MODUS THERAPEUTICS

YEAR-END REPORT

JANUARY – DECEMBER 2023

YEAR-END REPORT 2023

January 1 – DECEMBER 31, 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 Fourth quarter in figures

- The loss after tax amounted to TSEK 4 068 (9 356).
- The loss per share amounted to SEK 0,18 (0,58).
- The cash flow from current operations was negative in the amount of TSEK 3 127 (8 192).

The full year in figures

- The loss after tax amounted to TSEK 17 898 (18 320).
- The loss per share amounted to SEK 1,01 (1,14).
- The cash flow from current operations was negative in the amount of TSEK 16 684 (21 724).

Important events during the fourth quarter

- Modus Therapeutics presents final data from its Phase 1b LPS-provocation study with sevuparin at the annual ISICIP symposium in Barcelona.
- Modus Therapeutics Holding AB resolves to conduct a Rights Issue and an Offset Issue.
- Modus Therapeutics Holding AB Announces Final Outcome in Rights Issue.
- Modus Therapeutics presented data on sevuparin demonstrating its potential to treat anemia in chronic kidney disease at the annual American Society of Hematology (ASH).

Important events after the end of end of the period

No event to report.

Financial overview

THE GROUP	2023.10.01 -2023.12.31	2022.10.01 -2022.12.31	2023.01.01 -2023.12.31	2022.01.01 -2022.12.31
Net sales, SEK ths	-	-	-	-
Operating profit/loss, SEK ths	-3 771	-9 121	-16 401	-18 006
Equity/Asset ratio, %	88%	-23%	88%	-23%
Cash equivalents, SEK ths	19 060	10 424	19 060	10 424
Cash flow from operating activities, SEK ths	-3 127	-8 192	-16 684	-21 724
Earnings per share, SEK	-0,18	-0,58	-1,01	-1,14
Shareholders' equity, SEK ths	17 681	-2 585	17 681	-2 585
Shareholders' equity per share, SEK	0,78	-0,16	1,00	-0,16
R&D expense/operating expense, %	33%	83%	52%	61%
Average number of shares, 000'	22 626	16 100	17 745	16 100
Share price at the end of the period, SEK	1,74	2,79	1,74	2,79
Average number of employees	2,0	2,0	2,0	2,0

Definitions are provided on page 20

2023 - a year that lays the foundation for a new phase in the company's development

2023 has been a very important and exciting year for Modus Therapeutics. With positive top-line data for our main candidate sevuparin against serious systemic inflammations such as sepsis and endotoxemia, new research from cell to human that shows sevuparin's potential in additional therapeutic areas as well as secured financing, we have laid the foundation for a new phase in the company's development.

During the year, Modus has continued to deliver on the stated goal of a broadened clinical project portfolio which at the same time enables improved intellectual property protection. Sevuparin's mechanisms of action are now being evaluated in three clinical tracks; anemia (lack of red blood cells) in kidney disease and other conditions with chronic inflammation, sepsis, and severe malaria.

New data enables expanded pipeline

In line with our ambition to broaden the project portfolio, we were able to present positive preclinical and clinical data regarding sevuparin's potential to treat anemia in chronic kidney disease during the months of June and November/December.

The research, presented at the annual European Hematology Association (EHA) and American Society of Hematology Meeting and Exposition 2023 (ASH), showed consistent results regarding sevuparin's ability to potently suppress the iron-regulating hormone hepcidin in cultured cells, mice and humans. In our research sevuparin was also able to counteract anemia and improve kidney status in mice that developed chronic kidney disease. These data reinforce the potential for a new clinical program for patients with anemia in chronic kidney disease starting with a tailored, two-part phase IIa study. We expect to be able to initiate such a study in the first half of 2024, with estimated reporting of its first part in the first quarter of 2025 and in the beginning of 2026 for its second part.

Continued way forward for sevuparin in sepsis

At the beginning of the year, positive top-line data from our study regarding sevuparin for the treatment of sepsis were published. The full results were also presented as part of the "best poster presentation" at the annual ISICIP Congress in Barcelona in October.

In this so-called phase Ib LPS challenge study, which was performed on healthy volunteers, both the safety profile and promising effects of sevuparin in induced inflammatory conditions could be confirmed. In addition, sevuparin was judged to be safe and tolerable in combination with the standard blood-thinning treatment given to patients with acute inflammatory conditions, such as sepsis.

The results are a major milestone for Modus and will form the basis for continued business discussions and for designing the Phase II study planned for sepsis patients - a study expected to begin in 2025, depending on future funding options.

