MODUS THERAPEUTICS

Invitation to subscribe for units in Modus Therapeutics Holding AB

Subscription period 29 June –13 July 2021

Finansinspektionen approved this prospectus on June 22, 2021. The prospectus is valid for up to 12 months from thes date of approval. The obligation to provide supplements to the prospectus in the event of new circumstances of significance, factual errors or material inaccuracies will not apply after the expiry of the prospectus' period of validity.

Modus Therapeutics Holding AB | 556851–9523 | www.modustx.com

Nordnet

SEDERMERA FONDKOMMISSION

MCL MARKETS & CORPORATE LAW

NORDIC ISSUING

IMPORTANT INFORMATION

This prospectus is a translation of the Swedish prospectus.

This EU Growth prospectus has been prepared by the Board of Directors in Modus Therapeutics Holding AB, with organization number 556851–9523 ("**Modus**" or "the **Company**") due to an invitation to subscribe for units in Modus without preferential rights for existing shareholders in accordance with the terms of this prospectus ("**The Offer**"). In connection with the issue of units described in this prospectus, Sedermera Fondkommission is financial advisor, Nordic Issuing is issuing agent and Markets & Corporate Law Nordic AB ("MCL") is legal advisors to Modus. Sedermera Fondkommission is a special company name to ATS Finans AB. Shark Communication AB ("Shark Communication") and Sedermera Fondkommission have assisted the Company in preparing this prospectus. Nordnet Bank AB is the Selling Agent. The Board of Modus is responsible for the content, whereupon Sedermera Fondkommission and ATS Finans AB disclaim all responsibility in relation to shareholders in the Company and for other direct or indirect consequences because of investment decisions or other decisions based in whole or in part on the information in the prospectus.

This prospectus has been approved and registered by Finansinspektionen, as the certified authority in accordance with Regulation (EU) 2017/1129 of the European Parliament and of the Council. Finansinspektionen approves this prospectus only to the extent that it meets the requirements for completeness, comprehensibility and consistency specified in Regulation (EU) 2017/1129. This approval should not be construed as any kind of endorsement for the issuer or for the quality of the securities referred to in this prospectus. The prospectus has been prepared as an EU Growth prospectus in accordance with Article 15 of Regulation (EU) 2017/1129.

Investors should make their own assessment of whether it is appropriate to invest in the securities referred to in this prospectus. Disputes due to the content of this prospectus or related legal matters shall be settled in accordance with Swedish law and in Swedish courts. The prospectus is available at Modus' office and on the Company's website (www.modustx.com). The prospectus can also be accessed via Sedermera Fondkommission's website (www.sedermera.se) and Finansinspektionen's website (www.fi.se).

The units in this offer are not subject to trade or application thereof in any other country than Sweden. Invitation according to this prospectus is not aimed at persons whose participation presupposes additional prospectuses, registration measures or other measures than those that comply with Swedish law. The prospectus may not be distributed in the United States, Australia, Japan, Canada, New Zealand, South Africa, Hong Kong, Switzerland, Singapore, or other countries where the distribution or this invitation requires further action in accordance with the preceding sentence or is contrary to the rules of such country.

In addition to what is stated in the auditor's report and annual reports incorporated by reference, no information in the prospectus has been reviewed or audited by the Company's auditor. The Company confirms that information from third parties has been reproduced correctly and that, as far as the Company is aware of and can determine from information published by third parties, no facts have been omitted that would make the reproduced information incorrect or misleading.

Forward-looking statements
The prospectus contains forward-looking statements that reflect the Company's current views on future events and financial and operational developments. Words that constitute indications or predictions about future developments or trends and that are not based on historical facts constitute forward-looking statements. Forward-looking statements are associated with both known and unknown risks and uncertainties, as they depend on future events and circumstances. Forward-looking statements do not constitute a guarantee of future results or development, and actual results may differentiate significantly from those stated in the forward-looking statements. Statements about the outside world and future conditions in this document reflect the Board of Directors' current views on future events and financial development. Forward-looking statements only express the assessments and assumptions made by the Board of Directors when preparing the prospectus. These statements are well thought out, but the reader should be aware that these, like all future assessments, are associated with uncertainty.

Market information
The prospectus contains market information related to Modus' operations and the market in which Modus operates. Unless otherwise stated, such information is based on the Company's analysis of several different sources, including medical research publications. Potential investors should be aware that financial information, market information and forecasts and estimates of market information contained in the prospectus do not necessarily constitute reliable indicators for the Company's future development.

Nasdaq First North Growth Market
Nasdaq First North Growth Market Stockholm ("**First North**") is a registered marketplace for small and medium-sized enterprises (SMEs) in accordance with Directive 2014/65 / EU of the European Parliament and of the Council, as implemented in national legislation in Denmark, Finland, and Sweden, and is operated by a stock exchange in the Nasdaq Group. Companies on First North are not subject to the same rules as companies on a regulated market, as defined in EU legislation. Instead, they are subject to a less far-reaching set of rules adapted for small growth companies. An investment in a company traded on First North can therefore be riskier than an investment in a company listed on a regulated market. All companies whose shares are admitted to trading on First North have a Certified Adviser who monitors rules compliance. Svensk Kapitalmarknadsgranskning AB ("SKMG") is the Company's Certified Adviser. Nasdaq Stockholm AB approves the application for admission to trading on First North.

TABLE OF CONTENTS

DOCUMENTS INCORPORATED BY REFERENCE

The investor should note that the information incorporated in the prospectus by reference should be read as part of the prospectus. The information below as part of the following documents is incorporated into the prospectus by reference. Copies of the prospectus and the documents incorporated by reference can be obtained from Modus in an electronic format via the Company's website, www.modustx.com, or be obtained by the Company in paper format at Modus' office with address: Olof Palmes gata 29 IV, 111 22 Stockholm, Sweden. The parts of the document that are not incorporated are either not relevant to investors or the information is reproduced elsewhere in the prospectus. In addition to documents incorporated by reference, information on linked websites does not form part of this prospectus and has not been reviewed or approved by Finansinspektionen.

Interim report for the period 1 January to 31 March 2021	**Page**
The Group's income statement	11
The Group's balance sheet	12
The Group's cash flow analysis	14
The Group's report on changes in equity	13

Annual report for the financial year 2020	**Page**
The Group's income statement	5
The Group's balance sheet	6
The Group's cash flow analysis	8
The Group's report on changes in equity	7
Notes	14–18
Independent auditor's report	20–21

Annual report for the financial year 2019	**Page**
The Group's income statement	4
The Group's balance sheet	5–6
The Group's cash flow analysis	8
The Group's report on changes in equity	7
Notes	14–18
Independent auditor's report	20–21

The annual reports for 2020 and 2019 have been audited by the Company's auditor. In addition to these annual reports, no information in this prospectus has been subject to review by the auditor.

SUMMARY

SECTION 1. INTRODUCTION

1.1	Name and international securities identification number ('ISIN') of the securities	The Offer consists of units (shares and attached free warrants) in Modus. The shares: Short name (ticker): MODTX and ISIN code: SE0015987904 Warrants of series TO 1: Short name (ticker): MODTX TO 1 and ISIN code: SE0016075568.
1.2	Name and contact details to the issuer	Modus, org.no. 556851–9523 and LEI code: 984500C147FB4EF4A471. Representatives of the Company can be reached by telephone +46 (0) 70-766 80 87 and +46 (0) 70-246 75 54, via e-mail, info@modustx.com and at the Company's address: Modus Therapeutics Holding AB, Olof Palmes gata 29 IV, 111 22 Stockholm, Sweden. The Company's website is http://www.modustx.com.
1.3	Name and contact details for the relevant authority that has approved this prospectus	The prospectus has been approved by Finansinspektionen, which can be reached by telephone 08-408 980 00, via e-mail, finansinspektionen@fi.se, via postal address Box 7821, 103 97 Stockholm and via the website www.fi.se.
1.4	Date of approval	The prospectus has been approved on June 22, 2021.
1.5	Warning	This summary should be read as an introduction to the EU Growth Prospectus and any decision to invest in the securities should be based on the investor studying the entire prospectus. The investor may lose all or part of his invested capital. If a claim related to information in an EU growth prospectus is made in court, the investor who is the plaintiff under national law in the Member States may have to pay the cost of translating the EU growth prospectus before legal proceedings are initiated. Civil liability covers only the persons who have presented the summary, including translations thereof, but only if the summary is misleading, incorrect or inconsistent with the other parts of the EU Growth Prospectus or if it, together with other parts of the EU Growth Prospectus, does not provide the key information investors need when deciding whether to invest in the securities concerned.

SECTION 2. KEY INFORMATION ABOUT THE ISSUER

2.1	Who is the issuer of the securities?	Company Name: Modus Therapeutics Holding AB Trade name: MODTX Domicile: Stockholm County, Sweden Organization number: 556851–9523 Date of company formation: 2011-04-13 Date when the Company was registered with the Swedish Companies Registration Office: 2011-05-06 Country for company formation: Sweden Legal form: Public limited company Legislation: Swedish law and the Swedish Companies Act **Business** Modus is a clinical biotechnology company that, through the polysaccharide sevuparin, is developing a treatment for sepsis and septic shock - a serious and often fatal condition. Modus treatment is aimed at anyone suffering from sepsis or septic shock, and since there is no treatment available for these severe conditions, a future treatment places itself in a high-priced segment. The Company's primary focus is the upcoming clinical phase Ib-LPS provocation study in sepsis / septic shock and a clinical phase IIa-Proof-of-Concept study in sepsis / septic shock.

There are currently no approved drug treatments for sepsis / septic shock. Modus' vision is to create an effective treatment for sepsis and septic shock that binds and neutralizes the harmful substances secreted into the blood during hyperinflammation to stabilize the initial bacterial infection.

Ownership

The table below shows all shareholders with holdings in excess of five percent of the capital or votes in the Company as of March 31, 2021, including subsequent known changes up to the date of the prospectus.

Name	Number of shares	Number of votes and capital (%)
Karolinska Development AB	5,742,478*	52.47
KDev Investments AB	2,752,516	25.15
John Öhd	1,730,591	15.81
Other	*718,165*	*6.57*
Total	**10,943,750**	**100.00**

** Of this holding, 2,343,750 shares refer to the shares that Karolinska Development AB received through the set-off of previous loans through a directed new issue.*

CEO: John Öhd.

2.2 What is the key financial information regarding the issuer?

Below are historical financial key information for Modus regarding the financial years 2019 and 2020 and the interim period 1 January - 31 March 2021 and 2020. The key financial information regarding the financial years 2020 and 2019 has been taken from Modus' audited annual reports for the same periods, which have been incorporated into this prospectus by reference. The interim information for the period 1 January - 31 March 2021, with comparative figures for the same period 2020, has been taken from the Company's unaudited interim report for the period 1 January - 31 March 2021 and incorporated into this prospectus by reference. In addition, certain alternative key figures are presented. These financial key figures have not been reviewed or audited by the Company's auditor.

Consolidated Income Statement

KSEK	2021.03.01 -2021.03.31 *Unaudited*	2020.01.01 -2020.03.31 *Unaudited*	2020.01.01 -2020.12.31 *Audited*	2019.01.01 -2019.12.31 *Audited*
Operating income	0	0	0	0
Operating profit/loss	-1,428	-2,604	-6,020	-43,575
Profit/loss for the period	-1,428	-2,605	-6,019	-43,576

Consolidated Balance Sheet

KSEK	2021.03.31 *Unaudited*	2020.03.31 *Unaudited*	2020.12.31 *Audited*	2019.12.31 *Audited*
Assets	6,488	1,603	7,491	2,051
Total equity	5,567	209	6,995	-2,686
Long-term liabilities	0	0	0	0
Current liabilities	921	1,394	496	4,737

Consolidated Cash Flow Statement

KSEK	2021.01.01 -2021.03.31 *Unaudited*	2020.01.01 -2020.03.31 *Unaudited*	2020.01.01 -2020.12.31 *Audited*	2019.01.01 -2019.12.31 *Audited*
Cash flow from operating activities	-1,166	-2,914	-7,231	-47,898
Cash flow from investing activities	-	-	-	-16
Cash flow from financing activities	-	3,000	13,200	3,500

Financial Key Figures

KSEK (unless otherwise stated)	2021.01.01 -2021.03.31	2020.01.01 -2020.03.31	2020.01.01 -2020.12.31	2019.01.01 -2019.12.31
Solidity (%)	86.0	13.0	93.4	Neg

Notice from the auditor in the annual report 2020
The auditor's report is included in its entirety in the annual report incorporated by reference, pages 20–21.

