MODUS THERAPEUTICS

INTERIM REPORT

JANUARY – JUNE 2023

INTERIM REPORT 2023

January 1 – June 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 second quarter in figures

- The loss after tax amounted to TSEK 4 695 (2 992).
- The loss per share amounted to SEK 0,29 (0,19).
- The cash flow from current operations was negative in the amount of TSEK 4 267 (3 228).

The first half-year in figures

- The loss after tax amounted to TSEK 10 735 (6 057).
- The loss per share amounted to SEK 0,67 (0,38).
- The cash flow from current operations was negative in the amount of TSEK 10 602 (10 773).

Important events during the second quarter

- Modus Therapeutics participated in LSX, London.
- The annual general meeting was held on May 11.
- Modus Therapeutics presented new data on sevuparin demonstrating its potential to treat anemia related to chronic inflammation and kidney disease at the annual European Hematology Association Congress.

Important events after the end of end of the period

No events to report.

Financial overview

THE GROUP	2023.04.01 -2023.06.30	2022.04.01 -2022.06.30	2023.01.01 -2023.06.30	2022.01.01 -2022.06.30	2022.01.01 -2022.12.31
Net sales, SEK ths	-	-	-	-	-
Operating profit/loss, SEK ths	-4 365	-2 992	-10 173	-6 057	-18 006
Equity/Asset ratio, %	-238%	90%	-238%	90%	-23%
Cash equivalents, SEK ths	4 822	9 876	4 822	9 876	10 424
Cash flow from operating activities, SEK ths	-4 267	-3 228	-10 602	-10 773	-21 724
Earnings per share, SEK	-0,29	-0,19	-0,67	-0,38	-1,14
Shareholders' equity, SEK ths	-13 321	9 678	-13 321	9 678	-2 585
Shareholders' equity per share, SEK	-0,83	0,60	-0,83	0,60	-0,16
R&D expense/operating expense, %	53%	38%	61%	36%	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	2,77	3,25	2,77	3,25	2,79
Average number of employees	2,0	2,0	2,0	2,0	2,0

Definitions are provided on page 19

New Compelling Data Set in Anemia Increases the Potential Value of Sevuparin Significantly

The second quarter of 2023 was very productive for Modus and saw us make great progress in delivering on the broad clinical potential of sevuparin. We have continued to move forward with the planned clinical development of sevuparin for the treatment of sepsis, based on the positive initial clinical data that we have generated. In parallel, we have produced a compelling data set that highlights sevuparin's potential in a new, and large opportunity, anemia related to chronic inflammation and kidney disease. This progress means we have a significantly increased the potential value that we could generate from sevuparin while at the same time giving us greater control and optionality in how we develop the business. The next 12 months promise to be an exciting time for Modus Therapeutics, and I am looking forward to the future with great confidence.

Key clinical milestones that we have accomplished year to-date include:

•Generating positive top-line data from our Phase 1b lipopolysaccharide (LPS) provocation study, a key step in evaluating the potential of the asset as a treatment for sepsis and other conditions with systemic inflammation.

•Presenting a positive and compelling data set at the European Hematology Awards Congress, demonstrating sevuparin's potential in the treatment of anemia related to chronic kidney disease.

•Continuing the on-going Phase 1b trial evaluating sevuparin to treat paediatric patients with severe malaria in collaboration with Imperial College London in their facilities in Kelifi, Kenya. Recently, a new trial site was approved in Zambia, which marks another important milestone in our efforts to address this life-threatening disease.

We believe that these achievements have also given a range of options in terms of funding our future success, both via equity financing and potential partnering deals.

Due to the unwavering support of our longstanding investor, Karolinska Development, we announced in March that we had secured access to bridge financing. These funds ensure the momentum of the clinical development of sevuparin for sepsis and our plans to start the clinical development activities in other significant indications.

Positive data supports continued clinical development in sepsis

At the start of this year, 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.

The results enhance our understanding of the immodulatory action of sevuparin, and confirms a favourable safety profile for the candidate drug under induced inflammatory conditions.

In more detail, 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 data will help to inform the design of our impending Phase 2a trial in sepsis patients.

These findings are indicative of clinically relevant and immunomodulatory effects by sevuparin, strengthening our position as we explore future licensing and partnership opportunities.

Our strategy is driven by the fact that there have been no real advances in the treatment of sepsis in recent times, outside of antibiotics and supportive critical care. It is our intention to provide a new therapy option for this global healthcare concern that affects an estimated 49 million people each year. We look forward to providing further updates at future scientific conferences as we conclude on the final data from the LPS study (topline data was communicated in February 2023).

