INVITATION TO SUBSCRIBE FOR UNITS IN MODUS THERAPEUTICS HOLDING AB

MODUS THERAPEUTICS

PRIOR TO PLANNED LISTING ON NASDAQ FIRST NORTH GROWTH MARKET

Subscription period
29 June - 13 July 2021

IMPORTANT INFORMATION

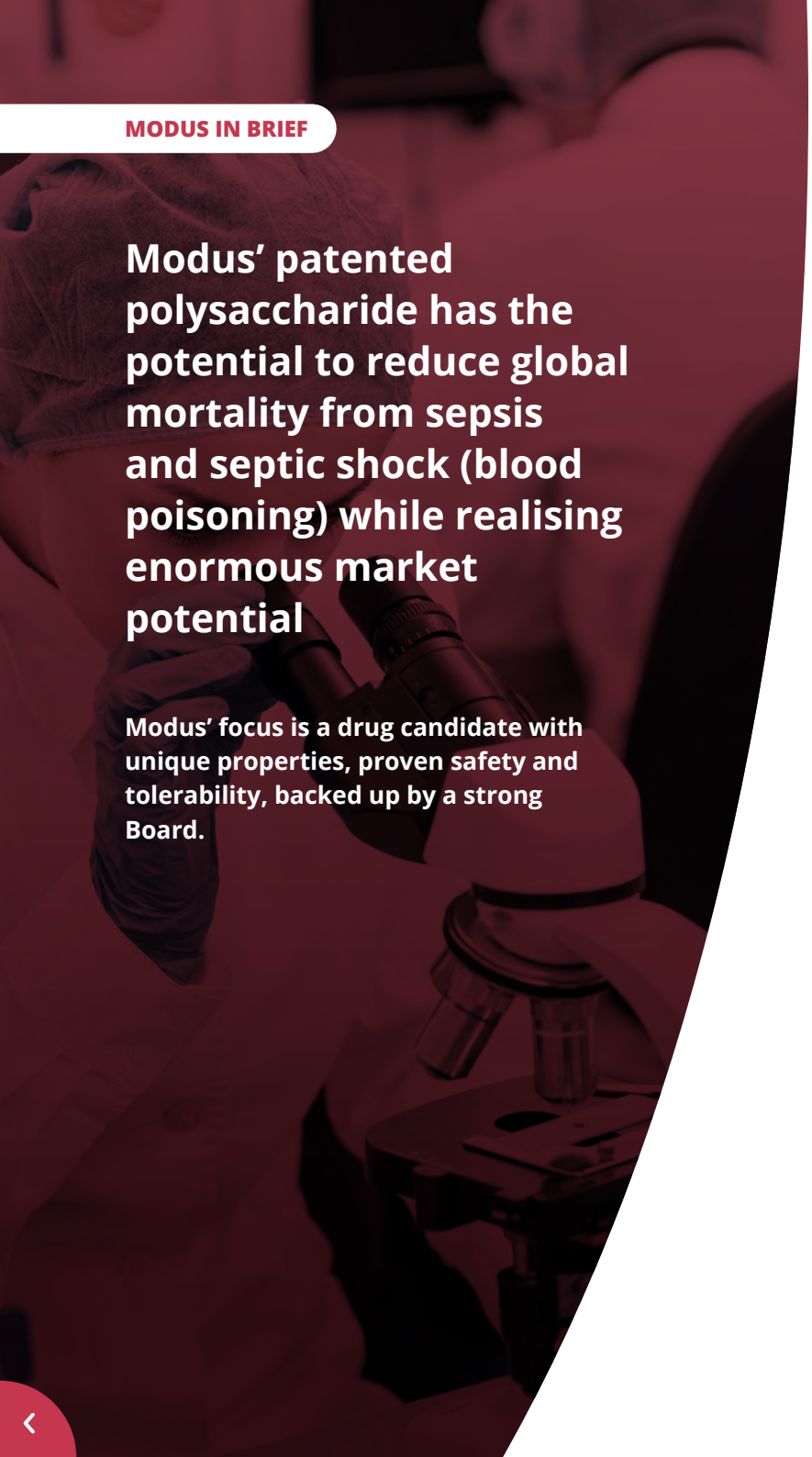
Any investment in securities is associated with risk. The prospectus for Modus Therapeutics Holding AB ('Modus' or the 'Company') outlines potential risks relating to the Company's operations and its securities. Before making an investment decision,the information about these risks, together with the rest of the prospectus, should be read carefully. The prospectus is available to download from the Company's website and (www.modustx.com) and the Sedermera Fondkommission website (www.sedermera.se).