- *On several occasions during the financial year, deducted withholding tax, VAT, debited tax and employer contributions have not been paid on time.*

Notice from the auditor in the annual report 2019
The auditor's report is included in its entirety in the annual report incorporated by reference, pages 20–21.

- Significant uncertainties regarding the assumption of continued operation

We would like to draw attention to the information provided in the administration report, part of which states that the Group's continued operations are dependent on contributions from the owners or other financing being received. Should funds not be obtained to the extent that the board of directors expects, this may entail a significant risk to the Company's ability to continue operations. Our statement has not been modified in this regard.

2.3 What are the key risks that are specific to the issuer?

Modus are subject to risks related to clinical trials
Modus develops a treatment for sepsis and septic shock. Before the Company's treatment can be introduced to the market, safety and efficacy must be ensured through planned clinical trials in humans. The pharmaceutical industry and clinical studies are linked with great uncertainty, such as delays in study schedules or the generation of negative results. If the Company or its possible future partners can not sufficiently demonstrate that sevuparin has an effect, this may result in no commercialization, reduced or no cash flow, which may affect the Company's operations, earnings and financial position. In the event that discontinued drug studies are not resumed and the Company, as a result, considers that a potential commercialization of the treatment is excluded, it may result in the Company's value being adversely affected and in the long run there is a risk that the Company will be declared bankrupt. The issuer estimates that the probability of the risk occurring is: High.

Modus is dependent on external actors for future development
Modus' business model is based on being acquired in the future by, or signing a license agreement with, a resourceful player in the pharmaceutical or biotechnology industry who can take sevuparin through phase IIb, or alternatively phase III studies, and introduce it on the market. There is a risk that this will not lead to a desirable outcome, that a desirable outcome will be delayed or that any stakeholders in Modus will not meet the requirements set by the Company. In the event that future acquisitions / licensing agreements do not materialize, there is a risk that the clinical studies of sevuparin will be delayed, with the risk of accompanying cost increases for the Company. There is a risk that the Company will not succeed in attracting a stakeholder for acquisitions / license agreements and that Modus will therefore need to conduct phase IIb / phase III studies on its own, with increased costs and capital requirements as a result. The issuer estimates that the probability of the risk occurring is: High

Modus is subject to risks related to financing
Modus does not provide any approved treatment that generates sales revenue. The future clinical studies entail high costs, and the proceeds that can be generated in this issue of units will be able to finance the Company's clinical phase Ib LPS provocation study and phase IIa study. After that, Modus intends to use the data generated to initiate acquisition of the Company or sell the license for sevuparin to a stakeholder who can pursue the continued clinical development on his own or as a partner. If Modus fails to raise capital on acceptable terms, or at all, it would mean that the Company may have to accept a more expensive financing solution, issues with a significant discount and large dilution, or lead to the Company being forced to limit its development or cease operations. The issuer estimates that the probability of the risk occurring is: High.

SECTION 3. KEY INFORMATION ON THE SECURITIES

3.1 What are the main features of the securities?

Modus has only one class of shares and all outstanding shares are fully paid up. Prior to the Offer, Modus' share capital amounts to SEK 656,625.00 divided into a total of 10,943,750 shares. Each share has a quota value of SEK 0.06. The shares in Modus are issued in accordance with the Swedish Companies Act (2005: 551). All rights attached to

		the share are added to the person registered in the share register kept by Euroclear. The shares are of the same seniority in the Company's capital structure in the event of insolvency. Modus is a growth company and has not paid dividends to shareholders since its formation. The Board of Modus primarily intends to finance development, operations and growth with any profits. In the event of a dividend, all the Company's shares entitle to a dividend. Dividends on shares newly issued in the new share issue described in this prospectus shall be paid on the record date for dividends that falls after the share's registration in the share register kept by Euroclear Sweden AB. The dividend is non-cumulative. The right to a dividend accrues to investors who are registered as shareholders in the Company on the record date for the dividend. There are no restrictions on dividends or special procedures for shareholders resident outside Sweden and payment of any dividends is intended to take place via Euroclear Sweden AB in the same way as for shareholders resident in Sweden. The claim for dividends is statute-barred after ten years. Dividends accrue to the Company after prescription. All shares carry an equal right to a dividend and to any surplus in the event of liquidation or liquidation. At the Annual General Meeting, each share in the Company gives one vote and each person entitled to vote may vote for his or her full number of shares without restriction. The Company may carry out a cash issue both with and without preference for existing shareholders. If the Company decides to issue new shares through a cash issue with preferential rights for existing shareholders, the owner of shares shall have a preferential right to subscribe for new shares in relation to the number of shares previously held by the holder.
3.2	Where will the securities be traded?	Modus intends to be listed on First North. Securities listed on First North are not covered by the same extensive regulations as the securities admitted to trading on regulated markets. The newly issued shares in the capitalization are intended to be admitted to trading on First North.
3.3	Is there a guarantee attached to the securities?	The securities are not covered by guarantees.
3.4	What are the key risks that are specific to the securities?	**Risks related to dilution in connection with future issues** It is the Company's ambition that the issue of units will pay for the Phase Ib LPS provocation study and the clinical Phase IIa study. The Company then initiates an acquisition / license purchase before phase IIb studies or before phase III studies. If this does not happen, it may mean that Modus may in the future decide on a new issue of additional shares or an issue of share-related or convertible securities to raise more capital. If new issues have to be carried out at a low subscription price, for example in unfavorable market conditions, or amount to large amounts, such dilution effects may have a significant negative effect on the Company's existing shareholders. The issuer estimates that the probability of the risk occurring is: High.

SECTION 4. KEY INFORMATION ON THE OFFERING OF SECURITIES TO THE PUBLIC

4.1	Under which conditions and timetable can I invest in this security?	**The Offer** The Offer is aimed at existing shareholders, the general public and professional investors. The Offer comprises a maximum of 5,156,300 units, which corresponds to 5,156,300 shares and 5,156,300 warrants. One (1) unit consists of one (1) share and one (1) warrant of series TO 1. Through the Offer, the Company's share capital may increase by a maximum of SEK 618,756 and the number of shares may increase by a maximum of 10,312,600 shares, each with a quotient value of SEK 0.06 per share. The total Offer Amount (i.e., both initial issue and warrants) amounts to a maximum of approximately SEK 78 million. **Subscription price** The Offer price is SEK 6.40 per unit, which corresponds to SEK 6.40 per share. The warrants are free of charge. Brokerage fee may occur. **Subscription period**

Subscription of units shall take place during the period from 29 June to 13 July 2021. The Board of Modus reserves the right to extend the registration period.

Warrants
A warrant of series TO 1 entitles the holder to subscribe for one (1) new share in the Company at a subscription price of a minimum of SEK 7.30 to a maximum of SEK 8.80 per share. Subscription of shares in the Company with the support of warrants of series TO 1 may take place during the period from and including 19 May to and including 9 June 2022.

Valuation
Modus valuation in the Offer amounts to approximately SEK 70 million (pre-money).

Application for subscription of units
Application of subscription of units must be made via your bank / trustee by following their routines and guidelines. It is not possible to send a registration form to Nordic Issuing. Please note that not all banks / trustees offer their customers to register subscription in the issue. The minimum subscription is 1,000 units, which corresponds to SEK 6,400. Thereafter, subscription take place in any number of units.

Publication of the outcome in the Offer
As soon as possible after the application period has ended, the Company will publish the outcome of the Offer. Publication is scheduled for 16 July, 2021 and will take place through a press release and will be available on the Company's website.

Allocation
Allocation of units will be decided by the Company's Board in consultation with Nordic Issuing, in which case the following principles shall apply:
a) That full allotment shall take place to the parties that have provided subscription commitments.
b) That it is necessary to broaden the Company's shareholder circle prior to the planned listing and, as far as possible, the Board will ensure that each notifier receives at least 1,000 units.
c) That it is necessary to meet the marketplace's requirements for distribution regarding warrants of series TO 1, where the requirement is that the Company must have at least 100 qualified option holders with an option holding of at least 500 euros respectively (where the value of a warrant is calculated at the same price as Offer Price per share in the Offer).
d) To create investment space for parties who, in the Board's assessment, can in particular contribute strategic values to the Company or are part of the Company's or the Company's financial advisers' investor network, in the event of oversubscription, however, not exceeding 10 percent of the issue amount.

Please note that in the event of oversubscription, allocation may take place with a smaller number of units than the notification refers to or is completely absent, whereby allocation may take place in whole or in part by random selection. The allocation does not depend on when the application is submitted during the registration period.

Dilution
Through the issue of units, the Company's share capital will initially increase by a maximum of SEK 309,378.00 through a new issue of a maximum of 5,156,300 shares, corresponding to a dilution of approximately 32 percent of the votes and capital in the Company. Upon full exercise of warrants of series TO 1 within the framework of the issue, the share capital may increase by a further maximum of SEK 309,378.00, corresponding to a dilution of a further maximum of approximately 24 percent of the votes and capital in the Company. The dilution does not include conversion of the loan to Karolinska Development.

Costs for the issue of units
The costs for the initial issue of units are expected to amount to approximately SEK 3,3 million (which includes remuneration to advisers).

4.2	Why is this EU Growth prospectus being produced?	**Background** Modus is a clinical biotech company developing a treatment for sepsis and septic shock (blood poisoning) through the patented polysaccharide, sevuparin. The Company's operations are based on more than 20 years research on the positive mode of action of

sevuparin. By taking advantage of the fact that sevuparin can be prescribed in significantly higher doses than comparable polysaccharides, the harmful processes in the body that occur during sepsis can be stopped, and septic shock can be prevented. Sevuparin can work beneficially on human health, save large costs in health care, and consequently realize significant market values.

Use of proceeds

The Company hereby carries out an issue of units through which the Company can initially receive a maximum of approximately SEK 33 million before issue costs. The public is given the opportunity to subscribe for units in the issue that take place without preferential rights for existing shareholders. The issue costs for the initial issue are expected to amount to approximately SEK 3,3 million, corresponding to approximately 9.9 percent of the initial issue volume. Through the funds raised by the Company after issue costs, a total of approximately SEK 29,7 million net, the Company intends to finance the following activities (arranged by priority):

- Conduct a clinical phase Ib-LPS provocation study (approximately 50 percent of the issue proceeds).
- Initiate a phase IIa-PoC clinical study (approximately 14 percent of the issue proceeds).
- Operating costs, such as salaries, consulting fees, costs for patents and other administrative costs (approximately 36 percent of the issue proceeds).

Through the redemption of warrants in May / June 2022, the Company can, when fully exercised, add an additional approximately SEK 45 million before issue costs. Upon full exercise of warrants, the issue costs are expected to amount to approximately SEK 3.5 million, corresponding to approximately 7.81 percent of the issue volume in warrant redemptions. The total issue costs are thus expected to amount to approximately SEK 6.5 million, corresponding to approximately 8.39 percent of the total highest issue volume. Through the funds provided by the Company in the event of full exercise of warrants, after issue costs, a total of approximately SEK 41.5 million net, the Company intends to finance the following activities (arranged by priority):

- Conduct a clinical phase IIa-PoC study (approximately 65 percent of the issue proceeds).
- Operating costs, such as salaries, consulting fees, costs for patents and other administrative costs (approximately 35 percent of the issue proceeds).

In the event that the issue of units is not subscribed to the extent that the Company's working capital requirements for the coming twelve-month period, it is the Board's intention to examine alternative financing options such as additional capital raising or financing together with one or more partners or to conduct operations at a slower pace than expected, until additional capital can be raised.

Parties with interests

Sedermera Fondkommission, MCL, Shark Communication and Nordic Issuing receive a pre-agreed remuneration for services in connection with the issue of units. In addition to what is stated above, Sedermera Fondkommission, Shark Communication, MCL and Nordic Issuing have no financial or other interests in the issue of units. In the present issue of units, persons in Modus' executive management have provided subscription commitments. These commitments are described in more detail in the section "Terms of the offer" in this prospectus. Furthermore, several Board Members and executives in Modus already owns shares in Modus. Holdings for each person are presented in more detail under the section “Board of Directors and executive management” in this prospectus. In addition, Modus has entered into subscription agreements with several external investors. Apart from this, there is no conflict of interest within administrative, management and control bodies or with other persons in executive positions in Modus, nor are there any other natural or legal persons involved in the issue who have financial or other relevant interests in the Company.

RESPONSIBILITY STATEMENT, THIRD PARTY INFORMATION AND APPROVAL FROM AUTHORITY

Persons responsible

The Board of Directors of Modus Therapeutics Holding AB is responsible for the content in this prospectus. According to the Board of Directors' knowledge, the information provided in the prospectus is in accordance with facts, and no information that could affect these facts has been omitted. The Board of Directors is presented below. For complete information about the Board of Directors, see section "Board of Directors and executive management" in this prospectus.