Sevuparin to offer a new treatment modality for anemia related to chronic inflammation and kidney disease

We are thrilled by our achievements so far as part of our longstanding collaboration with Professor Maura Poli and her research group at the University of Brescia evaluating sevuparin's potential as a treatment option in high hepicidin disorders, such as anemia in chronic inflammation, for example kidney disease, where unmet medical need remains high.

In May, Dr Michaela Asperti, senior member of Professor Poli's research group presented new data at the European Hematology Association Congress showing that sevuparin was able to suppress the iron regulating hormone hepicidin, which at high levels has been shown to cause and aggravate anemia in these chronic disorders. Chronic kidney disease (CKD) in anemia represents a significant new opportunity, with an estimated global general prevalence of 10,6% (CKD stage 3-5).

With these clinical data and the results from the Phase 1b provocation study, it further supports our strategy to build a higher level of interest in sevuparin in new product indications and build on our business development activities.

Moving forward

We are encouraged by recent scientific and clinical developments for sevuparin. Our positive data packages in both sepsis and anemia, related to chronic inflammation and kidney disease, have given us greater development flexibility, allowed us to better manage risk and have contributed to a more diversified portfolio with increased recognition of the potential value of our pipeline. Strenghtened by these advances, we feel we are well positioned to explore a range of future financing options for the company.

I would like to thank all our colleagues, collaborators and investigators for their invaluable expertise and tireless commitment to the clinical development of sevuparin as we look forward to the year with great confidence.

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 is a biotechnology company working with its patent-protected drug candidate sevuparin to develop an injectable treatment to greatly improve the care of sepsis and septic shock, and other conditions resulting from severe systemic inflammation as well as states of anemia, related to chronic inflammation disorders such as kidney disease. The company believes that by achieving this goal, it would create substantial value for all of the company's stakeholders.

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 snemia 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

April- June

Operating profit/loss

Operating loss for the period April-June 2023 amounted to TSEK 4 365 (2 992). The costs for research and development increased with 1 164KSEK versus the same period last year. This is a result of phasing effects linked to activities for the Phase 1b study.

Cash flow, investments, and financial position

At the beginning of the period, cash and cash equivalents amounted to TSEK 6 589, and at the end of the period to TSEK 4 822. Cash flow from current operations was negative to the amount of TSEK 4 267 (3 228), of which changes in working capital amounted to a positive TSEK 98 (negative 236). The cash flow from financing activities amounted to TSEK 2 500 (0). The total cash flow amounted to a negative TSEK 1 767 (negative 3 228).

First half-year

Operating profit/loss

Operating loss for the period January-June 2023 amounted to TSEK 10 173 (6 057). The costs for research and development increased with 4 077KSEK versus the same period last year. This is a result of phasing effects linked to activities for the Phase 1b study.

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 4 822. Cash flow from current operations was negative to the amount of TSEK 10 602 (10 773), of which changes in working capital amounted to a negative TSEK 427 (negative 4 716). The cash flow from financing activities amounted to TSEK 5 000 (0). The total cash flow amounted to a negative TSEK 5 602 (negative 10 773).

IMPORTANT EVENTS DURING THE QUARTER

Modus Therapeutics participated in LSX, London

On May 3-4, 2023, the company participated in the LSX in London, UK.

Modus Therapeutics presented new data on sevuparin demonstrating its potential to treat anemia related to chronic diseases at the annual European Hematology Association Congress

On June 10, Modus presented new data showing that their proprietary clinical drug candidate sevuparin was able to potently suppress the iron regulating hormone hepcidin at this year's EHA (European Hematology Association Congress) conference.

The data presented at EHA shows that sevuparin could represent a major advance in the treatment of anemia, a condition in which the number of red blood cells in the body or the hemoglobin concentration within them is lower than normal. In particular, high levels of hepcidin have been implicated in causing and aggravating the anemias that often complicate chronic kidney disease and chronic inflammation disorders. High hepcidin is also responsible for conferring resistance to the

current standard of care therapies to anemia in non-responding patients.

The presentation, titled “Sevuparin potently reduces hepcidin expression in cells, mice and human volunteers” was presented by Dr Michaela Asperti, co-author and a senior member of Professor Maura Poli’s research group at the University of Brescia. Professor Poli and her team at the University of Brescia are renowned for their world-leading research on hepcidin and its role in anemia.