SEDERMERA FONDKOMMISSION

NORDIC ISSUING

MCL MARKETS & CORPORATE LAW

SHARK COMMUNICATION



Modus' patented polysaccharide has the potential to reduce global mortality from sepsis and septic shock (blood poisoning) while realising enormous market potential

Modus' focus is a drug candidate with unique properties, proven safety and tolerability, backed up by a strong Board.

Unique product based on over 20 years of research – Modus is developing the drug candidate sevuparin to treat sepsis and septic shock. Over 20 years of research have gone into sevuparin's positive mechanisms of action. By harnessing the possibility for sevuparin doses to be several times higher than comparable polysaccharides, the harmful processes in the body caused by sepsis can be stopped and septic shock prevented.

Global market potential – According to WHO, sepsis may be the leading cause of death in the world and was responsible for approximately 11 million deaths globally in 2017. The Company therefore considers the market potential of sevuparin to be considerable, amounting in the US alone to USD 1.2 billion, assuming a market share of 25 per cent. In the EU and Japan, market potential is estimated at USD 300 million, where the same market share is assumed. Sevuparin thus has both the potential to save millions of lives, while realising enormous underlying value.

Advanced clinical development – Sevuparin is a patented polysaccharide drug shown in previous clinical trials in other indication areas to have good levels of safety and tolerability. This gives Modus a direct quick start into phase IIb/IIa clinical trials. In addition, the Company owns the global patent rights for sevuparin, which have been granted until 2032 (2036/37 with extension).

Solid leadership team and Board – Modus' leadership team and Board have extensive experience of both big pharma and biotech as well as operating in a listed environment. For example, Modus CEO John Öhd has previously held senior roles in AstraZeneca's and Shire's research organisations and has been responsible for a large number of clinical programmes during his career. Chairman of the Board, Viktor Drvota, is CEO at Karolinska Development, which is listed on the Stockholm Stock Exchange. Viktor Drvota has extensive experience in investments in life science companies with potential to generate high returns.

More potential application areas – In the event sevuparin is found to be able to treat sepsis and septic shock, the Company believes that sevuparin will also have the potential to treat other serious inflammatory complications that may occur due to trauma, surgery, autoimmunity or viral infections, as in these cases patients may also be at risk of developing severe uncontrolled systemic inflammation that can develop into shock and multi-organ failure.

Gross margin of approximately 90 per cent – Modus is developing sevuparin with the aim of eventually being able to sell the Company to a larger pharmaceutical company, or license sevuparin at a later stage of its development. The costs of producing, marketing and selling sevuparin are estimated to be very low. The gross margin for sevuparin is approximately 90 per cent (see 'Market and competition' section).

Modus is a Stockholm-based biotech company founded in 2011 and part of the corporate portfolio of investment company Karolinska Development. Modus is working on the patented drug candidate sevuparin to develop an injection treatment for sepsis and septic shock.

Sepsis – formerly known as blood poisoning – is a serious condition that can develop from a common bacterial infection to become life-threatening. It affects the heart, lungs, kidneys and brain, which can stop working as they should. The condition occurs when bacteria get into the bloodstream and cause the body's immune defences to overreact. This, in turn, leads to severe inflammation (a type of hyper-inflammation). Sepsis can therefore originate from common complaints such as pneumonia, tonsillitis, infected wounds or urinary tract infections. The hyper-inflammation can lead to harmful substances being secreted into the bloodstream by activated white blood cells. These substances risk damaging the interior of blood vessels, causing plasma to leak into the tissue of vital organs. This chain of events compromises the function of vital organs and if the condition is not treated, acute organ failure and severe tissue damage may result. Septic shock is one of the leading causes of death in intensive care units worldwide and mortality often exceeds about 30 per cent.[1]

The measures used to treat sepsis, in addition to the antibiotics often already being administered to patients for the underlying infection, are fluid therapy, blood pressure raising drugs, oxygen, steroids and finally being placed on a respirator. No drug is currently available that has been specifically designed to treat sepsis or septic shock. In 2019, however, a group of researchers at the Karolinska Institute were able to show that sevuparin had the ability to break the chain of events that leads to blood vessel leakage during sepsis and septic shock[2], significantly reducing the risk of organ failure and a fatal outcome. Modus' starting point is that sevuparin has the potential to protect blood vessels from leakage by binding and neutralising harmful substances secreted into the bloodstream during sepsis, therefore preventing the patient from going into septic shock. Creating a treatment for sepsis is immensely important for society, given the high mortality level and the huge costs involved in sepsis care. In the US alone, healthcare costs for patients with sepsis were estimated to be approximately USD 22 billion in 2019.[3]

If the primary indication, sepsis and septic shock, is shown to work, the Company believes that sevuparin may also have potential to treat other serious inflammatory complications that may occur due to trauma, surgery, autoimmunity or viral infections. Patients with these conditions are also at risk of developing severe uncontrolled systemic inflammation (systemic inflammatory response syndrome, SIRS), which can develop into shock and multi-organ failure. The Board believes that sevuparin's potential may therefore go much further than its primary indication area.

