MODUS THERAPEUTICS

YEAR-END REPORT

JANUARY – DECEMBER 2022

YEAR-END REPORT 2022

January 1 – December 31, 2022

"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 9 356 (12 289).
- The loss per share amounted to SEK 0,58 (0,76).
- The cash flow from current operations was negative in the amount of TSEK 8 192 (8 837).

The full year in figures

- The loss after tax amounted to TSEK 18 320 (20 691).
- The loss per share amounted to SEK 1,14 (1,67).
- The cash flow from current operations was negative in the amount of TSEK 21 724 (16 078).

Important events during the fourth quarter

- Modus Therapeutics participated in BIO-EUROPE.

Important events after the end of end of the period

- Modus Therapeutics submits patent application for sevuparin in kidney disease.
- Modus Therapeutics announces positive topline data from its Phase 1b LPS provocation study evaluating the potential of sevuparin for treatment of sepsis.

Financial overview

THE GROUP	2022.10.01 -2022.12.31	2021.10.01 -2021.12.31	2022.01.01 -2022.12.31	2021.01.01 -2021.12.31
Net sales, SEK ths	-	-	-	-
Operating profit/loss, SEK ths	-9 121	-12 289	-18 006	-20 690
Equity/Asset ratio, %	-23%	74%	-23%	74%
Cash equivalents, SEK ths	10 424	20 648	10 424	20 648
Cash flow from operating activities, SEK ths	-8 192	-8 387	-21 724	-16 078
Earnings per share, SEK	-0,58	-0,76	-1,14	-1,67
Shareholders' equity, SEK ths	-2 585	15 735	-2 585	15 735
Shareholders' equity per share, SEK	-0,16	0,98	-0,16	1,27
R&D expense/operating expense, %	83%	87%	61%	65%
Average number of shares, 000'	16 100	16 100	16 100	12 376
Share price at the end of the period, SEK	2,79	3,80	2,79	3,8
Average number of employees	2,0	2,0	2,0	1,6

Definitions are provided on page 19

Positive data for sevuparin Phase 1b LPS provocation study sets the stage for Phase 2a in sepsis, and new patent application adds potential in kidney disease

2022 was an encouraging year for Modus Therapeutics that saw us take the important first steps in our clinical development programme for sevuparin in sepsis. We are delighted to have now reported positive topline data from our Phase 1b provocation study evaluating sevuparin's safety and tolerability as well as its ability to mitigate relevant effects in healthy volunteers who have been injected with the bacterial toxin lipopolysaccharide (LPS). This LPS challenge study is a well-established model used to induce a state of systemic inflammation that is similar to early septic inflammation in healthy volunteers.

In the recently finalized Phase 1b study, all three doses of sevuparin were found to be safe and tolerable throughout the study period, confirming the candidate drug´s favorable safety profile under induced inflammatory conditions. Furthermore, sevuparin treatment caused statistically significant and dose-dependent increases in the levels of certain white blood cells as well as a dose-dependent inhibition of the LPS induced increase in respiratory rate. In a separate study part, sevuparin was also found to be safe and tolerable when combined with a blood thinning heparin (enoxaparin). Enoxaparin is a thrombosis-prophylacticstandard of care for patients that are critically ill such as patients with sepsis.

The study outcome strengthens the potential of sevuparin as a treatment for sepsis, septic shock and other conditions with systemic inflammation. This is an area of high unmet medical need as current treatment options fail to address the high disease burden of these critically ill patients.

The results will also assist in the design of our next planned clinical study, a Phase 2a trial evaluating sevuparin in sepsis patients– including support for dose selection as well as providing a possibility to further refine patient selection and monitoring of treatment responses.

Over the past year we've thankfully seen signs of an increase in awareness of the huge unmet needs facing patients with sepsis, and we are proud to be part of the growing global effort to tackle these challenges.

The estimated 49 million patients affected by sepsis globally each year are in great need of new, effective treatment options for this often-fatal condition. The impact of sepsis on society is a key driver behind our goal of advancing sevuparin through clinical development. In addition, we estimate that the market value for a new sepsis therapeutic would be around USD 6 billion in septic shock and USD 27 billion for an earlier intervention in the sepsis reaction.