The annual general meeting was held on 11 May 2023

The AGM resolved to adopt the income statement and balance sheet, consolidated income statement and consolidated balance sheet, determination of profit allocation, and the discharge from liability of the Board and the Managing Director.
All current board members were re-elected, and Viktor Drvota was re-elected as chairman of the board.
The annual general meeting resolved to grant authorization to the board, for a period that does not extend past the date of the next annual general meeting, on one or several occasions, with or without pre-emptive rights for the shareholders, to resolve on the issue of new shares, convertibles and/or warrants. The purpose of the authorization is to enable the financing, commercialization and development of the Company’s projects and to provide flexibility in commercial negotiations.

Furthermore, it was decided to approve a bridge financing of up to SEK 7 million from Karolinska Development.
in accordance with the proposal of the Board of Directors.

Important events after the end of the quarter

No events to report.

OTHER DISCLOSURES

Ownership structure

At the end of the second quarter, there were 1 064 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 June 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 March 31, 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 370 (370). The loss for the period amounted to TSEK 3 963 (3 361). 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 June 2023, the Group's cash and cash equivalents amounted to SEK 4,8 million.

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

In total, as of the end of June, SEK 5.0 million of the loan has been effectuated and is due for payment on June 1, 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	2023.04.01 -2023.06.30	2022.04.01 -2022.06.30	2023.01.01 -2023.06.30	2022.01.01 -2022.06.30	2022.01.01 -2022.12.31
Net sales	-	-	-	-	-
Research and development costs	-2 297	-1 133	-6 253	-2 176	-10 898
Administration costs	-1 991	-1 845	-3 814	-3 776	-6 988
Other operating expenses	-77	-14	-106	-104	-120
Operating profit/loss	**-4 365**	**-2 992**	**-10 173**	**-6 057**	**-18 006**
Net interest income	-330	0	-562	0	**-314**
Profit/loss after financial items	**-4 695**	**-2 992**	**-10 735**	**-6 057**	**-18 320**
Income tax	-	-	-	-	**-**
Profit/loss for the period	**-4 695**	**-2 992**	**-10 735**	**-6 057**	**-18 320**
Earnings per share before and after dilution (SEK)	-0,29	-0,19	-0,67	-0,38	-1,14
Net profit/loss attributable to:					
Parent company shareholders	**-4 695**	**-2 992**	**-10 735**	**-6 057**	**-18 320**

Consolidated summary balance sheet

TSEK	2023.06.30	2022.06.30	2022.12.31
Assets			
Fixed assets			
Other financial fixed assets	50	50	50
Total Fixed assets	**50**	**50**	**50**
Current assets			
Other receivables	734	865	727
Cash equivalents	4 822	9 876	10 424
Total current assets	**5 556**	**10 740**	**11 222**
Total assets	**5 606**	**10 790**	**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	-310 213	-287 214	-299 477
Total equity attributable to parent company shareholders	**-13 321**	**9 678**	**-2 585**
Current liabilities			
Interest-bearing liabilities	16 500	-	11 500
Accounts payable	892	577	1 361
Other liabilities	156	147	138
Accrued expenses and deferred income	1 379	388	858
Total current liabilities	**18 927**	**1 112**	**13 857**
Total equity and liabilities	**5 606**	**10 790**	**11 272**

Consolidated change in shareholder's equity in summary

TSEK	2023.04.01 -2023.06.30	2022.04.01 -2022.06.30	2023.01.01 -2023.06.30	2022.01.01 -2022.06.30	2022.01.01 -2022.12.31
Opening balance equity	**-8 625**	**12 670**	**-2 585**	**15 735**	**15 735**
Profit/loss for the period	-4 695	-2 992	-10 735	-6 057	-18 320
Other comprehensive income	-	-	-	-	-
Total comprehensive income	**- 4 695**	**-2 992**	**-10 735**	**-6 057**	**-18 320**
Transactions with shareholders					
New issue of shares	-	-	-	-	-
Costs for new issue	-	-	-	-	-
Option premiums received	-	-	-	-	-
Total transactions with shareholders	**-**	**-**	**-**	**-**	**-**
Closing balance equity	**-13 320**	**9 679**	**-13 320**	**9 679**	**-2 585**

The equity is assignable the shareholders of the parent company.