1. Vincent et al., "Frequency and mortality of septic shock in Europe and North America: a systematic review and meta-analysis", Critical Care Medicine (2019).
2. Rasmuson et al., "Heparinoid sevuparin inhibits Streptococcus-induced vascular leak through neutralizing neutrophil-derived proteins", FASEB Journal (2019).
3. Buchman et al., "Sepsis Among Medicare Beneficiaries: The Burdens of Sepsis", *Critical Care Medicine (2020).*

OFFER IN SUMMARY

Subscription period:
29 June - 13 July 2021

Offer price:
SEK 6.40 per unit, corresponding to SEK 6.40 per share. Series TO 1 warrants are acquired free of charge.

Minimum subscription:
1,000 units (equivalent to SEK 6,400).
Each unit consists of one (1) share and one (1) series TO 1 warrant.

Issue volume:
The total initial offer amount is a maximum of approximately SEK 33 million (before issue costs), and the total amount assuming full exercise of all warrants is SEK 45 million (before issue costs).

Subscription commitments:
Modus has received subscription commitments totalling approximately SEK 19 million, corresponding to approximately 57.6 per cent of the initial issue proceeds.

Number of shares before the issue:
After consolidation and bridge loan conversion, the number of shares is 10,943,750.

Valuation (pre-money):
SEK 70 million.

Scheduled first day of trading:
Shares and series TO 1 warrants are scheduled to be admitted for trading on the Nasdaq First North Growth Market on 22 July 2021.

ISIN code for the share:
SE0015987904.

Lock up:
The company's largest shareholders (Karolinska Development AB, KDev Investments AB, John Öhd and Ellen Donnelly) have entered into lock-up agreements for 100 per cent of their respective holdings during the period from the listing date until the options have been exercised. These parties' shareholdings in Modus before the issue of units together amount to 95.21.

Claes Lindblad (CFO), who will become a shareholder after the upcoming issue, has also entered into a lock-up agreement under the same terms. In accordance with the lock-up agreements, the potential investment of all of these parties in the upcoming issue is locked up under the same terms as above.

Related warrants:
Holders of series TO 1 warrants are entitled to subscribe to newly issued shares at a price of between SEK 7.30 and SEK 8.80 per share in cash. Registration for shares based on series TO 1 warrants will take place from 19 May to 9 June 2022. If all warrants are fully exercised, the Company will raise approximately SEK 45 million.

ISIN code for TO 1 warrant:
SE0016075568

HOW PROCEEDS FROM THE ISSUE WILL BE USED

The Company intends to use the funds raised from the initial issue, totalling approximately SEK 30 million net after issue costs, to finance the following activities (in order of priority):

- **Conduct a phase Ib LPS provocation clinical trial**
  (approximately 50 per cent of issue proceeds).
- **Start a phase IIa PoC clinical trial**
  (approximately 14 per cent of issue proceeds).
- **Operating costs, such as salaries, consulting fees, patent costs and other administrative costs**
  (approximately 36 per cent of issue proceeds).

The Company intends to use the funds raised from the full exercise of warrants, totalling approximately SEK 41.5 million net after issue costs, to finance the following activities (in order of priority):

- **Conduct a phase IIa PoC clinical trial**
  (approximately 65 per cent of issue proceeds).
- **Operating costs, such as salaries, consulting fees, patent costs and other administrative costs**
  (approximately 35 per cent of issue proceeds).

CEO JOHN ÖHD

The linchpin of our business is the drug candidate sevuparin and its unique properties. With sevuparin, our ambition is to develop a treatment for sepsis and septic shock that has the potential to create a paradigm shift in sepsis care, and as a company to realise significant underlying value.

Taking over as CEO of Modus in 2020 felt like a natural step in my career after devoting a significant part of my life to research into serious diseases. Modus' patented polysaccharide, sevuparin, has given me the opportunity, together with a strong team, to develop a treatment for sepsis and septic shock, which through its effect on blood vessels has huge potential to improve the treatment of sepsis patients worldwide, saving skyrocketing costs for the healthcare system.