An important step in the future management of sepsis is that new, more effective treatments become available as a complement to today's standard treatments. Modus' hope is that in the future sevuparin will be able to make a difference for patients with sepsis, but there is still need for further awareness in society at large about this serious disease.

This awareness is a prerequisite for the right focus and early care of sepsis, which is "....as common as cancer and as deadly as a heart attack", according to Adam Linder who is a sepsis researcher at Lund University (https://www.medicin.lu.se/artikel/sepsis-lika-vanligt-som-cancer-lika-dodligt-som-hjartinfarkt). Therefore, we think that it is a particularly promising development to see the numerous features about sepsis in broad Swedish media during the past six months. Among other things, representatives from the healthcare system and patients were allowed to speak on TV4 Nyhetsmorgon and Dagens Nyheter.

Severe malaria

In parallel with the fact that we were able to advance the projects in sepsis and anemia, the ongoing phase Ib study evaluating sevuparin for the treatment of severe malaria in young children continues. The study is carried out together with Imperial College London and is funded by grants from Wellcome. Today, Modus is unique in developing an additional treatment (adjuvant) that is used early against the acute systemic inflammation in severe malaria, before standard malaria treatments work optimally.

Successful rights issue ensures the potential of the development work

During the year, Modus successfully carried out a rights issue with pre-emptive rights for existing shareholders as well as a directed issue to our main owner Karolinska Development. Modus is thus provided with financial resources that ensure that the company can proceed on a debt-free basis with an adapted clinical development plan where the primary focus in 2024 will be the first part of the anemia study in patients with chronic kidney disease.

We consider creating a broader clinical pipeline to be a priority as it limits the risks in the business while at the same time opening up opportunities in new markets and strengthening us in dialogues with potential partners. Modus' stated strategy is still to take underlying projects further to market via, for example, partnerships and out-licensing.

As we make clinical progress, we increase the value of the project portfolio and strengthen our position as an interesting partner. In 2023, we delivered on our long-term strategy and I look forward to being able to report on new successes in 2024 where we maximize the value of our project portfolio in various ways.

I would like to take this opportunity to express a special thank you to our existing and new shareholders who have chosen to participate in the issue. Your continued support is invaluable in our endeavor to develop new, effective and safe treatments for high-need diseases with multi-billion dollar market potentials.

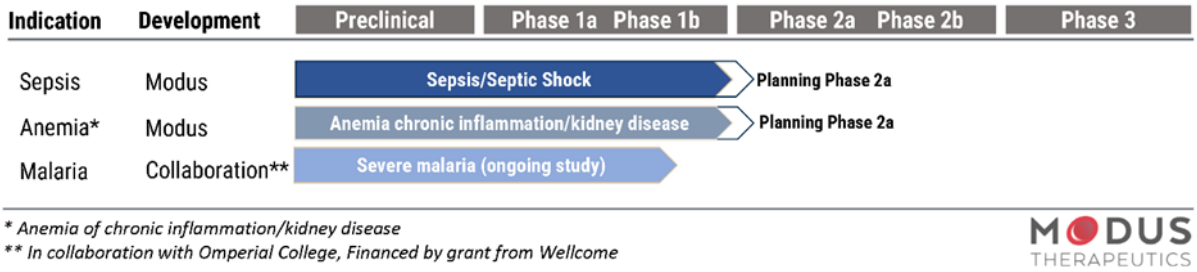
John Öhd

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, endotoxemia, severe malaria 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



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 and other conditions with acute systemic inflammation for example severe endotoxemia, 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 and ASH in 2023 shows that sevuparin could represent a major advance in the treatment of certain states of anemia including when combined with chronic kidney disease. 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 and endotoxemia. This was

confirmed later in the year when data from the complete study was presented at ISICIP.

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. In addition, data from a disease model in mice with chronic kidney disease, presented at the annual American Society for Hematology meeting (ASH) in December 2023, showed that sevuparin alone and together with the standard treatment erythropoietin had a positive effect on both the anaemia and renal status of the mice.

This positions sevuparin as a promising candidate for addressing high hepcidin disorders such as anemia of chronic diseases and potentially other conditions of chronic inflammation and anemia.

The results make sevuparin a promising candidate for 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 as well as a site in Zambia. 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 an 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%, patients with chronic kidney disease represent later stages of the disease (CKD stage 3-5) and in about 1/4 of these, the condition is exacerbated by anemia.

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.

In a model of chronic kidney disease in mice, the efficacy of sevuparin was shown to protect against both anemia and kidney damage.

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.