Position	**Name**
Chairman of the Board	Viktor Drvota
Board Member	Torsten Goesch
Board Member	Ellen Donnelly

Finansinspektionen's approval

This prospectus has been approved by Finansinspektionen as competent authority in accordance with Regulation (EU) 2017/1129. Finansinspektionen only approves this prospectus if it meets the requirements for completeness, comprehensibility and consistency that are specified in Regulation (EU) 2017/1129. The approval should not be considered as any kind of endorsement of the issuer that is subject to this prospectus, or as support for the quality of the securities referred to in this prospectus. Investors should make their own assessment of whether it is appropriate to invest in these securities. The prospectus has been drawn up as an EU Growth prospectus in accordance with Article 15 of Regulation (EU) 2017/1129.

Information from third parties

The prospectus contains information from third parties. Modus confirms that information from third parties has been reproduced correctly and that as far as the Company is aware of and can ascertain from information published by third parties, no facts have been omitted that would make the reproduced information incorrect or misleading. The third-party sources that Modus has used in the preparation of this prospectus are stated in the list of sources below.

REFERENCES

Buchman et al., "Sepsis Among Medicare Beneficiaries: The Burdens of Sepsis", *Critical Care Medicine* (2020).

Buijsers et al., "Beneficial non-anticoagulant mechanisms underlying heparin treatment of COVID-19 patients", *EBioMedicine* (2020).

Glickman et al., "Disease Progression in Hemodynamically Stable Patients Presenting to the Emergency Department With Sepsis", *Academic Emergency Medicine* (2010).

https://www.globenewswire.com/news-release/2020/12/01/2137142/0/en/Heparin-Market-in-the-U-S-to-Hit-USD-1-Bn-by-2026-Global-Market-Insights-Inc.html

Hogwood et al., "Heparin and non-anticoagulant heparin attenuate histone-induced inflammatory responses in whole blood", *PLOS ONE* (2020).

https://medicaldialogues.in/news/industry/pharma/nppa-hikes-price-of-critical-blood-thinning-heparin-injection-details-67326

Rasmuson et al., "Heparinoid sevuparin inhibits Streptococcus-induced vascular leak through neutralizing neutrophil-derived proteins", *FASEB Journal* (2019).

Rudd et al., "Global, regional, and national sepsis incidence and mortality, 1990-2017: analysis for the Global Burden of Disease Study", *The Lancet* (2020).

Tang et al., "Heparin prevents caspase-11-dependent septic lethality independent of anticoagulant properties", *Immunity* (2021).

Telen et al., "Sevuparin binds to multiple adhesive ligands and reduces sickle red blood cell-induced vaso-occlusion", *British Journal of Haematology* (2016).

Vincent et al., "Frequency and mortality of septic shock in Europe and North America: a systematic review and meta-analysis", *Critical Care Medicine* (2019).

Wildhagen et al., "Nonanticoagulant heparin prevents histone-mediated cytotoxicity in vitro and improves survival in sepsis", *Blood* (2014).

https://www.who.int/news-room/fact-sheets/detail/sepsis

https://www.who.int/bulletin/volumes/98/3/20-020320.pdf

Zhou et. al. (2020) Clinical course and risk factors for mortality of adult inpatients with COVID-19 in Wuhan, China: a retrospective cohort study, Lancet

BACKGROUND AND REASONS

Modus is a clinical biotech company developing a treatment for sepsis and septic shock (blood poisoning) through the patented polysaccharide, sevuparin. The Company's operations are based on more than 20 years research on the positive mode of action of sevuparin. By taking advantage of the fact that sevuparin can be prescribed in significantly higher doses than comparable polysaccharides, the harmful processes in the body that occur during sepsis can be stopped, and septic shock can be prevented.

Sevuparin is a drug candidate which in previous clinical studies on sickle cell disease has shown good safety and tolerability. The Company owns the rights to a patent for sevuparin that has been granted globally until 2032.

Sevuparin can work beneficially on human health, save large costs in health care, and consequently realize significant market values. The company has several objectives for the coming years (pages 22–23 in this prospectus). To achieve these and be able to conduct clinical studies at a desired pace and scope, the Company is now carrying out an issue of units prior to a planned listing on First North. In the case of a fully subscribed issue of units, Modus can initially receive approximately SEK 33 million. Through a following warrant exercise, the Company can be provided with an additional maximum of approximately SEK 45 million, approximately one year after the planned listing.

Modus regards the listing as a natural step in the Company's business development – with the potential to provide the Company with access to investors, capital and a platform that can increase awareness of Modus' clinical progress.

Use of proceeds

The Company hereby carries out an issue of units through which the Company can initially receive a maximum of approximately SEK 33 million before issue costs. The public is given the opportunity to subscribe for units in the issue that take place without preferential rights for existing shareholders. The issue costs for the initial issue are expected to amount to approximately SEK 3.3 million, corresponding to approximately 9.9 percent of the initial issue volume.

Through the funds raised by the Company after issue costs, a total of approximately SEK 29.7 million net, the Company intends to finance the following activities (arranged by priority):

- Conduct a clinical phase Ib-LPS provocation study (approximately 50 percent of the issue proceeds).
- Initiate a phase IIa-PoC clinical study (approximately 14 percent of the issue proceeds).
- Operating costs, such as salaries, consulting fees, costs for patents and other administrative costs (approximately 36 percent of the issue proceeds).

Through the redemption of warrants in May / June 2022, the Company can, when fully exercised, add an additional approximately SEK 45 million before issue costs. Upon full exercise of warrants, the issue costs are expected to amount to approximately SEK 3.5 million, corresponding to approximately 7.81 percent of the issue volume in warrant redemptions. The total issue costs are thus expected to amount to approximately SEK 6.5 million, corresponding to approximately 8.39 percent of the total highest issue volume.

Through the funds provided by the Company in the event of full exercise of warrants, after issue costs, a total of approximately SEK 41.5 million net, the Company intends to finance the following activities (arranged by priority):

- Conduct a clinical phase IIa-PoC study (approximately 65 percent of the issue proceeds).
- Operating costs, such as salaries, consulting fees, costs for patents and other administrative costs (approximately 35 percent of the issue proceeds).

In the event that the issue of units is fully subscribed, and the exercise of warrants is fully exercised, it is the Board's assessment that the issue proceeds will finance the business at the desired rate until Q4 2023. In the event that the issue of units is not subscribed to the extent that the Company's working capital requirements for the coming twelve-month period, it is the Board's intention to examine alternative financing options such as additional capital raising or financing together with one or more partners or to conduct operations at a slower pace than expected, until additional capital can be raised.

Advisors

Sedermera Fondkommission is the financial advisor and MCL is the legal advisor to Modus in connection with the issue of units. Shark Communication has been communications advisor in the preparation of this prospectus. Nordic Issuing provides the Company with issuing services. The Board of Directors of Modus is responsible for the content, whereupon other parties disclaim all liability in relation to shareholders in the Company and regarding other direct or indirect consequences because of investment decisions or other decisions based in whole or in part on the information in the prospectus.

Parties with interests

Sedermera Fondkommission, MCL, Shark Communication and Nordic Issuing receive a pre-agreed remuneration for services in connection with the issue of units. In addition to what is stated above, Sedermera Fondkommission, Shark Communication, MCL and Nordic Issuing have no financial or other interests in the issue of units.

In the present issue of units, persons in Modus' executive management have provided subscription commitments. These commitments are described in more detail in the section "Terms of the offer" in this prospectus. Furthermore, several Board Members and executives in Modus already owns shares in Modus. Holdings for each person are presented in more detail under the section “Board of Directors and executive management” in this prospectus. In addition, Modus has entered into subscription agreements with several external investors.

Apart from this, there is no conflict of interest within administrative, management and control bodies or with other persons in executive positions in Modus, nor are there any other natural or legal persons involved in the issue who have financial or other relevant interests in the Company.

BUSINESS DESCRIPTION AND MARKET OVERVIEW

Modus is a Swedish biotechnology company that, through the patented polysaccharide sevuparin, develops a treatment for sepsis and septic shock (blood poisoning). There are currently no approved drug treatments on the market aimed at these conditions. Modus' ambition is therefore to initiate a paradigm shift in sepsis care.

General company information

Modus is a Swedish public limited company with its registered office in Stockholm, which was formed in Sweden on April 13, 2011. The Company's name is Modus Therapeutics Holding AB (publ). The Company's organization number is 556851–9523 and its LEI code is 984500C147FB4EF4A471. The Company conducts its business in accordance with the Swedish Companies Act (2005: 551). The Company currently has six employees, including employees on a consulting basis.

The Company's address is Olof Palmes gata 29 IV, 111 22 Stockholm, Sweden. The Company's representatives can be reached at telephone number +46 (0) 70 766 80 97. The Company's website is www.modustx.com. Please note that the information on Modus' website, or other websites to which references are made, is not included in the prospectus unless this information has been incorporated into the prospectus through references.

Organizational structure

Modus Therapeutics Holding AB (556851–9523) is part of a Group, where Modus Therapeutics AB (556669-21-99) is a subsidiary of Modus Therapeutics Holding AB. The Company does not own shares in other companies. The Company is run through a centralized organization. The Company's executive management consists of a CEO, with overall responsibility for the Company's operations and the Chief Financial Officer (CFO) with responsibility for the Company's finances and financial matters.

Business description

Modus is a biotechnology company, based in Stockholm, founded in 2011 and is a part of the investment company Karolinska Development's company portfolio. Modus is working with the patented drug candidate sevuparin to develop an injection treatment for sepsis and septic shock.

Sepsis – what used to be called blood poisoning – is a serious condition that develops from a common bacterial infection to becoming life-threatening, affecting heart, lungs, kidneys, and brain, which cease to function properly. The condition occurs when bacteria enter the bloodstream and causes the immune system to overreact. This in turn leads to a strong inflammation (so-called hyperinflammation). Initially, it can start with common ailments such as pneumonia, sore throat, wound infection, or urinary tract infection.

Hyperinflammation can lead to the secretion of harmful substances into the blood by activated white blood cells. These substances risk damaging the inside of the blood vessels, causing leakage of plasma into the tissue of vital organs. The consequence of this course of events is that the vital organs fail in their function and if the condition is not treated, it leads to acute organ failure and severe tissue damage. Septic shock is one of the leading causes of death in intensive care units worldwide and the mortality rate usually exceeds about 30 percent.[1]

The measures that are taken in connection with sepsis, in addition to the antibiotics that patients have usually already received due to the causative infection, are fluid treatment, blood pressure-raising drugs, oxygen, steroids and finally respiratory care.

There is currently no drug specifically designed to treat sepsis or septic shock. However, a research group at Karolinska Institutet in 2019 has been able to show that sevuparin can interrupt the course of events that lead to leakage from blood vessels caused by sepsis and septic shock[2], which would significantly reduce the risks of organ failure and fatal outcome. 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 people from entering septic shock. Creating a treatment for sepsis is of utmost importance to society because of the high mortality rate and because sepsis care is extremely costly. In the United States alone, healthcare costs for patients with sepsis were estimated to approximately $ 22 billion in 2019.[3]

[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).*

If the Company receive positive data from the primary indication (sepsis and septic shock), Modus believes that sevuparin may have the potential to function in treating other serious inflammatory complications that may arise due to trauma, surgery, autoimmunity, or viral infections. Patients with these conditions are at risk of developing severe uncontrolled systemic inflammation (SIRS), which can develop into shock and multi-organ failure. According to the Board of Directors' assessment, the potential of sevuparin can thus be significantly more extensive than its primary indication.

Modus has previously conducted clinical trials on sevuparin as a treatment for sickle cell disease. In those studies, the Company failed in demonstrating any effect on sickle cell disease when dosing sevuparin. The differences between previous studies and those planned for sepsis and septic shock are significant. Acute sickle cell disease and sepsis/septic shock are very different conditions, where the former is due to clumped cells in the blood causing a lack of oxygen, while sepsis – as stated – is a hyper-inflammation. Thus, the mechanisms that were assumed to be relevant for sickle cell disease are completely different from those that are important for the effects of sepsis, which is clear from the animal models used (see picture on page 17 for differences in mechanism). In the preclinical work with sepsis, the treatment effect could also be verified in human cells as a complement to the mice, which could not be done in the corresponding work with sickle cell disease. It is also likely from the work with the sepsis models that the mechanism of action is significantly broader than that assumed for sickle cell disease, and there is already extensive research describing potentially beneficial effects of heparinoids, the class of molecules to which sevuparin belongs, in sepsis and systemic inflammation. [4,5,6]

Vision

Modus' vision is to be able to offer effective drug treatment for sepsis and septic shock that binds and neutralizes the harmful substances secreted into the blood during hyperinflammation, stabilizes the initial bacterial infection, reduces healthcare costs, and builds long-term shareholder value.