Sepsis and septic shock are surprisingly common given the severity of the condition, with about three million patients each year in the US and a mortality rate of >30% among the 700,000 who develop the more severe form, septic shock. This means that many of us have our own experience, or experience from a loved one, who has suffered from this serious condition.

Sepsis and septic shock occur when an infection enters the bloodstream, affecting the immune system and causing it to overreact. This leads to severe inflammation, causing white blood cells to secrete harmful substances into the bloodstream. This leads to the blood vessels leaking plasma, an event that affects body tissue and causes vital organs to stop working. Sevuparin has the potential to protect blood vessels by binding and neutralising harmful substances secreted into the bloodstream, thereby preventing or mitigating the development of septic shock. Because sevuparin – unlike other similar polysaccharides of the heparinoid subgroup – has no blood-thinning effect, sevuparin can be prescribed in doses many times higher than comparable heparinoids.

Sepsis and septic shock account for the most deaths worldwide and there is no drug specifically treating these conditions. Instead, antibiotics are used to treat the initial infection, as well as fluid therapy, blood pressure-raising drugs, oxygen and steroids. Finally, the patient is put on a respirator. All these treatments have two things in common – they do not specifically target sepsis or septic shock and they together create considerable cost for the healthcare system. For example, healthcare costs for patients with sepsis in the US amounted to approximately USD 22 billion in 2019. The innovative polysaccharide, sevuparin, lies at the core of Modus' operations, with its unique properties and effects in laboratory trials, as well as already demonstrated safety from previous clinical studies. Our goal with sevuparin is to develop a treatment for sepsis capable of initiating a paradigm shift in sepsis care, which could lead to reduced complications and mortality in this commonly occurring patient category. At the same time, this type of clinical benefit could enable us to realise large underlying value for Modus.

One assessment carried out by the company XPLICO, on Modus' behalf, puts the market potential for sevuparin at USD 1.2 billion, assuming a 25% market share in the US. Corresponding potential in the EU and Japan amounts to USD 300 million, based on the same market share assumption.

We have a patented product which, thanks to previous clinical studies, already has established safety and tolerability in patients. This gives us a head start in the upcoming clinical development work. In 2019, a study by a research team at the Karolinska Institute also showed that sevuparin was able to break the chain of events leading to septic shock – data that further boosts our belief in the strength of sevuparin in our indication area. Ongoing academic collaborations are also furthering work to identify new indications.

The last six months have seen some major changes at Modus. We launched the aforementioned indication area and recruited Claes Lindblad as Chief Financial Officer (most recently CFO of the medical technology company OssDsign) whom we warmly welcome to Modus. The development potential is considerable and in order to realise it, we are now raising capital prior to listing on First North. The proceeds from the IPO will enable us to conduct phase I and phase II clinical trials and continue to maintain strong operations. I therefore invite you to invest in the current new share issue prior to our listing on First North and become part of our exciting development journey. Together we can initiate a paradigm shift in sepsis care!

Since sevuparin has the potential to be the only drug to specifically treat sepsis and septic shock while greatly reducing healthcare costs, the Modus Board and leadership team expect market interest in sevuparin to be significant in the event of favourable clinical trials.

Modus' business model is to pursue the in-house development of sevuparin through the ongoing phase Ib LPS provocation clinical trial and the subsequent phase IIa Proof-of-Concept trial. Data from the latter study is expected to be published in early 2023. At that time, Modus intends to initiate a sale of the Company to a pharmaceutical or biotech company, or to license sevuparin, in order to establish sevuparin on the market in the long term. If market interest in Modus is insufficient in early 2023, the sale/licensing could take place at other key moments in the Company's future. For example, at the beginning of 2025 when the Company envisages the conclusion of the phase IIb trials. A future major player with an interest in acquiring the Company/licenses will then have the opportunity to pursue the development of phase III trials in a way that maximises their individual operating and strategic conditions.

A final option is for Modus to run operations until the end of phase III trials when acquisition/licensing is then considered again. Modus is also prepared to bring sevuparin to market on its own, through an arrangement with geographical market licences for sales partners. In such a scenario, Modus would itself handle marketing and sales in Scandinavia and parts of Northern Europe. If Modus enters into a partnership with a big pharma company, it is estimated that payments will take the form of milestone payments and royalties. Generated revenues in these cases will be used to reinvest in Modus' operations and to clinically develop sevuparin in other indications where the Company has positive preclinical data.