In parallel with sevuparin's encouraging progress in sepsis, we have also spent time this past year investigating the drug's potential to address other conditions with systemic inflammation as well as indications outside of that field.

In September we announced that the first patient was enrolled in the Phase 1 SEVUSMART clinical trial evaluating sevuparin in paediatric patients with severe malaria. The trial is a collaboration between Modus and a team led by Professor Kathryn Maitland from Imperial College London, UK. It will evaluate the safety and tolerability of sevuparin and its potential to support the treatment of severe malaria in children, where the disease causes a systemic inflammation syndrome that shares similarities with sepsis.

Outside of the systemic inflammation area, we recently submitted a patent application claiming the use of sevuparin for the treatment of kidney disease. The patent application is based on novel preclinical work that was undertaken in an established kidney disease animal model during an academic collaboration project. A granted patent would provide patent protection until at least 2043.

From a future scientific and development angle, with the establishment of potentially new and patent protected indications for sevuparin, we judge that the prospect of value generation by research and development has increased significantly. An initial assessment of the commercial potential for the use of sevuparin in kidney disease indicated a >$1 billion market potential. Going forward we will be looking at the possibilities to address this new indication clinically in parallel with the sepsis program.

All development efforts, including the planned Phase 2a study in sepsis patients, will require us to secure additional financing and Modus' management and board are in the process of considering how best to finance sevuparin's continued development. It is our assessment that with the enhanced pipeline and long-term supportive major shareholders, Modus is in a strong position to attract investors in future financing endeavors.

I would like to thank our CRO partners at the Centre for Human Drug Research (CHDR) in the Netherlands, whose team effort has allowed the Phase 1 trial of sevuparin to proceed as smoothly as possible given the challenges posed by the Covid pandemic. I would also like to thank our investors and shareholders whose continued support over the last 12 months, has been vital to helping us reach this key milestone.

We are confident that 2023 will be another key year in Modus' development as a company, and we look forward to providing more updates as the year progresses.

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

Operating loss for the period October-December 2022 amounted to TSEK 9 121 (12 289). The costs for research and development were reduced with 3 113KSEK (29%) versus the same period last year. This is a result of phasing effects linked to activities for manufacturing of sevuparin and the Phase 1b study. Final costs linked to the Fas1b study are expected in Q1 2023.

Cash flow, investments, and financial position

At the beginning of the period, cash and cash equivalents amounted to TSEK 18 616, and at the end of the period to TSEK 10 424. Cash flow from current operations was negative to the amount of TSEK 8 192 (8 387), of which changes in working capital amounted to a positive TSEK 929 (positive 3 902). The cash flow from financing activities amounted to TSEK 0 (0). The total cash flow amounted to a positive TSEK 8 192 (8 387).

The full year

Operating profit/loss

Operating loss for the period January-September 2022 amounted to TSEK 18 006 (20 691). The increase in costs for research and development compared to the previous year is a result of activities linked to the Phase 1b study and an increase in staffing.

Cash flow, investments, and financial position

At the beginning of the period, cash and cash equivalents amounted to TSEK 20 648, and at the end of the period to TSEK 10 424. Cash flow from current operations was negative to the amount of TSEK 21 724 (16 078), of which changes in working capital amounted to a negative TSEK 3 719 (positive 4 613), which is mainly attributable to a decrease in accounts payable and accrued expenses. The cash flow from financing activities amounted to TSEK 11 500 (29 431) of which draw down of a bridge loan from KD amounts to TSEK 11 500. The total cash flow amounted to a negative TSEK 10 224 (positive 13 303).

IMPORTANT EVENTS DURING THE QUARTER

Modus Therapeutics participated in BIO-EUROPE

On October 24-26, 2022, the company participated in the BIO-EUROPE in Lipzig, Germany.

Important events after the end of the quarter

Modus Therapeutics submits patent application for sevuparin in kidney disease.

On January 23 Modus Therapeutics AB announced that it has submitted a patent application claiming the use of sevuparin, its lead asset, for the treatment of kidney disease.

The patent application is based on novel preclinical work that was undertaken in an established kidney disease animal model during an academic collaboration project. A granted patent would provide patent protection until at least 2043.

