's ability to potently suppress hepcidin, thereby reducing the signaling which plays a key role in restricting the body's access to iron for vital physiological processes such as the formation of hemoglobin and red blood cells.

These robust results from preclinical cellular and animal models as well as human subjects demonstrate sevuparin's ability to suppress hepcidin at clinically safe dose levels and provide strong evidence of its ability to modulate hepcidin expression. This positions sevuparin as a promising candidate for addressing high hepcidin disorders such as anemia of chronic diseases.

The dataset could also represent a major advance in the treatment of anemia and reinforces Modus' intention to plan for a new Phase 2a clinical program with sevuparin in patients with high hepcidin and anemia such as is the case in chronic kidney disease.

Malaria

Another promising ongoing clinical development program with sevuparin is conducted in a research collaboration with Imperial College London to treat patients with severe malaria.

Severe malaria is a rapidly progressing, serious sepsis-like state caused by the parasite, predominantly in pediatric patients, and carrying a 15-25% mortality rate. Like for sepsis, there is no specific treatment for severe malaria and the purpose with this collaborative program is to evaluate the potential benefit of sevuparin as an early response treatment in the intensive care setting. Imperial College London is conducting the first clinical trial of the collaboration out of their specialized site in Kelifi Kenya. In 2021, WHO estimated that there were 247 million cases of malaria worldwide with 619 000 deaths of which 80% were children. The African Region alone carried a disproportionate 95% of all malaria cases and 96% of all associated deaths, underlining the importance to center development of new treatments to this region.

The collaborations around malaria and the anemia projects constitute good examples of how Modus works with academic partners in long term joint efforts that eventually may lead into the clinic, either as in-house Modus programs or as so-called investigator initiated collaborative clinical studies.

Market opportunities

Sepsis

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.

Anemia and chronic disease

Anemia is a global health issue affecting approximately 2.3 billion people worldwide or 25% of the world's population and is defined by the deficiency of red blood cells or low hemoglobin

levels. The most common type is iron-deficiency anemia, affecting nearly 1 billion people which includes those who suffer from a more severe internal iron dependent anemia type also known as anemia of chronic disease (ACD) in which the internal iron stores cannot be accessed. For example, with an estimated global general prevalence of 10,6%, chronic kidney disease (CKD) patients at the later stages of disease (CKD stage 3-5) represent a significant group that also have concomitant ACD.

Modus believes that the company's advances in the understanding of sevuparin's effects on hepcidin highlights its potential in ACD and that this work also exemplifies Modus' continuous efforts to expand the potential uses of sevuparin into new and significant therapy areas where Modus is strengthening its IP portfolio.

Completed studies support phase 2 development in sepsis and anemia in chronic disease

Sevuparin has been shown to be safe and tolerable with single and multiple subcutaneous and intravenous dosing within clinically relevant dose ranges in both patient trials and with healthy Phase 1 volunteers. Sevuparin has also undergone preclinical toxicological testing enabling dosing for up to 14 days in clinical trials.

Earlier in 2023, Modus announced positive top-line data from its Phase 1b lipopolysaccharide (LPS) provocation study, evaluating the potential of sevuparin, as a treatment for endotoxemia, sepsis and other conditions with systemic inflammation.

In this study, healthy volunteers received LPS to induce a transient endotoxemic systemic inflammation reaction together with one of three dose levels of sevuparin, or placebo for 6 hours. They were then followed up at 24 hours post treatment. Provocation with LPS is a well-established model used to characterize the early stages of endotoxemia and septic inflammation by provoking a range of measurable symptoms.

All three dose levels of sevuparin were found to be safe and well tolerated throughout the study period, confirming a favorable safety profile of the candidate drug under induced inflammatory conditions.

Furthermore, sevuparin treatment induced statistically significant and dose-dependent increases in the levels of certain white blood cell populations as well as a dose-dependent inhibition of the increase in respiratory rate induced by LPS. These findings are indicative of clinically relevant and immunomodulatory effects exerted by sevuparin in a state of systemic inflammation.

Data from human volunteers, who were enrolled in a previous Phase 1 SAD clinical study with sevuparin, showed that plasma hepcidin decreased to 30-50% of baseline values in the presence of sevuparin at three different dose levels with maximal suppression between 6 - 24h. All sevuparin doses were found to be safe and well tolerated.

Taken together the data from these studies provide strong support for Modus continuing the clinical development of sevuparin in both sepsis/septic shock and anemia, related to kidney disease and other chronic inflammatory diseases. The company expects to announce further sevuparin data at upcoming medical/scientific conferences and to update investors on its clinical development plans before the end of 2023.

DEVELOPMENT OF PROFIT AND FINANCIAL POSITION

Third quarter

Operating profit/loss

Operating loss for the period July-September 2023 amounted to TSEK 2 456 (2 829).