Sevuparin and its mode of action

Sevuparin is a patented drug in clinical phase that may have beneficial effects in the treatment of patients with sepsis or septic shock. Sevuparins development began 20 years ago, and the molecule has several biological effects. Sevuparin is a polysaccharide that belongs to the subgroup heparinoids – a substance that usually has

[3] *Wildhagen et al., "Nonanticoagulant heparin prevents histone-mediated cytotoxicity in vitro and improves survival in sepsis", Blood (2014).*
[4] *Wildhagen et al., "Nonanticoagulant heparin prevents histone-mediated cytotoxicity in vitro and improves survival in sepsis", Blood (2014).*
[5] *Buijsers et al., "Beneficial non-anticoagulant mechanisms underlying heparin treatment of COVID-19 patients", EBioMedicine (2020).*
[6] *Tang et al., "Heparin prevents caspase-11-dependent septic lethality independent of anticoagulant properties", Immunity (2021).*

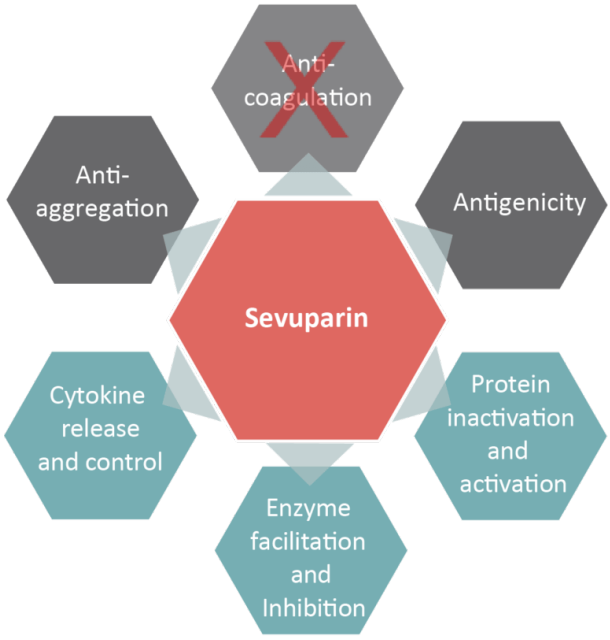


Figure 1. Of the known potent effects of heparinoids and sevuparin, those marked in green are those that are relevant in the treatment of sepsis and septic shock. The blue mark represents the mechanism that was considered relevant in previous studies on sickle cell disease. Blood thinning is crossed out in the figure as sevuparin, unlike other heparinoids, does not have blood-thinning properties. Antigenicity is the ability of a chemical structure to specifically bind to a group of certain products that have adaptive immunity: T cell receptors or antibodies. (Image: Modus).

blood-thinning properties. However, unlike other heparinoids, sevuparin has a significantly reduced anticoagulant effect and can thus be dosed in higher doses and evaluated without risk of bleeding. The drug candidate has previously been tested in clinical phase II studies against sickle cell disease and results from these studies show that sevuparin has a high tolerability and safety in treatment of humans. The patient population for sevuparin is any person suffering from sepsis or septic shock. By helping these patients, Modus is expected to reduce the number of deaths and serious complications due to sepsis and septic shock, as well as reduce the use of ineffective and cost-intensive treatment methods.

Mode of action

Sevuparin is a heparinoid and these usually have an anticoagulant or blood-thinning effect – which is a useful property in, for example, the production of blood-thinning drugs. It is not unknown in preclinical research that heparinoids could be used as a treatment for sepsis, but a problem has been the anticoagulant effects of heparinoids, which have resulted in the need to adjust doses in order to avoid unnecessary bleeding risk.[7] Sevuparin has been developed with significantly lower blood thinning properties. The combination of reduced anticoagulant effects and strong anti-inflammatory properties allows sevuparin to be dosed many times higher than heparinoids used for blood thinning – allowing sevuparin treatment to maximize treatment qualities for anti-inflammatory in sepsis and septic shock without the corresponding risk of bleeding side effects.

Based on preclinical research, sevuparin is believed to counteract systemic inflammation by binding and neutralizing harmful substances secreted by activated white blood cells in the blood during sepsis and septic shock, which provides robust vascular protection. Sevuparin can thereby break the molecular chain of events that lead to loss of blood vessel integrity, plasma leakage, and failing organ function.[8] That heparinoids have beneficial properties in sepsis and systemic inflammation has been confirmed by other researchers in preclinical models.[9,10,11] Thanks to the unique profile with greatly reduced blood-thinning properties and confirmed safety profile, sevuparin has the potential to

[7] *Hogwood et al., "Heparin and non-anticoagulant heparin attenuate histone-induced inflammatory responses in whole blood", PLOS ONE (2020).*
[8] *Rasmuson et al., "Heparinoid sevuparin inhibits Streptococcus-induced vascular leak through neutralizing neutrophil-derived proteins", FASEB Journal (2019).*
[9] *Wildhagen et al., "Nonanticoagulant heparin prevents histone-mediated cytotoxicity in vitro and improves survival in sepsis", Blood (2014).*
[10] *Buijsers et al., "Beneficial non-anticoagulant mechanisms underlying heparin treatment of COVID-19 patients", EBioMedicine (2020).*
[11] *Tang et al., "Heparin prevents caspase-11-dependent septic lethality independent of anticoagulant properties", Immunity (2021).*

benefit from these properties in sepsis and septic shock.

Modus already owns the rights to a patent for sevuparin that has been granted globally and last until at least 2032 (2036–2037 with patent extensions). The company is currently developing two different routes of administration, one for intravenous dosing (through a vein) and one for subcutaneous dosing (under the skin). Modus plans to begin a first clinical phase IIa study with the candidate by the turn of the year 2021/2022. In collaboration with internationally recognized researchers, preclinical research work is also underway, which aims to establish new indications with additional patent protection for sevuparin. However, the Company can not specify this further in view of the early stage of these preclinical studies, and due to intellectual property law reasons.

COMPLETED STUDIES

Sevuparin has undergone a preclinical toxicological program enabling dosing for up to 14 days in clinical trials. Furthermore, preclinical efficacy studies have been performed previously in mouse and in votro humana systems that indicated beneficial effects on several disease models for, among other things, sickle cell disease, malaria and sepsis.

In clinical phase I trials with healthy volunteers, sevuparin has proven safe and tolerable for intravenous dosing in single and multiple doses within clinically relevant dose ranges. Two patient studies also showed the inhibitory effects of sevuparin on the ability of the malaria parasite to bind to blood cells and the vessel wall. In another patient study for the treatment of acute sickle cell disease, sevuparin did not show any advantage over placebo, but as in the other clinical trials, it was also found that sevuparin showed a favourable safety profile for use in humans.

PLANNED STUDIES

Clinical phase Ib-LPS provocation study in healthy volunteers

Modus planned clinical phase Ib-LPS provocation study will observe the effect of sevuparin in healthy volunteers who received an injection of bacterial toxin called lipopolysaccharide (LPS). LPS causes inflammation that can be said to be a kind of "artificial sepsis". In this study, a small amount of LPS is given first in the skin to cause inflammation in the skin tissue then in the blood to cause symptoms similar to sepsis. In both cases, the effects of sevuparin on septic inflammation can be studied with great care. The study also intends to study the safety of combining a common low molecular weight heparin (LMHW) with sevuparin as this aspect will be important in subsequent studies in patients with sepsis who, like most seriously ill patients, always receive a low dose of low molecular weight heparin as protection against blood clots.

Purpose of the study: The overall purpose is to generate data that facilitates the selection of an effective dose of sevuparin in the subsequent patient study, which is achieved by focusing on the following two areas:

1) To study dose-effect relationship of three different doses of sevuparin in three cohorts of healthy volunteers after injection of LPS into the skin.
2) To study dose-effect relationship of three different doses of sevuparin in three cohorts of healthy volunteers after injection of LPS into the blood

Main measurement methods in the three respective parts of the study: 1. (LPS provocation in the skin) Local symptoms (temperature, blood flow, distribution), white blood cells (number and activity), irritating substances secreted by white blood cells locally. 2. (LPS provocation in the blood) Systemic symptoms (temperature, pulse, blood pressure, respiratory rate), white blood cells (number and activity), inflammatory substances in the blood (biomarkers). 3. Measurements of blood coagulation capacity (anti-factor II and X activity, APTT, PK and INR).

Study design: randomized, blinded and placebo-controlled with 60 healthy volunteers, divided into three LPS cohorts of 16 individuals each and two cohorts of six individuals each in the LMWH interaction section.

Dosage, drug, and route of administration: three different doses of sevuparin are given during one day in ascending order intravenous infusion into the LPS cohorts at 3:1 against placebo, whereas two different doses of sevuparin are combined in ascending order with the standard dose of LMWH in the interaction section of sevuparin versus placebo at 1: 1.

Expected start of study: Q4/Q1 2021/22.

Data expected to be available: Q2/Q3 2022.

Phase IIa clinical trial for safety and tolerability and Proof-of-Concept for sevuparin in patients with severe sepsis

The planned Phase IIa clinical trial aims to observe the possible effects of sevuparin on safety and tolerability in combination with standard treatment for sepsis and the effects of sevuparin on the patient's clinical symptoms in sepsis. An effective and tolerable dose level based on the previous Phase Ib study will be selected.

Purpose of the study: 1. To ensure that sevuparin can be given to patients with sepsis with ongoing standard treatment. 2. To observe the ability of sevuparin to positively effect sepsis patients' symptoms.

The main measurement methods of the study regarding the objectives: 1. (Safety and tolerability) Reported side effects, side effects in laboratory samples and when measuring vital functions (pulse, blood pressure), and findings during physical examination 2. (Clinical beneficial effects of sevuparin) Measurement of clinical symptoms e.g., SOFA-score (and its constituent parts such as oxygen pressure, blood pressure, liver values, kidney values); measurements of time to predetermined symptom improvement, e.g., time to 30 percent improvement in SOFA-score; measurement of need of, and time in, respirator, as well as measurement of death and complications on day 28 after commenced treatment.

Study design: randomized, placebo-controlled, blinded parallel study in 100–120 patients who meet the requirements for severe sepsis or equivalent. The study is planned as a multicentre study with 6–12 recruiting clinics in Europe.

Dosage and drug: The dose of Sevuparin (only one dose in the study) is given based on standard treatment as a continuous intravenous infusion compared to placebo in a 1: 1 ratio for a maximum of 14 days.

Expected start: Q3/Q4 2022.

Data expected to be available: Q4 2023.

Phase IIb study

The planned clinical phase IIb study intends to study the optimal dose of sevuparin in combination with the standard treatment for sepsis (a so-called dose-finding study). This type of study is needed to ensure which dose is to be used in phase III studies and thus also in future clinical use and is usually a requirement from drug authorities. It is done by comparing the effect of multiple dose levels of sevuparin versus placebo on the patient's clinical symptoms of sepsis.

Purpose of the study: 1. To ensure the optimal dose level of sevuparin in sepsis patients with ongoing standard treatment by comparing the clinical effects of different dose levels of sevuparin. To continue to document the safety and tolerability of sevuparin in the treatment of sepsis.

The main measurement methods of the study regarding the objectives: 1. (Clinical beneficial effects of sevuparin) Measurement of clinical symptoms such as SOFA-score (and its constituent components such as oxygen pressure, blood pressure, liver values, kidney values); measurements of time to predetermined symptom improvement, e.g. time to 30 percent improvement in SOFA-score; measurement of need of and time in respirator, as well as measurement of death and complications on day 28 after commenced treatment. 2. (Safety and tolerability) Reported side effects, side effects in laboratory samples and when measuring vital functions (heart rate, blood pressure), and findings during physical examination.

Study design: randomized, placebo-controlled, blinded parallel study in up to approximately 250 patients who meet the requirements for severe sepsis or equivalent. The study is planned as a multicentre study with 15-25 recruiting clinics in Europe and the USA.

Dosage and drug: Initially, 3 dose levels of sevuparin are given on the basis of standard treatment as a continuous intravenous infusion compared to placebo in the ratio 1: 1: 1: 1 in up to about 100 patients. Following an interim analysis, at least the least effective dose is discontinued, and the study continues with 2 dose levels of sevuparin versus placebo in the 1: 1: 1 ratio in the remaining patients. Sevuparin or placebo is given as a continuous intravenous infusion over a maximum of 14 days.