Modus Therapeutics announces positive topline data from its Phase 1b LPS provocation study evaluating the potential of sevuparin for treatment of sepsis

On Feb 21 Modus announced positive top-line data from its Phase 1b LPS provocation study evaluating the potential of its lead asset, sevuparin, as a treatment for sepsis and related disorders.

In this study, healthy volunteers received LPS to induce a transient 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 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.

The study outcome strengthens the potential for sevuparin as a treatment for systemic inflammation including sepsis and septic shock. This is an area of high unmet medical need as current treatment options fail to address the high disease burden of these critically ill patients.

Sevuparin also demonstrated a favorable safety and tolerability profile when combined with the blood thinning heparin (enoxaparin), which is an important standard of care in severely ill patient populations that need thrombosis prophylaxis.

The positive top-line data from this trial will be used to design the Modus Phase 2a study of sevuparin in patients with sepsis. For example, this data will inform the dose of sevuparin to be assessed, the dosing schedule and the patient population for the planned patient study.

OTHER DISCLOSURES

Ownership structure

At the end of the fourth quarter, there were 1 010 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, 2022, 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 30, 2022, 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 740 (505). The loss for the period amounted to TSEK 24 546 (31 725). 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).

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, 2023. The annual report for the financial year 2022 will be available for download via the Company's website (www.modustx.com) on April 14, 2023.

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 2022, the Group's cash and cash equivalents amounted to SEK 10,4 million.

On June 9, 2022, the exercise period for Modus Therapeutics Holding AB's warrants of series TO 1 ended. No warrants of series TO 1 were exercised.

On June 30, 2022, Modus Therapeutics signed a bridge loan agreement of SEK 11.5 million from its largest shareholder, Karolinska Development. The loan was drawn down on Aug 30, 2022 and is due for payment on June 30 2023.

Modus is exploring future possibilities for the funding needed to be able to carry out the development project beyond the current Phase 1b study.

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.

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.

During the beginning of 2022, the global vaccination programs and the attenuation of pandemic waves have led to a gradual return of life to a more normal state in society. However, the introduction of the new COVID mutation Omicron at the end of 2021 led to the reintroduction/prolonging of restrictions in many countries.

In December 2021, Modus started its phase 1b clinical study in the Netherlands and upon close monitoring, a pattern of higher recruitment variability from month to month compared to expected was observed during conduct in 2022. The COVID effects contributed to a delay of recruitment

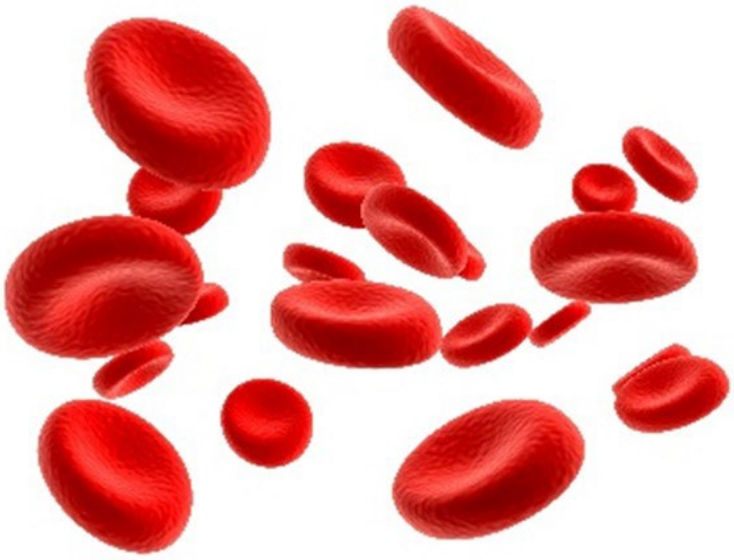
in the Phase 1b study which was communicated in May 2022.

It is still important to maintain awareness of potential disruptions in future clinical activities due to fluctuating and potentially increasing COVID infection and resulting vaccination programs around Europe.

In a longer perspective from 2023, 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 31-32 of Modus Therapeutics Holding's annual report for 2021.