Cash flow, investments, and financial position

At the beginning of the period, cash and cash equivalents amounted to TSEK 4 822, and at the end of the period to TSEK 3 867. Cash flow from current operations was negative to the amount of TSEK 2 955 (2 760), of which changes in working capital amounted to a negative TSEK 500 (positive 69). The cash flow from financing activities amounted to TSEK 2 000 (11 500). The total cash flow amounted to a negative TSEK 955 (positive 8 740).

First 9-months

Operating profit/loss

Operating loss for the period January-September 2023 amounted to TSEK 12 629 (8 885). The costs for research and development increased with 3 944KSEK versus the same period last year. This is a result of phasing effects linked to activities for the Phase 1b study as well as activities linked to new patent applications.

Cash flow, investments, and financial position

At the beginning of the period, cash and cash equivalents amounted to TSEK 10 424, and at the end of the period to TSEK 3 867. Cash flow from current operations was negative to the amount of TSEK 13 557 (13 532), of which changes in working capital amounted to a negative TSEK 929 (negative 4 647). The cash flow from financing activities amounted to TSEK 7 000 (11 500). The total cash flow amounted to a negative TSEK 6 557 (negative 2 032).

IMPORTANT EVENTS DURING THE QUARTER

No events to report.

Important events after the end of the quarter

Modus Therapeutics presents final data from its Phase 1b LPS-provocation study with sevuparin at the annual ISICIP symposium in Barcelona

Modus participated and presented results from the final data analysis of its Phase 1b LPS provocation study in healthy volunteers at the 27th meeting of the International Symposium on Infections in the Critically Ill Patient (ISICIP), October 5-6 in Barcelona, Spain.

The poster titled "The effects of sevuparin in induced systemic inflammation- A randomized, placebo-controlled LPS-challenge study" was presented orally by Modus' CEO, John Öhd on behalf of all co-authors. The presentation included final analyses of the effects of sevuparin on certain types of white blood cells and clinical signs following LPS (induced endotoxemia) challenge in healthy volunteers.

In accordance with the preliminary Topline analysis communicated in a press release earlier this year, the efficacy data from this study together with the favorable safety profile of sevuparin support the continued development of the substance as a treatment for acute systemic inflammation disorders such as sepsis and endotoxemia.

Modus Therapeutics to present at the 2023 American Society of Hematology Meeting and Exposition (ASH): New data on sevuparin and its potential to treat chronic kidney disease anemia and reduce kidney injury

On November 2, Modus announced that they will present new data on sevuparin and its potential to treat anemia in chronic kidney disease and reduce kidney damage at the American Society of Hematology (ASH) conference on December 9-12 in San Diego, USA.

The abstract, entitled “The Heparinoid Sevuparin Improves Anemia and Kidney Status in a Mouse Model of Chronic Kidney Disease” will be presented as a poster by Dr Michela Asperti, co-author and a senior member of Professor Maura Poli’s research group at the University of Brescia. The presentation includes results on sevuparin and its effect on hemoglobin and other anemia measures as well as on the kidney function and tissue, with and without simultaneous erythropoietin (EPO) treatment.

Modus participated in BIO-EUROPE

On November 6-8, 2023, the company participated at BIO-EUROPE in Munich, Germany.Financing

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

On 8 November 2023, the Board of Directors resolved, with the support of the Annual General Meeting's authorization, to carry out a rights issue of a maximum of 20,125,060 shares with preferential rights for the Company's shareholders, and to carry out a directed issue of 10,156,569 shares by way of set-off of a loan from Karolinska Development AB of approximately SEK 20.3 million. The Rights Issue is primarily intended to finance general working capital, a clinical phase IIa study in anemia, preparation for the rest of the clinical program, as well as the storage of sevuparin and its distribution to the malaria study.

OTHER DISCLOSURES

Ownership structure

At the end of the second quarter, there were 1 026 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, 2023, 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, 2023, 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 555 (555). The loss for the period amounted to TSEK 5 969 (4 857). 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 (2).

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 September 2023, the Group's cash and cash equivalents amounted to SEK 3,9 million.

On March 29, 2023, Modus signed a bridge loan agreement of up to SEK 7.0 million from its largest shareholder, Karolinska Development.

As of the end of September, the entire loan has been executed and it falls due for payment on 1 June 2024.

The bridge loan facility was approved at the Annual General Meeting, which was held on May 11, 2023.

Modus is investigating future possibilities for the funding required to realize the clinical activities that are to follow upon the recently finalized Phase 1b study. There are no guarantees that the required capital can be raised to finance the development on favorable terms, or that the capital can be procured 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 projects 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.

Financial risks

Russia's invasion of Ukraine and the coronavirus's global spread affects the economy and society as a whole, including Modus. Delays in clinical trials may occur and the opportunities for refinancing can be hampered. The general downturn in the stock market and the increase in interest rates may also affect Modus and its opportunities to secure financing for its continued development. The Board monitors the evolvement of the crises closely and Modus is working intensively to minimize the impact of these crises.