Expected start: Q1/Q2 2024.

Data expected to be available: Q2/Q3 2025.

Modus continuously evaluates collaborative proposals concerning research coming from academic institutions. These can sometimes result in so-called "trial-initiated clinical studies" in diseases other than those mentioned in this prospectus, but which for various reasons are considered to be within the framework of the Company's strategies.

BUSINESS AND REVENUE MODEL

As sevuparin has the potential of being the only drug that specifically treats sepsis/septic shock while greatly reducing healthcare costs, Modus expects that market interest in sevuparin will be significant if future clinical trials can present favourable data. Modus business model is to independently drive the development of sevuparin through the clinical phase Ib-LPS provocation study and the subsequent phase IIa-Proof-of-Concept study. Data from the latter study is expected to be published in Q4 2023. At that time, Modus intends to try to initiate a sale of the Company by a pharmaceutical or biotechnology company or try to license sevuparin in order to eventually establish sevuparin on the market. If the market's interest in Modus is not strong enough at the beginning of 2023, acquisitions/license purchases may be re-actualized at different times in the Company's future. For example, at the beginning of 2025 when the Company estimates that they are at the end of phase IIb studies. A future major player with an interest in acquisitions/license purchases then could drive the development of phase III studies in a way that maximizes the player's individual operational and strategic conditions.

A final alternative is that Modus runs the business until the end of phase III studies when acquisitions/licensing become relevant again. There is also readiness for Modus to take sevuparin to the market on its own, then through an arrangement with geographical market licenses to sales partners. In such a scenario, Modus would itself handle marketing and sales in Scandinavia and parts of Northern Europe. If Modus enters a partnership with a BigPharma company, it is estimated that payments will be made in the form of milestone payments and royalties. Generated income will in these cases be used to reinvest in Modus' operations and be used to clinically develop sevuparin in other indications where the Company has positive preclinical data.

Collaborations

The Company has been collaborating with the University of Brescia (“Brescia”) since January 29, 2020. The collaboration refers to research that Brescia will carry out for the Company, which will then be compiled in a report. Modus owns all intellectual property rights that arise in connection with Brescia's research. Modus has a residual remuneration to Brescia at the time Brescia delivers the final research report to Modus.

A collaboration agreement on clinical research has recently been signed with Imperial College to explore the effects of sevuparin in severe malaria.

MARKET OVERVIEW

According to the WHO, sepsis may be the leading cause of death in the world[12] and in 2017, sepsis accounted for approximately 11 million deaths, corresponding to 19.7 percent of global mortality.[13] The most serious type of sepsis, septic shock, is a leading cause of death in intensive care units globally, with a mortality rate usually exceeding 30 percent.[14]

There is currently no pharmaceutical product available that is specifically intended to treat patients with sepsis and septic shock, although most patients are treated with antibiotics for the infection that caused the condition. Instead, the healthcare uses supportive and broad treatment methods of the type commonly used in intensive care, such as fluid therapy, antihypertensive drugs, oxygen, steroids and respiratory care. As a result of the lack of effective treatment for sepsis, this condition is extremely cost-intensive for healthcare to diagnose and treat. Estimates in the United States estimate that sepsis costs the U.S. health care system approximately $ 22 billion annually[15], a figure that has direct cost of treating sepsis in intensive care is estimated at around GBP 0.8 billion in 2017, and the indirect cost to society was around GBP 10 billion.[16]

The figure below shows how many people visit the emergency room/year in the U.S. because of systemic inflammation, and how many of these people have sepsis and develop septic shock (approximately 700,000). To clarify how extensive the patient volume is, the number has been set in relation to the number diagnosed with colon cancer in the U.S. in 2020. Sepsis is a vital indication and thus places itself in a high-price segment for medicines. The Board of Directors assessment is that the gross margin for sevuparin at a market introduction amounts to approximately 90 percent. This is because the cost of making sevuparin is low compared to many other drugs, and the costs are mainly linked to the price of heparinoids.

Even if there were significant price fluctuations in the pricing of heparinoids - in combination with price reductions due to a changed competitive situation - this is judged to have a relatively small impact on the gross margin.

Given that sepsis is a common condition with serious implications and given the lack of specific treatment methods, XPLICO – a company that valuate life science companies – has on behalf of Modus, assessed that the market potential for sevuparin in the U.S. is 1.2 billion USD, provided that Modus has a market share of 25 percent. The market potential in the EU and Japan amounts to USD 300 million if the same market share is assumed. The total market potential with the previously

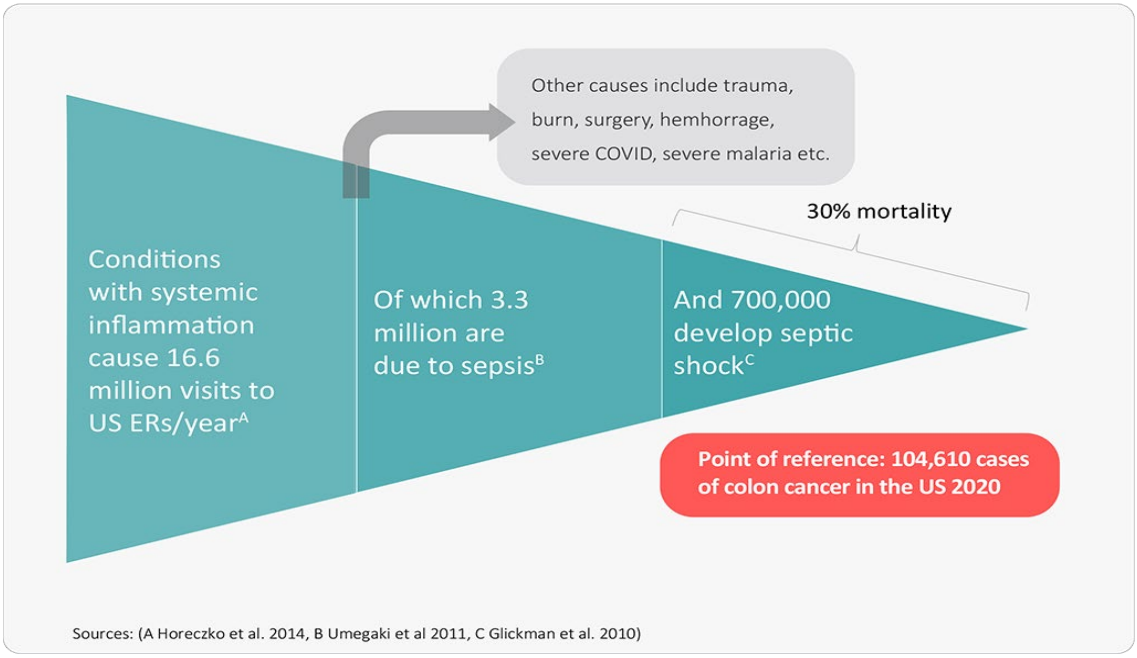


Figure 2. Summary of how many emergency visits to the United States are caused annually by systemic inflammation, and how many turn out to be sepsis, and how many develop into septic shock. The red box shows the number of cases of colon cancer (colon cancer) in the USA 2020 (Image: Modus).

[12] *https://www.who.int/news-room/fact-sheets/detail/sepsis*
[13] *Rudd et al., "Global, regional, and national sepsis incidence and mortality, 1990-2017: analysis for the Global Burden of Disease Study", The Lancet (2020).*
[14] *Vincent et al., "Frequency and mortality of septic shock in Europe and North America: a systematic review and meta-analysis", Critical Care Medicine (2019).*
[15] *Buchman et al., "Sepsis Among Medicare Beneficiaries: The Burdens of Sepsis", Critical Care Medicine (2020).*
[16] *http://allcatsrgrey.org.uk/wp/wpfb-file/yhec-sepsis-report-17-02-17-final-pdf/*

mentioned delimitations thus amounts to USD 1.5 billion, according to XPLICO's assessment.

Competitors

As noted, there are no competitors selling drugs to treat sepsis or septic shock. The company's two main competitors, like Modus, are in clinical trials without having yet launched any drug on the market.

One of these players is the Dutch company AM Pharma BV, which is developing a drug for acute kidney damage, which can be caused by sepsis. AM Pharma BV has recently completed phase II studies, but since the company's indication area is limited and only concerns kidney damage, Modus does not consider AM Pharma BV as a direct competitor given that the effects of sevuparin is assumed not to be restrictions to individual organs. Instead, it is reasonable that both companies' products, in combination, could contribute to a better overall solution for patients with sepsis and thus coexist in the market in the future.

The other competitor is the German company Adrenomed, which recently completed phase II studies and is soon entering phase III studies. Adrenomed is developing an antibody therapy (Adrecizumab) that is tailored for the treatment of sepsis patients with high levels of the hormone adrenomedullin in the blood. This delimitation can lead to only a small number of patients being treated with their drug candidate – in contrast to what can be assumed to be the case with the broad mechanism of action of sevuparin. Modus' Board of Directors therefore considers that benefits from Adrenomed's drug candidate is relatively limited compared with sevuparin.

There are a number of other companies working to develop drugs that can be used in sepsis. These companies are either in earlier phases than Modus, alternatively they have provided data in later studies that can be questioned and/or they have chosen to focus on other types of systemic inflammation. Thus, Modus does not consider these companies as direct competitors.

MARKET TRENDS

The focus on intensive care has increased

A majority of those who died in connection with being affected by covid-19 developed sepsis during their period of care, and ended up in septic shock, which aggravated their condition. According to a study in *The Lancet*, everyone who died in the study had suffered from sepsis and 70 percent had septic shock.[17] Covid-19 has thus emphasized the need for effective drug treatment of sepsis and septic shock. The pandemic has also increased the outside world's focus on offering good intensive care, not least in the face of the risk of future pandemics.

The importance of heparinoids

Researchers have begun to seriously understand that heparinoids can be of great benefit in healthcare.[18] This is underlined by the fact that demand for heparin has increased and the price of the raw material for heparins increased by 50 percent in 2019[19], and has continued to increase further during the covid-19 pandemic.[20]

Healthcare costs

Healthcare costs as a share of GDP have increased in the Western world in recent decades, which has led to many comprehensive initiatives aimed at slowing down cost developments, both in Europe and in the United States.[21] With this comes an increased focus on health economics and that the new products that are launched should clearly show a favourable cost vs benefit ratio. With this comes the idea of charging for the benefit created and not per dose sold.

[17] *Zhou et. al. (2020) Clinical course and risk factors for mortality of adult inpatients with COVID-19 in Wuhan, China: a retrospective cohort study, Lancet*

[18] *https://www.globenewswire.com/news-release/2020/12/01/2137142/0/en/Heparin-Market-in-the-U-S-to-Hit-USD-1-Bn-by-2026-Global-Market-Insights-Inc.html*

[19] https://www.who.int/bulletin/volumes/98/3/20-020320.pdf

[20] https://medicaldialogues.in/news/industry/pharma/nppa-hikes-price-of-critical-blood-thinning-heparin-injection-details-67326

[21] *https://data.worldbank.org/indicator/SH.XPD.CHEX.GD.ZS*

STRATEGY AND OBJECTIVES

Modus objectives extend across several operational, financial, and organizational goals and extend until 2025, marking the end of the planned phase IIb studies.

Modus develops sevuparin as a treatment for sepsis and septic shock. To be able to carry out the required clinical studies and meet the set objectives, Modus has decided upon a listing on First North. Modus objectives extend over several operational, financial, and organizational objectives, which are outlined below. The issue proceeds in the planned listing will cover the Company's capital needs for the proposed studies.

Since Modus cannot guarantee that an acquisition/license purchase will take place in 2023, the Company's objectives extend until 2025, which marks the end of the planned phase IIb studies. After these have been completed, it is the Company's ambition to, together with a more resourceful player in the pharmaceutical or biotechnology industry, drive the development of sevuparin through phase III studies and then carry out a market introduction. The Company's overall strategy and goals are thus two in number: to demonstrate that sevuparin has the desired effect in planned clinical studies, and to enter into a strong partnership prior to market introduction and commercialization.

OBJECTIVES 2021–2025

2021

- Meeting with a supervisory authority in Europe, e.g., Swedish Läkemedelsverket, on the early phase II program so called "Scientific advice".
- Approval by the European Medicines Agency to launch Phase Ib LPS provocation study (artificial sepsis).