DEVELOPMENT OF PROFIT AND FINANCIAL POSITION

Fourth quarter

Operating profit/loss

Operating loss for the period October-December 2023 amounted to TSEK 3 771 (9 121). The costs for research and development decreased with 6 360TSEK versus the same period last year. This is a result of phasing effects linked to clinical activities for the Phase 1b study. Administrative costs were impacted negatively by the executed rights issue in the fourth quarter by approximately SEK 700 thousand.

Cash flow, investments, and financial position

At the beginning of the period, cash and cash equivalents amounted to TSEK 3 867, and at the end of the period to TSEK 19 060. Cash flow from current operations was negative to the amount of TSEK 3 127 (8 192), of which changes in working capital amounted to a positive TSEK 643 (929). The cash flow from financing activities amounted to TSEK 18 320 (0). The total cash flow amounted to a positive TSEK 15 193 (negative 8 192).

The full year

Operating profit/loss

Operating loss for the period January-December 2023 amounted to TSEK 16 401 (18 006). The costs for research and development consists mainly of clinical activities linked to performed phase 1b trial, handling & storage of drug and costs linked to intellectual property. The year-on-year reduction is primarily linked to phasing of costs for the Phase 1b study. Non-recurring costs linked to the completed share issue have affected the administrative costs for the full year 2023 by approximately SEK 700 thousand.

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 19 060. Cash flow from current operations was negative to the amount of TSEK 16 684 (21 724), of which changes in working capital amounted to a negative TSEK 286 (3 719). The cash flow from financing activities amounted to TSEK 25 320 (11 500). The total cash flow amounted to a positive TSEK 8 636 (negative 10 224).

IMPORTANT EVENTS DURING 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 Holding AB resolves to Conduct a Rights Issue and an Offset Issue

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.

Modus Therapeutics Holding AB announces final outcome in rights issue

On 5 December,2023, Modus concluded its new share issue with pre-emptive rights for the Company's shareholders that was announced on November 8, 2023. The Rights Issue was covered by subscription commitments of approximately 43.8 percent. In total, 9,682,280 shares were subscribed for, corresponding to approximately 48.1 percent of the Rights Issue, of which approximately 47.8 percent of the shares were subscribed for with the support of subscription rights, and approximately 0.3 percent without the support of subscription rights.

The subscription price in the Rights Issue was SEK 2.00 per share. Modus will thus receive approximately MSEK 19.4 before issue costs through the Rights Issue, primarily financing general working capital, a clinical phase IIa study in anemia of chronic kidney disease, preparation for other clinical activities, as well as the storage of sevuparin and its distribution to the malaria study.

Modus Therapeutics presented at the annual American Society of Hematology (ASH)

On December 11, Modus presented data on its proprietary clinical candidate drug sevuparin and its ability to treat anemia and improve kidney status in a chronic kidney disease mouse model. The results were presented at the annual meeting of the American Society of Hematology (ASH), on December 10 in San Diego, USA.

The data from a preclinical disease model in mice presented at ASH, shows that sevuparin could represent a major advance in the treatment of anemia in chronic kidney disease and other disorders with chronic inflammation. About 10% of the general population is assumed to have Chronic Kidney Disease (CKD) at stages 3-5 and in approximately ¼ of these, the condition is aggravated by anemia. In anemia, the number of red blood cells in the body or the hemoglobin concentration within them is lower than normal and when present in CKD, it significantly contributes to the overall disease. In addition to the effects on anemia, sevuparin also ameliorated kidney function and fibrosis in the treated animals.

Important events after the end of the quarter

No event to report.

OTHER DISCLOSURES

Ownership structure

At the end of the fourth quarter, there were 1 004 shareholders in Modus Therapeutics Holding AB, of which the three largest shareholders owned 80% of the capital and votes. The total number of shares was 35 938 899. The largest shareholders, on December 31, 2023, were Karolinska Development AB, KDev Investment AB and Hans Wigzell.

Parent Company

Modus Therapeutics Holding AB, corporate identity number 556851-9523 is the parent company of the group and was formed in 2011. The actual operations are conducted by the fully owned subsidiary Modus Therapeutics AB. As per December 31, 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 740 (740). The loss for the period amounted to TSEK 15 187 (24 546). 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 17, 2024. The annual report for the financial year 2023 will be available for download via the Company's website (www.modustx.com) on April 11, 2024.

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 2023, the Group's cash and cash equivalents amounted to SEK 19,1 million.

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.