Consolidated summary income statement

TSEK	2022.10.01 -2022.12.31	2021.10.01 -2021.12.31	2022.01.01 -2022.12.31	2021.01.01 -2021.12.31
Net sales	-	-	-	-
Research and development costs	-7 599	-10 712	-10 898	-13 544
Administration costs	-1 515	-1 526	-6 988	-7 094
Other operating expenses	-6	-50	-120	-52
Operating profit/loss	**-9 121**	**-12 289**	**-18 006**	**-20 690**
Net interest income	-235	0	**-314**	**-1**
Profit/loss after financial items	**-9 356**	**-12 289**	**-18 320**	**-20 691**
Income tax	-	-	**-**	**-**
Profit/loss for the period	**-9 356**	**-12 289**	**-18 320**	**-20 691**
Earnings per share before and after dilution (SEK)	-0,58	-0,76	-1,14	-1,67
Net profit/loss attributable to:				
Parent company shareholders	**-9 356**	**-12 289**	**-18 320**	**-20 691**

Consolidated summary balance sheet

TSEK	2022.12.31	2021.12.31
Assets		
Fixed assets		
Other financial fixed assets	50	50
Total Fixed assets	**50**	**50**
Current assets		
Other receivables	727	493
Cash equivalents	10 424	20 648
Total current assets	**11 222**	**21 141**
Total assets	**11 272**	**21 191**
Equity and liabilities		
Share capital	966	966
Additional paid-in capital	295 926	295 926
Retained earnings including net loss for the period	-299 477	-281 158
Total equity attributable to parent company shareholders	**-2 585**	**15 734**
Current liabilities		
Interest-bearing liabilities	11 500	-
Accounts payable	1 361	4 485
Other liabilities	138	139
Accrued expenses and deferred income	858	833
Total current liabilities	**13 857**	**5 457**
Total equity and liabilities	**11 272**	**21 191**

Consolidated change in shareholder's equity in summary

TSEK	2022.10.01 -2022.12.31	2021.10.01 -2021.12.31	2022.01.01 -2022.12.31	2021.01.01 -2021.12.31
Opening balance equity	**6 771**	**28 024**	**15 735**	**6 995**
Profit/loss for the period	-9 356	-12 289	-18 320	-20 691
Other comprehensive income	-	-	-	-
Total comprehensive income	**-9 356**	**-12 289**	**-18 320**	**-20 691**
Transactions with shareholders				
New issue of shares	-	-	-	33 000
Costs for new issue	-	-	-	- 3 695
Option premiums received	-	-	-	126
Total transactions with shareholders	**-**	**-**	**-**	**29 431**
Closing balance equity	**-2 585**	**15 735**	**-2 585**	**15 735**

The equity is assignable the shareholders of the parent company.

Consolidated cash flow statement in summary

TSEK	2022.10.01 -2022.12.31	2021.10.01 -2021.12.31	2022.01.01 -2022.12.31	2021.01.01 -2021.12.31
Operating activities				
Operating profit/loss	-9 121	-12 289	-18 006	-20 691
Interest received	-	-	-	-
Interest paid	-	-	-	-1
Cash flow from operating activities before changes in working capital	**-9 121**	**-12 289**	**-18 006**	**-20 691**
Changes in working capital	929	3 902	-3 719	4 613
Cash flow from operating activities	**-8 192**	**-8 387**	**-21 724**	**-16 078**
Cash flow from investment activities	-	-	-	-50
Cash flow from financing activities	-	-	11 500	29 431
Cash flow for the period	**-8 192**	**-8 387**	**- 10 224**	**13 303**
Cash equivalents at the beginning of the period	18 616	29 035	20 648	7 345
Changes in cash equivalents	-8 192	-8 387	-10 224	13 303
Cash equivalents at the end of the period	**10 424**	**20 648**	**10 424**	**20 648**