2022

- First patient dosed in phase Ib-LPS provocation study, first quarter.
- Last patient dosed in phase Ib-LPS provocation study.
- Phase Ib-LPS provocation study analyzed and top line data from the study published during the second/third quarter.
- Present data from the phase Ib-LPS provocation study at investor meetings during H2 (e.g., NLLS, Bio-Europe, Jefferies) and as an abstract at relevant scientific meetings (e.g., ASA in the USA) where targeted meetings with investors and buyers usually held.
- Obtained approval from the European Medicines Agency to launch Phase IIa-proof-of-concept study in sepsis/septic shock.
- First patient treated in phase IIa-proof-of-concept study in sepsis / septic shock during the third / fourth quarter.

2023

- Last patient treated in the Company's phase IIa-Proof-of-Concept study in sepsis/septic shock.
- Phase IIa proof-of-concept study in sepsis/septic shock analysed and top line data published during the fourth quarter.
- Meeting with European authority on the final draft of a phase IIb study protocol for dose selection study in sepsis/septic shock.
- Present data from the phase IIa-proof-of-concept study at investor meetings (e.g., NLS, Bio-Europe, Jefferies) and as an abstract at relevant scientific meetings (e.g., ASA in the USA and ECEMCC in Europe) where Meetings with investors and buyers are usually held.
- Meeting with the FDA (USA) on a new trial permit for sevuparin in sepsis and agreement on the protocol for the phase IIb dose selection study in sepsis / septic shock.
- IND (trial permit in the USA) approved for sevuparin in sepsis and approved phase IIb dose selection study in sepsis/septic shock. As a result, studies with sevuparin in sepsis may also be initiated in the United States.
- The first patient in Europe treated in the phase IIb dose selection study in sepsis/septic shock.

2024

- Present data from the phase IIa proof-of-concept study and future goals at the investor meeting JP Morgan, SF, USA.
- First patient in the USA treated in phase IIb dose selection study in sepsis/septic shock.
- Present data from the phase IIa proof-of-concept study at investor meetings (e.g., NLS, Bio-Europe, Jefferies) and as an abstract at

relevant scientific meetings (e.g., ASA in the USA and ECEMCC in Europe) where targeted meetings with investors and buyers usually held.

- Approved paediatric research plan (PIP) at European authority
- The last patient in Europe treated in the Company's phase IIb dose selection study in sepsis/septic shock.
- Last patient in the USA treated in the Company's phase IIb dose selection study in sepsis / septic shock.

2025

- Present the Company at the investor meeting JP Morgan, SF, USA, prior to the publication of data from phase IIb dose selection study in sepsis/septic shock.
- Phase IIb dose-selection study in sepsis/septic shock analysed and top-line data published.
- Present data from phase IIb dose selection study in sepsis/septic shock at investor meetings (e.g., NLS, Bio-Europe, Jefferies, and in Jan. 2026 JP Morgan) and as an abstract at relevant scientific meetings (e.g., ASA in the US and the ECEMCC in Europe) where targeted meetings with investors and buyers are usually held.
- Submission of study protocols for pivotal phase III study in sepsis/septic shock and full documentation from phase II to US and European authorities, so-called "End of Phase II" meeting.
- Approval of phase III protocol for pivotal study with sevuparin in sepsis/septic shock in the United States.
- Approval of Phase III protocol for pivotal study with sevuparin in sepsis/septic shock in Europe.
- In case acquisition/license purchase has not yet been obtained: First patient treated in the USA in a phase III study for sevuparin for sepsis/septic shock.
- In case acquisition/license purchase has not yet been obtained: First patient treated in Europe in phase III study for sevuparin for sepsis/septic shock.

Challenges
Modus is a company that through the patented polysaccharide sevuparin wants to create a treatment for sepsis and septic shock. In 2021, the Company's goal is to obtain approval for a clinical phase Ib-LPS provocation study. The Company's main challenge is associated with the clinical trials of sevuparin. According to the Board of Directors, most of all drug candidates who initiate clinical trials go through clinical phase I and phase II studies, while a large proportion subsequently fail to initiate clinical phase III studies, or alternatively achieve satisfactory results in clinical phase III studies. Whether a drug candidate succeeds or not may depend on the conditions under which the candidate is tested in the early stages of development, which lead to artificial positive results, which in turn can lead to overestimation of efficacy, as well as underestimation of side effects, when the drug interacts with humans.

Trends
Modus is developing a treatment for sepsis and septic shock with the drug candidate sevuparin, and even though sevuparin is already patented, the Company's clinical studies of its effects are at an early stage. In addition to what is included in the clinical studies, the Board of Director's assessment is that there are no significant known development trends in terms of production, sales, inventory, and costs from the end of March 31, 2021 until the date of the prospectus. The spread of Covid-19 and its effects are evaluated on a regularly basis but is not considered to affect the aspects mentioned above at the publishing day of this prospectus.

Investments
Since Modus was founded in 2011, a total of approximately SEK 261 million has been invested in the Company's operations. Modus has not made any significant investments since the end of the latest reporting period, March 31, 2021 until the publishing date of this prospectus. The company has no significant ongoing investments or planned investments for which fixed commitments have already been made.

FINANCING
Financing Modus operations
It is the Board's assessment that the Company, provided that the issue of units described in this prospectus is fully subscribed, will have the financial capacity to complete the planned phase Ib LPs provocation study and IIa study, and to initiate discussions with resourceful partners for continued clinical development of sevuparin. The Company's objective includes, after completing a clinical phase IIa study, to impose on such a partner the development costs for further clinical studies of sevuparin. However, additional capital requirements may arise, for example if it takes longer than expected to initiate an acquisition/license purchase, or if the costs of the planned phase II studies increase as a result of data from previous studies requires changes in the planned study design. It is currently difficult to estimate the size of any additional capital need. If a renewed need for capital arises, the Company will evaluate the financing alternatives that exist, such as the implementation of additional capital raising. Historical financing if Modus operations has mainly taken place through new issues.

Significant changes in loan and financing structure
Apart from what appears under the heading "Financing Modus operations" above and under the heading "Significant agreements" further down in the prospectus, there have been no significant changes regarding the Company's loan and financing structure after March 31, 2021.

Modus future capital needs
In accordance with what is described above, the Company will, provided that the issue of units described in this prospectus is fully subscribed, have the financial capacity to complete the planned Phase IIa clinical study, and to initiate discussions with resourceful partners for further clinical studies with sevuparin. It is the Company's objective to, after completing the Phase IIa clinical study, impose on such partners the development costs for the further studies. However, additional capital needs may arise, if for example, discussions with partners take longer than expected and if Modus during this time needs to conduct phase IIb studies on its own. The size of such any additional capital needs is currently difficult to estimate, and the Company will in such a case evaluate various financing alternatives, such as the implementation of additional capital raising.

PATENTS AND OTHER INTELLECTUAL PROPERTY RIGHTS

Modus owns the patent rights for sevuparin that have been granted in large parts of the world and lasts until December 19, 2032 (2036–2037 with patent extensions). The Company is currently developing two different routes of administration, one for intravenous dosing (through a vein) and one for subcutaneous dosing (under the skin). The company has registered the domain name (www).modustx.com.

Modus considers that the protection of the Company's patent is sufficient. According to the Board's assessment, Modus is dependent on already approved patents to attract further financing and partnerships, as well as to carry out a successful commercialization of sevuparin. The table below describes the Company's patents and patent applications per day for the publication of this prospectus.

Patent family	Application number	Application date	Area	Country	Expiration date*	Status
Sevuparin	14/366570	2012-12-19	North America	USA	2032-12-19	Granted
Sevuparin	2856477	2012-12-19	North America	Canada	2032-12-19	Granted
Sevuparin	2012354226	2012-12-19	South Pacific	Australia	2032-12-19	Granted
Sevuparin	625096	2012-12-19	South Pacific	New Zeeland	2032-12-19	Granted
Sevuparin	12860938.5	2012-12-19	Europe	EPO**	2032-12-19	Granted
Sevuparin	BR1120140146730	2012-12-19	South America	Brazil	2032-12-19	Granted
Sevuparin	MX/a/2014/006956	2012-12-19	South America	Mexico	2032-12-19	Granted
Sevuparin	201280062042.7	2012-12-19	Asia	China	2032-12-19	Granted
Sevuparin	15100897.7	2012-12-19	Asia	Hong Kong	2032-12-19	Granted
Sevuparin	232903	2012-12-19		Israel	2032-12-19	
Sevuparin	P00201403569	2012-12-19		Indonesia	2032-12-19	
Sevuparin	1056/MUMNP/2014	2012-12-19	Asia	India		Awaiting approval
Sevuparin	2014–547145	2012-12-19	Asia	Japan	2032-12-19	Granted
Sevuparin	PI2014001796	2012-12-19	Asia	Malaysia	2032-12-19	Granted
Sevuparin	1401003469	2012-12-19	Asia	Thailand		Awaiting approval
Sevuparin	TN2014/0237	2012-12-19	Asia	Tunisia	2032-12-19	Granted
Sevuparin	2014/03654	2012-12-19	Africa	South Africa	2032-12-19	Granted
Sevuparin	661/2014	2012-12-19	Middle East	United Arab Emirates		Awaiting approval
Sevuparin	PCT999/2014	2012-12-19	Middle East	Egypt		Awaiting approval
Sevuparin	OM/P/2014/00114	2012-12-19	Middle East	Oman		Awaiting approval
Sevuparin	QA/201406/00232	2012-12-19	Middle East	Qatar	2032-12-19	Awaiting approval
Sevuparin – SCD	14/366603	2012-12-19	Middle East	USA	2032-12-19	Granted

* Patents in the pharmaceutical field can in some cases be extended for up to 5 years.
** Granted in: Albania, Bulgaria, Switzerland, Liechtenstein, Cyprus, Croatia, Czech Republic, Germany, Denmark, Estonia, Finland, France, UK, Greece, Hungary, Ireland, Iceland, Italy, Lithuania, Monaco, Macedonia, Malta, Montenegro, Netherlands, Norway, Poland, Portugal, Romania, Serbia, Sweden, Slovenia, Slovakia, Spain, San Marino, Turkey, Bosnia and Herzegovina, Austria.

STATEMENT OF WORKING CAPITAL

According to the Board's assessment, the existing working capital is not sufficient for the current needs for at least twelve months ahead of the date of this prospectus. The operating loss amounts to approximately SEK 24 million. Working capital needs are expected to arise in September 2021. To provide Modus with sufficient working capital, the Company is now carrying out an issue of units. The issue of units can initially provide the Company with approximately SEK 33 million before issue costs. The minimum level for the implementation of the issue of units is approximately 90.9 percent of the highest amount of the initial issue. In addition to the initial issue, warrants will be issued, the exercise period of which is between 19 May 2022 and 9 June 2022. If all warrants are exercised, Modus will receive an additional approximately SEK 45 million before issue costs. The total issue costs are estimated to amount to approximately SEK 6.8 million (approximately SEK 3.3 million relates to the initial issue, and approximately SEK 3.5 million is attributable to the attached warrants).

Modus has received subscription commitments through written agreements corresponding to approximately 57.5 percent (approximately SEK 19 million) of the total issue volume. However, these connections have not been secured via a pre-transaction, bank guarantee, or the like. In the event that one or more subscribers would not fulfill their obligations or if the minimum level for the implementation of the issue is not reached, this may mean that the Company does not receive the required capital. In such cases, the Board intends to investigate alternative financing options, such as additional capital raising or financing together with one or more partners, or to conduct operations at a slower pace than expected until additional capital can be raised.

RISK FACTORS

An investment in Modus is associated with risks. The risk factors presented below are limited to such risks that are specific and significant to Modus and its securities, according to the Company's assessment. The risks are presented in a limited number of categories. For each category, the most significant risks are first stated according to the issuer's assessment, taking into account the negative effects for the Company and the risk that they will be realized. The risk factors include an assessment of the probability that the risk will occur and the extent of its negative impact on the Company. Each risk is assessed with an estimated risk level with the scale low, medium and high.

BUSINESS RELATED RISKS

Risks related to Modus clinical studies

Modus develops a treatment for sepsis and septic shock. Before the Company's treatment can be introduced on the market, safety and efficacy must be ensured through planned clinical studies in humans. The pharmaceutical industry and clinical trials are linked with great uncertainty, such as delays in study timelines or generating of negative results. The outcome of a preclinical study does not always correspond to results in later clinical studies. In addition, it is difficult to determine time and cost aspects in advance during drug development. Consequently, there is a risk that planned drug development will be more costly than planned. There is a risk that planned clinical studies will not generate a sufficient effect for the Company to be able to obtain necessary regulatory approvals to enable partnerships, out-licensing, and sales of the Company's drug candidate. If the Company or its possible future partners can not sufficiently demonstrate that sevuparin has an effect, this may result in no commercialization, reduced or no cash flow, which may affect the Company's operations, earnings, and financial position. If discontinued drug studies are not resumed and the Company, as a result, considers that a potential commercialization of the treatment is excluded, it may result in the Company's value being adversely affected and in the long run there is a risk that the Company will be declared bankrupt.