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 33-34 of Modus Therapeutics Holding's annual report for 2022.

Consolidated summary income statement

TSEK	2023.07.01 -2023.09.30	2022.07.01 -2022.09.30	2023.01.01 -2023.09.30	2022.01.01 -2022.09.30	2022.01.01 -2022.12.31
Net sales	-	-	-	-	-
Research and development costs	-990	-1 122	-7 243	-3 299	-10 898
Administration costs	-1 483	-1 697	-5 297	-5 473	-6 988
Other operating expenses	16	-9	-90	-114	-120
Operating profit/loss	**-2 456**	**-2 829**	**-12 629**	**-8 885**	**-18 006**
Net interest income	-637	-79	-1 199	-79	**-314**
Profit/loss after financial items	**-3 093**	**-2 908**	**-13 828**	**-8 964**	**-18 320**
Income tax	-	-	-	-	**-**
Profit/loss for the period	**-3 093**	**-2 908**	**-13 028**	**-8 964**	**-18 320**
Earnings per share before and after dilution (SEK)	-0,19	-0,18	-0,86	-0,56	-1,14
Net profit/loss attributable to:					
Parent company shareholders	**-3 093**	**-2 908**	**-13 828**	**-8 964**	**-18 320**

Consolidated summary balance sheet

TSEK	2023.09.30	2022.09.30	2022.12.31
Assets			
Fixed assets			
Other financial fixed assets	50	50	50
Total Fixed assets	**50**	**50**	**50**
Current assets			
Other receivables	1 369	706	727
Cash equivalents	3 867	18 616	10 424
Total current assets	**5 235**	**19 322**	**11 222**
Total assets	**5 286**	**19 372**	**11 272**
Equity and liabilities			
Share capital	966	966	966
Additional paid-in capital	295 926	295 926	295 926
Retained earnings including net loss for the period	-313 179	-290 122	-299 477
Total equity attributable to parent company shareholders	**-16 413**	**6 771**	**-2 585**
Current liabilities			
Interest-bearing liabilities	18 500	11 500	11 500
Accounts payable	945	403	1 361
Other liabilities	425	135	138
Accrued expenses and deferred income	1 828	563	858
Total current liabilities	**21 698**	**12 601**	**13 857**
Total equity and liabilities	**5 286**	**19 372**	**11 272**

Consolidated change in shareholder's equity in summary

TSEK	2023.07.01 -2023.09.30	2022.07.01 -2022.09.30	2023.01.01 -2023.09.30	2022.01.01 -2022.09.30	2022.01.01 -2022.12.31
Opening balance equity	**-13 320**	**9 679**	**-2 585**	**15 735**	**15 735**
Profit/loss for the period	-3 093	-2 908	-13 828	-8 964	-18 320
Other comprehensive income	-	-	-	-	-
Total comprehensive income	**- 3 093**	**-2 908**	**-13 828**	**-8 964**	**-18 320**
Transactions with shareholders					
New issue of shares	-	-	-	-	-
Costs for new issue	-	-	-	-	-
Option premiums received	-	-	-	-	-
Total transactions with shareholders	**-**	**-**	**-**	**-**	**-**
Closing balance equity	**-16 413**	**6 771**	**-16 413**	**6 771**	**-2 585**

The equity is assignable the shareholders of the parent company.

Consolidated cash flow statement in summary

TSEK	2023.07.01 -2023.09.30	2022.07.01 -2022.09.30	2023.01.01 -2023.09.30	2022.01.01 -2022.09.30	2022.01.01 -2022.12.31
Operating activities					
Operating profit/loss	-2 456	-2 829	-12 629	-8 885	-18 006
Interest received	1	-	1	-	-
Interest paid	-	-	-	-	-
Cash flow from operating activities before changes in working capital	**-2 455**	**-2 829**	**-12 628**	**-8 885**	**-18 006**
Changes in working capital	-500	69	-929	-4 647	-3 719
Cash flow from operating activities	**-2 955**	**-2 760**	**-13 557**	**-13 532**	**-21 724**
Cash flow from investment activities	-	-	-	-	-
Cash flow from financing activities	2 000	11 500	7 000	11 500	11 500
Cash flow for the period	**-955**	**8 740**	**-6 557**	**-2 032**	**- 10 224**
Cash equivalents at the beginning of the period	4 822	9 876	10 424	20 648	20 648
Changes in cash equivalents	-955	8 740	-6 557	-2 032	-10 224
Cash equivalents at the end of the period	**3 867**	**18 616**	**3 867**	**18 616**	**10 424**