Parent company income statement in summary

TSEK	2022.10.01 -2022.12.31	2021.10.01 -2021.12.31	2022.01.01 -2022.12.31	2021.01.01 -2021.12.31
Net sales	185	185	740	505
Research and development costs	-330	-436	-1 210	-1 057
Administration costs	-1 425	-1 176	-5 862	-5 967
Other operating expenses	16	-5	-	-5
Operating profit/loss	-1 554	-1 435	-6 332	-6 524
Net interest income	-235	0	-314	-1
Profit/loss after financial items	**-1 789**	**-1 432**	**-6 646**	**-6 525**
Appropriation	-17 900	-24 200	-17 900	-25 200
Income tax expense	-	-	-	-
Profit/loss for the period	**-19 689**	**-25 632**	**-24 546**	**-31 725**

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

Parent company balance sheet in summary

TSEK	2022.12.31	2021.12.31
Assets		
Non-current assets		
Financial assets	70 050	70 050
Total non-current assets	**70 050**	**70 050**
Current assets		
Other receivables	593	335
Cash equivalents	9 182	19 486
Total current assets	**9 775**	**19 821**
Total assets	**79 824**	**89 871**
Equity and liabilities		
Restricted equity		
Share capital	966	966
Non-restricted equity		
Share premium reserve	295 800	295 800
Retained earnings	-223 058	-191 333
Profit/loss for the period	-24 546	-31 725
Total equity	**49 162**	**73 709**
Current liabilities		
Interest-bearing liabilities	11 500	
Accounts payable	274	354
Liabilities to Group companies	17 999	15 024
Current tax liabilities	36	-
Other liabilities	101	139
Accrued expenses and deferred income	752	646
Total current liabilities	**30 662**	**16 163**
Total equity and liabilities	**79 824**	**89 871**

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 2021 note 1.

Note 2 Transactions with related parties

During the period, the parent company Modus Therapeutics Holding AB has invoiced TSEK 740 (505) to the fully owned subsidiary Modus therapeutics AB, which corresponds to 100% of the parent company's turnover for the period.

On June 30, 2022, Modus Therapeutics signed a bridge loan agreement of SEK 11.5 million from its largest shareholder, Karolinska Development at market conditions and with a latest draw-down date set to September 1. The loan was drawn down on August 30, 2022. 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	2022.01.01 -2022.12.31	2021.01.01 -2021.12.31
Subscribed and paid shares:		
At the beginning of the period	16 100 050	137 297 153
Share merger		-128 697 153
Offset issue		2 343 750
Rights issue		5 156 300
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**

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.
On June 9, 2022, the exercise period for Modus Therapeutics Holding AB's warrants of series TO 1 ended. No warrants of series TO 1 were exercised.

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 2022	2023.04.14
Interim Report Q1 2023	2023.05.09
Annual General Meeting 2023	2023.05.11
Interim Report Q2 2023	2023.08.23
Interim Report Q3 2023	2023.11.22
Year-end report 2023	2024.02.21

Modus Therapeutics Holding AB - Stockholm 22 February 2023

Viktor Drvota
Styrelseordförande

Ellen Donnelly
Styrelseledamot

Torsten Goesch
Styrelseledamot

John Öhd
CEO

Quarterly overview

	2022				2021			
HE GROUP	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales, SEK ths	-	-	-	-	-	-	-	-
Operating profit, SEK ths	-9 121	-2 829	-2 992	-3 065	-12 289	-4 441	-2 533	-1 428
Equity/Asset ratio,%	-23%	35%	90%	94%	74%	95%	70%	86%
Cash equivalents, SEK ths	10 424	18 616	9 876	13 103	20 648	29 035	3 830	6 179
Cashflow from operating activities, SEK ths	-8 192	-2 760	-3 228	-7 545	-8 387	-4 226	-2 299	-1 166
Earnings per share (before and after dilution), SEK	-0,58	-0,18	-0,19	-0,19	-0,76	-0,30	-0,26	-0,17
Shareholder's equity at the end of the period, SEK ths	-2 585	6 771	9 678	12 670	15 735	28 023	3 033	5 567
Shareholder's equity per share, SEK	-0,16	0,42	0,60	0,79	0,98	1,86	0,31	0,65
R&D expense/operating expense, %	83%	40%	38%	34%	87%	43%	14%	41%
Average number of shares, 000'	16 100	16 100	16 100	16 100	16 100	15 035	9 656	8 600
Share price at the end of the period, SEK	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	1,5	1,0

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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