"Modus' business model is to pursue the in-house development of sevuparin through the planned phase Ib LPS provocation clinical trial and the subsequent phase IIa Proof-of-Concept trial."

Modus' goals span several operational, financial and organisational objectives as outlined below. Proceeds from the issue for the planned listing will cover the Company's capital requirements until June 2023.

Modus' goals extend until 2025, marking the end of the planned phase IIb trials. Once these are complete, it is the Company's ambition, together with a more resourceful player in the pharmaceutical or biotech industry, to pursue the development of sevuparin through phase III trials and then conduct a market launch.

2021

- Submission to the European Medicines Agency with a view to EMA approval to start the phase Ib LPS provocation trial (artificial sepsis).

2022

- First patient dosed in phase Ib LPS provocation trial, first quarter.
- Last patient dosed in phase Ib LPS provocation trial.
- Phase Ib LPS provocation trial analysed and top line data from the trial published in the second/third quarter.
- Presentation of data from the phase Ib LPS provocation trial at investor conferences during H2 (e.g. NLLS, Bio-Europe, Jefferies) and as an abstract at relevant scientific gatherings (e.g. ASA in the US) where targeted meetings with investors and buyers are usually held.
- Approval received from the European Medicines Agency to start phase IIa Proof-of-Concept trial for sepsis/septic shock.
- First patient treated in phase IIa Proof-of-Concept trial for sepsis/septic shock during the third/fourth quarter.

2023

- Last patient treated in Company's phase IIa Proof-of-Concept trial for sepsis/septic shock.
- Phase IIa Proof-of-Concept trial for sepsis/septic shock analysed and top line data published in the fourth quarter.
- Meeting with EMA on the final draft of the phase IIb trial protocol for the dose selection trial for sepsis/septic shock.
- Presentation of data from the phase Ib Proof-of-Concept trial at investor conferences during H2 (e.g. NLS, Bio-Europe, Jefferies) and as an abstract at relevant scientific gatherings (e.g. ASA in the US and ECEMCC in Europe) where targeted meetings with investors and buyers are usually held.
- Meeting with the FDA (USA) on a new trial approval for sevuparin for sepsis and agreement on the protocol for the phase IIb dose selection trial for sepsis/septic shock.
- IND (trial approval in the USA) approved for sevuparin for sepsis and approved phase IIb dose selection trial for sepsis/septic shock. As a result, trials involving sevuparin for sepsis can also be initiated in the US.
- First patient in Europe treated in phase IIb dose selection trial for sepsis/septic shock.

2024

- Presentation of data from the phase IIa Proof-of-Concept trial as well as future goals at the investor meeting, JP Morgan, SF, USA.
- First patient in the US treated in phase IIb dose selection trial for sepsis/septic shock.
- Presentation of data from the phase IIa Proof-of-Concept trial at investor conferences (e.g. NLS, Bio-Europe, Jefferies) and as an abstract at relevant scientific gatherings (e.g. ASA in the US and ECEMCC in Europe) where targeted meetings with investors and buyers are usually held.
- Approved Paediatric Investigation Plan (PIP) from the EMA
- Last patient in Europe treated in the Company's phase IIb dose selection trial for sepsis/septic shock.
- Last patient in the US treated in the Company's phase IIb dose selection trial for sepsis/septic shock.

2025

- Presentation of Company at investor meeting, JP Morgan, SF, USA, ahead of the publication of data from phase IIb dose selection trial for sepsis/septic shock.
- Phase IIb dose selection trial for sepsis/septic shock analysed and top line data published.
- Presentation of data from the phase Ib Proof-of-Concept trial at investor conferences (e.g. NLS, Bio-Europe, Jefferies and JP Morgan in January 2026) and as an abstract at relevant scientific gatherings (e.g. ASA in the US and ECEMCC in Europe) where targeted meetings with investors and buyers are usually held.
- Submission of trial protocol for pivotal phase III trial for sepsis/septic shock and full documentation from phase II to the US and European authorities, 'End of Phase II' meeting.
- Approval of phase III protocol for pivotal trial with sevuparin for sepsis/septic shock in the US.
- Approval of phase III protocol for pivotal trial with sevuparin for sepsis/septic shock in Europe.
- In the event that the Company has yet to be sold/licensing is yet to take place: First patient treated in the US in phase III trial of sevuparin for sepsis/septic shock.
- In the event that the Company has yet to be sold/licensing is yet to take place: First patient treated in Europe in phase III trial of sevuparin for sepsis/septic shock.