Parent company income statement in summary

TSEK	2023.07.01 -2023.09.30	2022.07.01 -2022.09.30	2023.01.01 -2023.09.30	2022.01.01 -2022.09.30	2022.01.01 -2022.12.31
Net sales	185	185	555	555	740
Research and development costs	-327	-309	-1 008	-880	-1 210
Administration costs	-1 228	-1 289	-4 318	-4 437	-5 862
Other operating expenses	-	-5	-	-16	-
Operating profit/loss	-1 369	-1 417	-4 770	-4 778	-6 332
Net interest income	-637	-79	-1 199	-79	-314
Profit/loss after financial items	**-2 006**	**-1 496**	**-5 969**	**-4 857**	**-6 646**
Appropriation	-	-	-	-	-17 900
Income tax expense	-	-	-	-	-
Profit/loss for the period	**-2 006**	**-1 496**	**-5 969**	**-4 857**	**-24 546**

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

Parent company balance sheet in summary

TSEK	2023.09.30	2022.09.30	2021.12.31
Assets			
Non-current assets			
Financial assets	70 050	70 050	70 050
Total non-current assets	**70 050**	**70 050**	**70 050**
Current assets			
Other receivables	1 223	582	593
Cash equivalents	3 412	17 655	9 181
Total current assets	**4 634**	**18 237**	**9 775**
Total assets	**74 684**	**88 287**	**79 824**
Equity and liabilities			
Restricted equity			
Share capital	966	966	966
Non-restricted equity			
Share premium reserve	295 800	295 800	295 800
Retained earnings	-247 604	-223 058	-223 058
Profit/loss for the period	-5 969	-4 867	-24 546
Total equity	**43 193**	**68 851**	**49 162**
Current liabilities			
Interest-bearing liabilities	18 500	11 500	11 500
Accounts payable	344	92	274
Other liabilities	10 730	7 465	18 136
Accrued expenses and deferred income	1 918	379	752
Total current liabilities	**31 491**	**19 436**	**30 662**
Total equity and liabilities	**74 684**	**88 287**	**79 824**

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 for 2022 note 1.

Note 2 Transactions with related parties

During the period, the parent company Modus Therapeutics Holding AB has invoiced TSEK 555 (555) to the fully owned subsidiary Modus therapeutics AB, which corresponds to 100% of the parent company's turnover for the period.

On March 29, 2023, Modus Therapeutics signed a bridge loan agreement of up to SEK 7.0 million from its largest shareholder, Karolinska Development at market conditions. In total, as of the end of September, SEK 7.0 million of the loan has been effectuated.

The bridge loan facility was approved at the Annual General Meeting, which was held on May 11, 2023. 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. During 2022 no warrants have been 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	2023.01.01 -2023.09.30	2022.06.01 -2022.09.30
Subscribed and paid shares:		
At the beginning of the period	16 100 050	16 100 050
Share merger		
Offset issue		
Rights issue		
Subscribed and paid shares	**16 100 050**	**16 100 050**
Shares for sharebased payments	-	-
Sum at the end of the period	**966 003**	**966 003**

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 2023	2024.02.21

Modus Therapeutics Holding AB - Stockholm 8 November 2023

Viktor Drvota
Styrelseordförande

Ellen Donnelly
Styrelseledamot

Torsten Goesch
Styrelseledamot

John Öhd
CEO

Quarterly overview

	2023			2022				2021	
THE GROUP	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Net sales, SEK ths	-	-	-	-	-	-	-	-	-
Operating profit, SEK ths	-2 456	-4 365	-5 808	-9 121	-2 829	-2 992	-3 065	-12 289	-4 441
Equity/Asset ratio,%	-311%	-238%	-117%	-23%	35%	90%	94%	74%	95%
Cash equivalents, SEK ths	3 867	4 822	6 589	10 424	18 616	9 876	13 103	20 648	29 035
Cashflow from operating activities, SEK ths	-2 955	-4 267	-6 335	-8 192	-2 760	-3 228	-7 545	-8 387	-4 226
Earnings per share (before and after dilution), SEK	-0,19	-0,29	-0,38	-0,58	-0,18	-0,19	-0,19	-0,76	-0,30
Shareholder's equity at the end of the period, SEK ths	-16 413	-13 321	-8 625	-2 585	6 771	9 678	12 670	15 735	28 023
Shareholder's equity per share, SEK	-1,02	-0,83	-0,54	-0,16	0,42	0,60	0,79	0,98	1,86
R&D expense/operating expense, %	40%	53%	68%	83%	40%	38%	34%	87%	43%
Average number of shares, 000'	16 100	16 100	16 100	16 100	16 100	16 100	16 100	16 100	15 035
Share price at the end of the period, SEK	1,98	2,77	2,32	2,79	2,27	3,25	3,61	3,8	4,10
Average number of employees	2,0	2,0	2,0	2,0	2,0	2,0	2,0	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

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