The issuer assesses that the probability of the risk arising is: High.

Modus is dependent on external actors for future development

Modus' business model is based on being acquired in the future by, or signing a license agreement with, a resourceful player in the pharmaceutical or biotechnology industry who can take sevuparin through phase IIb, or alternatively phase III studies, and introduce it to the market. There is a risk that these hopes not will lead to a desirable outcome, that a desirable outcome will be delayed or that any stakeholders in Modus will not meet the requirements set by the Company. If future acquisitions/license agreements do not materialize, there is a risk that the clinical studies of sevuparin will be delayed, with the risk of accompanying cost increases for the Company. There is a risk that the Company will not succeed in attracting a player for acquisition/license agreements and that Modus will therefore need to conduct phase IIb/phase III-studies on its own, with increased costs and capital requirements as a result. There is a risk that this will affect the credibility of Modus' clinical studies and drug candidate. This can lead to delays, costs and/or failures in development and thereby adversely affect the Company's operations, earnings, and financial position.

The issuer assesses that the probability of the risk arising is: High.

Risks related to the Covid-19 pandemic

As a result of the spread of the Covid-19 pandemic, many countries have introduced restrictions on, among other things, travel, and the possibility of larger gatherings. Modus preclinical studies have not been affected by the pandemic and the Company's assessment is that they will not be affected beyond 2021, provided successful vaccination programs. Regardless, Modus closely monitors developments with a focus on the countries in which the Company plans to conduct clinical studies. There is a risk that local shutdowns due to increased spread of infection may extend the studies timelines, and that healthcare in these countries needs to re-prioritize and focus on Covid-19 instead of conducting clinical trials. There is a risk that Covid-19 will result in the absence or delay of any future cooperation, which may mean that future clinical studies cannot be initiated according to plan. Such delays can lead to increased costs, and in the long run have a negative effect on the Company's earnings, equity, and financial position.

The issuer assesses that the probability of the risk arising is: Medium.

Modus is subject to risks related to delays and increased costs in drug studies

Modus is subject to risks related to delays and increased costs in drug studies. However, the planning of costs for clinical studies can be difficult to determine with accuracy in advance. Delays can occur for various reasons, in Modus case, as a result of the Company not being able to contract studies before the Company have received payment through this issue, which can lead to delays due to lack of space. There is thus a risk

that planned clinical studies will be delayed, which may involve significant costs attributable to extended time for research and development. The Company assesses that a negative impact on Modus' financial position may arise, which may result in the Company needing to raise additional capital to carry out planned clinical studies. There is a risk that any additional capital cannot be raised. There is thus a risk that development will be temporarily stopped or that the Company will be forced to conduct operations at a slower pace than desired, which may lead to delayed – or absent – commercialization and revenue.

The issuer assesses that the probability of the risk arising is: Medium.

Modus is dependent on a few key people

Modus' future is highly dependent on the executive management's knowledge, experience, and commitment. At the date of this prospectus, the Company's executive management consists of two people, John Öhd and Claes Lindblad, with significant knowledge of Modus, sevuparin and the Company's overall operations. Two people is a small number of people, which makes Modus' organization fragile in the event that one or both of these people terminate their involvement in the Company. There is a risk that the Company will not succeed in keeping these key persons and that the Company will fail to recruit qualified personnel in the future. New recruitments can also take a long time to complete. If one or both key persons terminate their involvement in the Company, this may mean that the Company loses extensive knowledge of the business, treatment, and development work. The Company assesses that the extent of such a risk may have a small or large negative effect on the Company depending on which of the key persons leaves. In a scenario where one or both key people leave Modus, the Company may be forced to postpone the planned clinical studies for a longer period of time.

The issuer assesses that the probability of the risk arising is: Low.

COMMERCIAL AND INDUSTRY RELATED RISKS

Modus is subject to risks related to drug pricing

The pricing of sevuparin depends on the results of future clinical studies, whether a competitive situation arise were other companies succeed in developing other comparable treatments for sepsis and septic shock in parallel with the Company, as well as fluctuations in the price of heparinoids, which affects the price of sevuparin. It is also affected by the fact that sepsis treatments position themselves in a high-price segment. The Company's assessment is that changes in these parameters do not affect the Company's expected gross margins to any great extent. What affects the most are price changes on heparinoids. An increase in the number of treatments on the market for sepsis and septic shock can radically affect the pricing of sevuparin. There is a risk that pricing will be much lower if several treatments are made available. There is a risk of changing prices for heparinoids affecting the cost of producing sevuparin. If this happens, there is a risk that it could affect Modus' future earning capacity negatively. Pricing for many types of drugs is often determined at government level. A too low pricing can mean poorer future revenue opportunities. There is thus a risk that the earning capacity can be lower than what the Company has calculated, which could have a negative effect on the Company's earnings and financial position.

The issuer assesses that the probability of the risk arising is: Medium.

Modus is subject to risks related to competition

Modus' competitors AM Pharma BV and Adrenomed have gone further than Modus' in the clinical development of their drug candidates. These drug candidates have a narrower focus than sevuparin and focus only on people with acute kidney damage and patients with the hormone adrenomedullin in the blood. There is a risk that these companies will reach the market faster than Modus and may commercialize their treatments earlier, allocate resources for marketing and sales and establish market acceptance of these competing products. There is a risk that the same competitors will further develop their treatments, and, thanks to existing market establishment, will be attributed higher credibility than Modus, which may generate larger amounts for further research and development. There is a risk that these already established competitors will further develop and improve their treatments so that they compete more clearly with Modus. There is a risk that these competitors will succeed in developing safer, more efficient, or cheaper treatments than Modus. If a competitive situation arises that makes it difficult for the Company to successfully position itself in the market, it may have a negative impact on the Company's operations, revenue potential and financial position.

The issuer assesses that the probability of the risk arising is: Medium.

Modus is subject to regulatory risk

The Company's operations are subject to regulatory approvals by relevant regulatory authorities, such as the US Food and Drug Administration ("FDA") and/or the European Medicines Agency ("EMA"). In order to be approved for the conduct of clinical studies and/or to obtain the right to market and sell a medicinal product, all medicinal products under development must undergo a comprehensive registration procedure with the relevant authority in an individual market. The registration procedure includes, for example, where applicable, requirements for development, testing, registration, approval, labelling, manufacturing, and distribution. Another regulatory risk is that an approval may cover a smaller patient population than the one the Company is applying for. There is a risk that delayed approval or non-approval may lead to requirements for adjustment of the treatment. If such requirements, which exist or may be added in the future, are not met, this may lead to, for example, product revocation,

import bans, registration not being allowed, previously approved applications being withdrawn, major costly studies having to be redone or prosecutions being brought. If the Company is unable to initiate a study according to plan due to lack of permission or significant delay, this may lead to a reduced value of the Company's treatment and a deteriorating earning capacity.

The issuer assesses that the probability of the risk arising is: Medium.

Modus is subject to intellectual property risks

Modus relies on the patent for sevuparin to conduct its clinical trials. There is a risk that the Company's future patent applications or extensions will not be approved. There is also a risk that patents will not bring a competitive advantage and that competitors will be able to circumvent the Company's patents, for example by using other heparinoids in the treatment of sepsis and septic shock. In addition, competitors may infringe Modus' patent rights. Furthermore, there is a risk in this kind of business that the Company may be alleged to infringe on patents held by third parties. There is then a risk that Modus cannot assert its rights in full in a court process because it is difficult to assert the validity of a patent with full certainty as parts of different patents may overlap with other existing patents. Modus owns one patent. If the intellectual property protection is not adequate, other actors can take advantage of this by circumventing the Company's protection and conducting competitive drug development, which may have a negative impact on the Company's own drug development from a commercial perspective and future revenue potential. If the Company is forced to defend its patent rights, this may entail significant costs, in the event of both positive and negative outcomes, which may adversely affect the Company's operations, earnings and financial position.

The issuer assesses that the probability of the risk arising is: Low.

FINANCIAL RISKS

Modus is subject to risks related to financing

Modus does not provide any approved treatment that generates sale revenues. The future clinical studies entail significant costs and the proceeds that can be generated in this issue of units can finance the Company's clinical phase Ib LPS provocation study and phase IIa study. Thereafter, Modus intends to use the data generated to initiate an acquisition of the Company or sell the license for sevuparin to a player who can pursue a continued clinical development on its own, or as a partner. Such an agreement does not exist today. Until the time when Modus enters into such an agreement, the Company is dependent on raising capital on its own, or borrowing money, to finance planned clinical studies. The extent of, and timing of, the Company's future capital requirements depend on the availability of, and the conditions for, additional financing through, for example, new issues or loans, and is affected by many factors such as Modus study results, market conditions, creditworthiness, and credit capacity. Disruptions and uncertainties in the capital markets can also limit access to capital. If Modus fails to raise capital on acceptable terms, or at all, it will mean that the Company may have to accept a more expensive financing solution, offer new issues with significant discounts and large dilutions, or lead to the Company being forced to limit its development or cease operations.

The issuer assesses that the probability of the risk arising is: High.

RISKS RELATED TO THE SECURITIES

Risks related to dilution in connection with future issues

It is the Company's ambition that the issue of units will pay for the Phase Ib LPS provocation study and the clinical Phase IIa study. The Company then aims to initiate an acquisition/license purchase before phase IIb studies, or alternatively before phase III studies. If this does not happen, it may mean that Modus in the future may decide on a new share issue of additional shares or an issue of share-related or convertible securities to raise more capital. New share issue may also be directed at investors other than the existing shareholders. Such new share issue risk reducing the proportional ownership and voting share for holders of shares in the Company and earnings per share. If new share issue must be carried out at a low subscription price, for example in unfavourable market conditions, or amount to large numbers, such dilution effects may have a significant negative effect on the Company's existing shareholders. New share issue may also take place at a discounted price compared with the price of the Company's share, which risks having a negative effect on the share price development.

The issuer assesses that the probability of the risk arising is: High.

Risks related to the development of the share price

There are no guarantees that the share price in Modus will have a positive development and there is a risk that investors in the Company – in whole or in part – will not get back invested capital. If the Company's phase Ib LPS provocation study is interrupted, delayed, or generates negative data, it may lead to a significant decline in the Company's share price. Furthermore, Modus' share price may be negatively affected by such things as interest rate increases, political events, exchange rate changes and poorer economic conditions, which the Company has no opportunity to influence. There is a risk that the Company's share price may fluctuate sharply, mainly because of how the clinical studies proceed and what results are achieved. The Company's share price may be subject to extreme price and volume fluctuations that are not related to, or proportionate to, the Company's operating outcome. Modus share could fall in value by a maximum of 100 percent. An investor

may thus lose all or part of the invested capital in the Company. In the event of no dividend, the shareholder's return in Modus will only depend on the share price development.

The issuer assesses that the probability of the risk arising is: High.

Risks related to the share's liquidity

The Company intends to be admitted to trading on Nasdaq First North Growth Market. Trading in the Company's share may be inactive and illiquid in the future, which in turn may lead to difficulties for holders in selling shares, quickly or at all. An investor who wishes to sell his holding in the Company may need to sell shares with a significant loss. The Company estimates that the potential loss may be low, medium, or high depending on the size of the holding and the liquidity of the trade at the time of the sale.

The issuer assesses that the probability of the risk arising is: Medium.

Risks related to future sale of shares

Modus' three largest shareholders – Karolinska Development AB, KDev Investments AB and Modus CEO John Öhd – hold approximately 90 percent of the votes and capital in Modus as of the date of this prospectus. In addition, a board member in Modus holds shares corresponding to approximately 2 percent in the Company. As the ownership is concentrated, there is a risk that Modus' share price will fall significantly if there is extensive sale of shares in the Company, especially if such sale is carried out by board members, executive management, or other major shareholders. The said owners have entered into lock-up agreements for 100 percent of their respective holdings during the first twelve months from the first day of trading after listing on First North. In accordance with the lock-up agreements, all these parties' potential investment in the forthcoming issue is under lock-up on the same terms. Notwithstanding this, a future sale of shares after these 12 months has passed may have a negative impact on the Company's share price. If a sale is carried out by one or more board member owning shares, major shareholders and/or executive management, this may have a significant impact on share price development. The price can go down to a minimum of 0 SEK.

The issuer assesses that the probability of the risk arising is: Medium.