On 5 December 2023, Modus completed the new share issue with preferential rights for the Company's shareholders that was announced on 8 November 2023. A total of 9,682,280 shares were subscribed for and the subscription price in the Rights Issue was SEK 2.00 per share. Through the Rights Issue, Modus thus received approximately SEK 19.4 million before issue costs, which primarily finances general working capital, a clinical phase IIa study in anemia with kidney disease, preparation of other clinical activities and storage of sevuparin and distribution of the same to the study in malaria.

On an ongoing basis, Modus investigates future opportunities for the necessary funding to be able to Complete the clinical research plan for its drug candidate sevuparin.
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 economic situation affect the economy and society, as well as Modus. The general decline in the stock market and the rise in interest rates could affect Modus and its financing opportunities. Delays in clinical trials may occur and the opportunities for refinancing can be hampered. A 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	2023.10.01 -2023.12.31	2022.10.01 -2022.12.31	2023.01.01 -2023.12.31	2022.01.01 -2022.12.31
Net sales	-	-	-	-
Research and development costs	-1 239	-7 599	-8 482	-10 898
Administration costs	-2 535	-1 515	-7 831	-6 988
Other operating expenses	2	-6	-87	-120
Operating profit/loss	**-3 771**	**-9 121**	**-16 401**	**-18 006**
Net interest income	-297	-235	-1 496	-314
Profit/loss after financial items	**-4 068**	**-9 356**	**-17 897**	**-18 320**
Income tax	-	-	-	**-**
Profit/loss for the period	**-4 068**	**-9 356**	**-17 897**	**-18 320**
Earnings per share before and after dilution (SEK)	-0,18	-0,58	-1,01	-1,14
Net profit/loss attributable to:				
Parent company shareholders	**-4 068**	**-9 356**	**-17 897**	**-18 320**

Consolidated summary balance sheet

TSEK	2023.12.31	2022.12.31
Assets		
Fixed assets		
Other financial fixed assets	51	50
Total Fixed assets	**50**	**50**
Current assets		
Other receivables	930	727
Cash equivalents	19 060	10 424
Total current assets	**19 990**	**11 222**
Total assets	**20 041**	**11 272**
Equity and liabilities		
Share capital	2 156	966
Additional paid-in capital	332 899	295 926
Retained earnings including net loss for the period	-317 373	-299 477
Total equity attributable to parent company shareholders	**17 682**	**-2 585**
Current liabilities		
Interest-bearing liabilities	-	11 500
Accounts payable	1 312	1 361
Other liabilities	521	138
Accrued expenses and deferred income	527	858
Total current liabilities	**2 359**	**13 857**
Total equity and liabilities	**20 041**	**11 272**

Consolidated change in shareholder's equity in summary

TSEK	2023.10.01 -2023.12.31	2022.10.01 -2022.12.31	2023.01.01 -2023.12.31	2022.01.01 -2022.12.31
Opening balance equity	**-16 413**	**6 771**	**-2 585**	**15 735**
Profit/loss for the period	-4 068	-9 356	-17 897	-18 320
Total comprehensive income	**- 4 068**	**-9 356**	**-17 897**	**-18 320**
Transactions with shareholders				
New issue of shares	39 678	-	39 678	-
Costs for new issue	-1 515	-	-1 515	-
Total transactions with shareholders	**38 163**	**-**	**38 163**	**-**
Closing balance equity	**17 681**	**-2 585**	**17 681**	**-2 585**

The equity is assignable the shareholders of the parent company.

Consolidated cash flow statement in summary

TSEK	2023.10.01 -2023.12.31	2022.10.01 -2022.12.31	2023.01.01 -2023.12.31	2022.01.01 -2022.12.31
Operating activities				
Operating profit/loss	-3 771	-9 121	-16 401	-18 006
Interest received	2	-	3	-
Interest paid	-	-	-	-
Cash flow from operating activities before changes in working capital	**-3 770**	**-9 121**	**-16 398**	**-18 006**
Changes in working capital	643	929	-286	-3 719
Cash flow from operating activities	**-3 127**	**-8 192**	**-16 684**	**-21 724**
Cash flow from investment activities	-	-	-	-
Cash flow from financing activities	18 320	-	25 320	11 500
Cash flow for the period	**15 193**	**-8 192**	**8 636**	**- 10 224**
Cash equivalents at the beginning of the period	3 867	18 616	10 424	20 648
Changes in cash equivalents	15 193	-8 192	8 636	-10 224
Cash equivalents at the end of the period	**19 060**	**10 424**	**19 060**	**10 424**