Consolidated cash flow statement in summary

TSEK	2023.04.01 -2023.06.30	2022.04.01 -2022.06.30	2023.01.01 -2023.06.30	2022.01.01 -2022.06.30	2022.01.01 -2022.12.31
Operating activities					
Operating profit/loss	-4 365	-2 992	-10 173	-6 057	-18 006
Interest received	-	-	-	-	-
Interest paid	-	-	-	-	-
Cash flow from operating activities before changes in working capital	**-4 365**	**-2 992**	**-10 173**	**-6 057**	**-18 006**
Changes in working capital	-98	-236	-429	-4 716	-3 719
Cash flow from operating activities	**-4 267**	**-3 228**	**-10 602**	**-10 773**	**-21 724**
Cash flow from investment activities	-	-	-	-	-
Cash flow from financing activities	2 500	-	5 000	-	11 500
Cash flow for the period	**-1 767**	**-3 228**	**-5 602**	**-10 773**	**- 10 224**
Cash equivalents at the beginning of the period	6 589	13 103	10 424	20 648	20 648
Changes in cash equivalents	-1 767	-3 228	-5 602	-10 773	-10 224
Cash equivalents at the end of the period	**4 822**	**9 876**	**4 822**	**9 876**	**10 424**

Parent company income statement in summary

TSEK	2023.04.01 -2023.06.30	2022.04.01 -2022.06.30	2023.01.01 -2023.06.30	2022.01.01 -2022.06.30	2022.01.01 -2022.12.31
Net sales	185	185	370	370	740
Research and development costs	-334	-299	-681	-571	-1 210
Administration costs	-1 584	-1 497	-3 090	-3 149	-5 862
Other operating expenses	-	-3	-	-11	-
Operating profit/loss	-1 733	-1 613	-3 401	-3 361	-6 332
Net interest income	-330	0	562	0	-314
Profit/loss after financial items	**-2 063**	**-1 613**	**-3 963**	**-3 361**	**-6 646**
Appropriation	-	-	-	-	-17 900
Income tax expense	-	-	-	-	-
Profit/loss for the period	**-2 063**	**-1 613**	**-3 963**	**-3 361**	**-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	2023.06.30	2022.06.30	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	634	679	593
Cash equivalents	4 004	8 008	9 182
Total current assets	**4 638**	**8 687**	**9 775**
Total assets	**74 688**	**78 737**	**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	-3 963	-3 361	-24 546
Total equity	**45 199**	**70 348**	**49 162**
Current liabilities			
Interest-bearing liabilities	16 500		11 500
Accounts payable	463	481	274
Other liabilities	11 191	7 654	18 136
Accrued expenses and deferred income	1 335	254	752
Total current liabilities	**29 489**	**8 389**	**30 662**
Total equity and liabilities	**74 688**	**78 737**	**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 370 (370) 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 June, SEK 5.0 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 -2023.06.30	2022.06.01 -2022.06.30
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

Interim Report Q3 2023	2023.11.22
Year-end report 2023	2024.02.21

Modus Therapeutics Holding AB - Stockholm 23 August 2023

Viktor Drvota
Styrelseordförande

Ellen Donnelly
Styrelseledamot

Torsten Goesch
Styrelseledamot

John Öhd
CEO

Quarterly overview

	2023		2022				2021		
THE GROUP	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net sales, SEK ths	-	-	-	-	-	-	-	-	-
Operating profit, SEK ths	-4 365	-5 808	-9 121	-2 829	-2 992	-3 065	-12 289	-4 441	-2 533
Equity/Asset ratio,%	-238%	-117%	-23%	35%	90%	94%	74%	95%	70%
Cash equivalents, SEK ths	4 822	6 589	10 424	18 616	9 876	13 103	20 648	29 035	3 830
Cashflow from operating activities, SEK ths	-4 267	-6 335	-8 192	-2 760	-3 228	-7 545	-8 387	-4 226	-2 299
Earnings per share (before and after dilution), SEK	-0,29	-0,38	-0,58	-0,18	-0,19	-0,19	-0,76	-0,30	-0,26
Shareholder's equity at the end of the period, SEK ths	-13 321	-8 625	-2 585	6 771	9 678	12 670	15 735	28 023	3 033
Shareholder's equity per share, SEK	-0,83	-0,54	-0,16	0,42	0,60	0,79	0,98	1,86	0,31
R&D expense/operating expense, %	53%	68%	83%	40%	38%	34%	87%	43%	14%
Average number of shares, 000'	16 100	16 100	16 100	16 100	16 100	16 100	16 100	15 035	9 656
Share price at the end of the period, SEK	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	1,5

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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