Parent company income statement in summary

TSEK	2023.10.01 -2023.12.31	2022.10.01 -2022.12.31	2023.01.01 -2023.12.31	2022.01.01 -2022.12.31
Net sales	185	185	740	740
Research and development costs	-411	-330	-1 419	-1 210
Administration costs	-2 270	-1 425	-6 587	-5 862
Other operating expenses	-	16	-	-
Operating profit/loss	-2 497	-1 554	-7 266	-6 332
Net interest income	-297	-235	-1 496	-314
Profit/loss after financial items	**-2 794**	**-1 789**	**-8 763**	**-6 646**
Appropriation	-6 424	-17 900	-6 424	-17 900
Income tax expense	-	-	-	-
Profit/loss for the period	**-9 218**	**-19 689**	**-15 187**	**-24 546**

Parent company balance sheet in summary

TSEK	2023.12.31	2022.12.31
Assets		
Non-current assets		
Financial assets	70 051	70 050
Total non-current assets	**70 051**	**70 050**
Current assets		
Other receivables	762	593
Cash equivalents	18 381	9 181
Total current assets	**19 143**	**9 775**
Total assets	**89 194**	**79 824**
Equity and liabilities		
Restricted equity		
Share capital	2 156	966
Non-restricted equity		
Share premium reserve	332 773	295 800
Retained earnings	-247 604	-223 058
Profit/loss for the period	-15 187	-24 546
Total equity	**72 138**	**49 162**
Current liabilities		
Interest-bearing liabilities	-	11 500
Accounts payable	845	274
Liabilities to Group companies	15 201	17 999
Other liabilities	521	137
Accrued expenses and deferred income	488	752
Total current liabilities	**17 055**	**30 662**
Total equity and liabilities	**89 194**	**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 740 (740) 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. On 8 November, the Board of Directors of Modus resolved, with the support of the authorization granted by the Annual General Meeting on 11 May 2023, to carry out a directed issue of 10,156,569 shares by way of set-off of the two bridge loans received from Karolinska Development AB of approximately SEK 20.3 million including intrest.

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 0,06/share. The company has 35 938 899 shares.

Shares/SEK	2023.01.01 -2023.12.31	2022.01.01 -2022.12.31
Subscribed and paid shares:		
At the beginning of the period	16 100 050	16 100 050
Share merger		
Offset issue	10 156 569	
Rights issue	9 682 280	
Subscribed and paid shares	**35 938 899**	**16 100 050**
Shares for sharebased payments	-	-
Sum at the end of the period	**2 156 334**	**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

Annual report 2023	2024.04.11
Interim Report Q1 2024	2024.05.14
AGM 2024	2024.05.17
Interim Report Q2 2024	2024.08.23
Interim Report Q4 2024	2024.11.20
Year-End Report 2024	2025.02.20

Modus Therapeutics Holding AB - Stockholm 21 February 2023

Viktor Drvota
Chairman of the board

Ellen Donnelly
Board member

Torsten Goesch
Board member

John Öhd
CEO

Quarterly overview

	2023				2022			
THE GROUP	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales, SEK ths	-	-	-	-	-	-	-	-
Operating profit, SEK ths	-3 771	-2 456	-4 365	-5 808	-9 121	-2 829	-2 992	-3 065
Equity/Asset ratio,%	88%	-311%	-238%	-117%	-23%	35%	90%	94%
Cash equivalents, SEK ths	19 060	3 867	4 822	6 589	10 424	18 616	9 876	13 103
Cashflow from operating activities, SEK ths	-3 127	-2 955	-4 267	-6 335	-8 192	-2 760	-3 228	-7 545
Earnings per share (before and after dilution), SEK	-0,18	-0,19	-0,29	-0,38	-0,58	-0,18	-0,19	-0,19
Shareholder's equity at the end of the period, SEK ths	17 682	-16 413	-13 321	-8 625	-2 585	6 771	9 678	12 670
Shareholder's equity per share, SEK	0,78	-1,02	-0,83	-0,54	-0,16	0,42	0,60	0,79
R&D expense/operating expense, %	33%	40%	53%	68%	83%	40%	38%	34%
Average number of shares, 000'	22 626	16 100	16 100	16 100	16 100	16 100	16 100	16 100
Share price at the end of the period, SEK	1,74	1,98	2,77	2,32	2,79	2,27	3,25	3,61
Average number of employees	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

Olof Palmes gata 29 IV, 111 22 Stockholm, Sverige
+ 46 (0)8-502 492 53
info@modustx.com
www.modustx.com

CONTACT

John Öhd, CEO
+46(0)70-766 80 97
john.ohd@modustx.com

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