Modus is subject to risks related to subscription commitments

In connection with the issue of units, the Company has received subscription commitments from existing shareholders and external investors, which in total amount to approximately 57.6 percent of the offer. The commitments are not secured by a bank guarantee, pledge, or similar arrangements, which entails a risk that one or more of those who have entered into agreements will not fulfil their commitments to the Company. This could, in the event of a failure to pay in relation to the issue, have a negative impact on the Company's implementation of planned activities. Furthermore, it could affect future earnings, increase future costs, or otherwise adversely affect the Company's operations, earnings, and financial position. If those who have made commitments in the offer do not fulfil their commitments, the direct effect will be that the approximately SEK 19 million that has been agreed in advance through subscription commitments will not be paid in full or in part. Such a situation would potentially mean that Modus fails in raising sufficient capital in the offer and that no existing shareholder or external investor is involved in subscribing to the offer. The Company's earnings from the offer may in such a situation be completely absent, which would mean a financially challenging situation for the Company to the extent that the Company may in the worst case be forced to cramdown, alternatively bankruptcy or other liquidation of the Company.

The issuer assesses that the probability of the risk arising is: Low.

Risks related to a group of owners with significant influence

Based on the ownership structure as of the date of this prospectus, Karolinska Development AB, KDev Investments AB and Modus CEO John Öhd have the equivalent of approximately 90 percent of the share capital in the Company. Modus' board of directors includes Viktor Drvota, who is both CEO of Karolinska Development AB and Chairman of the Board of KDev Investments AB. The executive management and the board of directors of Modus thus have, on their own, or together, with the support of their holding, the opportunity to exercise a significant influence over issues referred to the Company's shareholders for approval, including election of board members and future acquisitions or sale of all or parts of the business. In addition, the main owners have a significant influence over the election of members to the Company's board of directors and thus indirectly also the Company's executive management. There is a risk that the above may be to the detriment of other shareholders who may have other interests than the main shareholders. Apart from the application of the protection rules that follow from law, for example the limited liability companies' minority protection rules, Modus has no opportunity to take measures to ensure that this influence is not abused.

The issuer assesses that the probability of the risk arising is: Low.

TERMS AND CONDITIONS FOR THE SECURITIES

General information

On June 17, 2021, the Board of Directors, with the support of authorization from the Annual General Meeting on May 3, 2021, decided to implement the Offer, which relates to an issue of a maximum of 5,156,300 units (shares and warrants), corresponding to an issue of approximately SEK 78 million before issue costs. All units in the Offer are issued in accordance with Swedish legislation and in Swedish kronor. The ISIN code for the Company's share is SE0015987904. The Company has only one class of shares and all outstanding shares are fully paid.

The warrants of series TO 1 issued in connection with the Offer entitle the holder, during the period from and including 19 May 2022 to and including 9 June 2022, to subscribe for a new share in Modus with the support of the warrant. The warrants have ISIN code SE0016075568 and will be admitted to trading on the Nasdaq First North Growth Market. The warrants must be registered by Euroclear in a reconciliation register, which means that a warrants certificate will not be issued.

For complete terms and conditions for warrants of series TO 1, please refer to "Terms for warrants of series TO 1 in Modus" which can be found on the Company's website www.modustx.com.

Central securities depository

The shares in Modus are registered in a record register in accordance with the Act (1998: 1497) on central securities depositories and accounting of financial instruments. This register is maintained by Euroclear Sweden AB (Euroclear Sweden AB, Box 191, 101 23 Stockholm). No share certificates have been issued for the Company's shares.

Certain rights associated with the shares

The acts covered by the Offer are of the same kind. The rights associated with shares issued by the Company, including those that follow from the Articles of Association, can only be changed in accordance with the procedures specified in the Swedish Companies Act (2005: 551). The shares in the Offer are freely transferable.

Right to vote

Each share entitles the holder to one vote at the Annual General Meeting and each shareholder has the right to vote for all shares held by the shareholder in the Company.

Preference for new shares, etc.

If the Company issues new shares, warrants or convertibles in a cash issue or set-off issue, shareholders generally have a preferential right under the Swedish Companies Act to subscribe for such securities in relation to the number of shares held before the issue.

Right to dividend and balance in the event of liquidation

All shares in the Company give equal rights to dividends as well as to the Company's assets and any surpluses in the event of liquidation. Decisions on profit sharing in limited companies are made by the Annual General Meeting. The right to a dividend accrues to the person who on the record date decided by the Annual General Meeting is registered as a holder of shares in the share register kept by Euroclear Sweden. Dividends are normally paid to shareholders as a cash amount per share through Euroclear Sweden, but payment can also be made in other than cash (dividends). If shareholders cannot be reached through Euroclear Sweden, the shareholders' claim on the Company regarding the dividend amount remains for a period limited by rules on ten-year limitation. In the event of prescription, the dividend amount accrues to the Company. There are no restrictions regarding the right to a dividend for shareholders resident outside Sweden.

Applicable rules for takeover bids, etc.

In the event that a public takeover bid was submitted for the shares in Modus when the shares are admitted to trading on the Nasdaq First North Growth Market, Takeover rules for certain trading platforms (the "Takeover Rules") apply as of the date of the Prospectus' publication.

If the Board of Directors or the CEO of Modus, due to information arising from the person intending to submit a public takeover bid for the shares in the Company, has good reason to assume that such an offer is imminent, or if such an offer has been submitted, According to the Takeover Rules, Modus may only, after a decision by a general meeting, take measures that are likely to impair the conditions for the provision or execution of the offer. Despite this, Modus may search for alternative offers.

During a public takeover bid, shareholders are free to decide whether they wish to sell their shares in the public takeover bid. Following the public takeover bid, the person who submitted the bid may, under certain conditions, be entitled to

redeem the remaining shareholders in accordance with the rules on compulsory redemption in ch. 22 the Companies Act. The shares in Modus are not subject to any offer made as a result of a mandatory bid, redemption right, or redemption obligation. No public takeover bids have been made regarding the shares during the current or previous financial year.

Authorization

The Annual General Meeting on 3 May 2021 resolved to authorize the Board to, during the period up to the next Annual General Meeting, decide on the issue of a maximum of a number of shares, convertibles and / or warrants that entitle to new subscription or issue a maximum number of shares within the limits in the articles of association which at the date of this prospectus have been established and registered. The authorization should be able to be used on one or more occasions and the Board has the right to make decisions on the detailed issue conditions on each individual occasion. In addition to cash payment, payment shall also be possible in kind or through set-off, or otherwise with conditions. The authorization has been used partly in the Board's decision on a directed new issue to Karolinska Development AB, which at the date of the prospectus is for registration with the Swedish Companies Registration Office, and partly in the Board's decision on the current issue of units.

Registration of the Offer with the Swedish Companies Registration Office

Registration of the Offer with the Swedish Companies Registration Office is expected to take place around week 28 2021. The stated time is preliminary and may change.

Tax issues in connection with the Offer

Investors in the Offer should be aware that the tax legislation of the investor's Member State and Modus' country of registration, which is Sweden, may affect any income from the securities. Investors are encouraged to consult their independent advisor regarding tax consequences that may arise in connection with the Offer.

TERMS AND CONDITIONS FOR THE OFFER

The Offer
The Offer comprises a maximum of 5,156,300 units, which corresponds to 5,156,300 shares and 5,156,300 warrants. One (1) unit consists of one (1) share and one (1) warrant of series TO 1. The Offer is aimed at existing shareholders, the general public and professional investors. Upon full subscription of the Offer and full exercise of warrants of TO 1, the Company's share capital may increase by a maximum of SEK 309,378.00 and the number of shares may increase by a maximum of 5,156,300 shares, each with a quota value of SEK 0.06 per share. The total Offer Amount amounts to a maximum of SEK 33,000 320.00.

Offer price
The Offer price is SEK 6.40 per unit, which corresponds to SEK 6.40 per share. The warrants are free of charge. Brokerage fee may occur.

Registration period
Registration of units must take place during the period from 29 June to 13 July 2021. You should contact your bank early in the registration period to register or receive information about their last day for registration as this may vary from bank to bank. The Board of Directors of the Company reserves the right to extend the application period.

Warrants
A warrant of series TO 1 entitles the holder to subscribe for one (1) new share in the Company at a subscription price of a minimum of SEK 7.30 to a maximum of SEK 8.80 per share in cash. The subscription price amounts (within the interval above) to 70 percent of the average volume-weighted price for the share according to First North's official price statistics during the period of 20 trading days ending two banking days before the exercise period begins. Rounding should be done to the nearest whole number öre. The subscription price will be announced the day before the first day of the exercise period. Amounts in excess of the quota value shall be added to the share premium. Subscription of shares in the Company with the support of warrants of series TO 1 may take place during the period from and including 19 May to and including 9 June 2022.

Valuation
The Company's valuation amounts to approximately SEK 70 million (pre-money).

Application for subscription of units
Application of subscription of units must be made via your bank / trustee by following their routines and guidelines. It is not possible to send a registration form to Nordic Issuing. Please note that not all banks / trustees offer their customers to register subscription in the issue. The minimum subscription is 1,000 units, which corresponds to SEK 6,400. Thereafter, subscription take place in any number of units. It is only permitted to submit one (1) application form per subscriber. In the event that several application forms were submitted, only the most recent receipt will be considered. Incomplete or incorrectly completed application form may be disregarded. No additions or changes may be made to the pre-printed text.

Application for subscription of units via Nordnet
You who are a customer of Nordnet can register via Nordnet's website and this can be done from 29 June 2021. In order not to lose the right to any allocation, there must be sufficient cash available on the account from 13 July 2021 until the payment date. which is estimated to be 20 July 2021. Only one application form per investor is permitted and in the event of more submissions, Nordnet reserves the right to consider only the most recently received. More information on how to become a customer of Nordnet and information on the registration procedure can be found at www.nordnet.se.

Application for subscription of units via Avanza
You who are a customer of Avanza can register via Avanza's website and this can be done from 15 June 2021. In order not to lose the right to any allotment, there must be sufficient cash available on the account from 29 June 2021 until the payment date. which is estimated to be 8 July 2021. Only one application form per investor is permitted and in the case of more applications submitted, Avanza reserves the right to consider only the most recently received. More information on how to become a customer of Avanza and information on the registration procedure can be found at www.avanza.se.

Acquisitions over EUR 15,000

In the event that acquisitions amount to or exceed EUR 15,000, money laundering forms must be completed and submitted to Nordic Issuing, in accordance with the Act (2017: 630) on measures against money laundering and terrorist financing, at the same time as payment is made. Please note that Nordic Issuing cannot book securities, even though payment has been received, until the money laundering control is available to Nordic Issuing.

Allocation

Allocation of units will be decided by the Company's Board in consultation with Nordic Issuing, in which case the following principles shall apply:
a) That full allotment shall take place to the parties that have provided subscription commitments.
b) That it is necessary to broaden the Company's shareholder circle prior to the planned listing and, as far as possible, the Board will ensure that each notifier receives at least 1,000 units.
c) That it is necessary to meet the marketplace's requirements for distribution regarding warrants of series TO 1, where the requirement is that the Company must have at least 100 qualified option holders with an option holding of at least 500 euros respectively (where the value of a warrant is calculated at the same price as Offer Price per share in the Offer).
d) To create investment space for parties who, in the Board's assessment, can in particular contribute strategic values to the Company or are part of the Company's or the Company's financial advisers' investor network, in the event of oversubscription, however, not exceeding 10 percent of the issue amount.

Please note that in the event of oversubscription, allocation may take place with a smaller number of units than the notification refers to or is completely absent, whereby allocation may take place in whole or in part by random selection. The allocation does not depend on when the application is submitted during the registration period.

Restrictions on Participation in the Offer

Due to restrictions in securities legislation in the USA, Canada, Australia, Hong Kong, Singapore, South Africa, Switzerland, New Zealand, Japan or other countries where participation requires additional prospectuses, registration or other measures than those that follow from Swedish law, the Offer is not directed to notify securities to persons or others with a registered address in any of these countries.

Notice of allocation and payment

Allocation is expected to take place as soon as possible after the end of the registration period and notification of allocation is received from your bank / trustee. Allocation is expected to be announced around July 16, 2021.

Notice of allocation and payment via Nordnet and Avanza

Those who have registered via Nordnet or Avanza will be notified of the allotment by booking the allotted number of securities against debit of payment in the specified account. This is expected to take place on 16 July 2021. Please note that liquid funds for payment of allotted shares and warrants must be available from 13 July 2021 to 22 July 2021.

Registration of the new share issue with the Swedish Companies Registration Office

The new share issue is expected to be registered with the Swedish Companies Registration Office around 19 July 2021. The shares in the Offer will, for technical reasons, be issued at a price of SEK 0.06 per share (share quota value) and subscribed by Nordic Issuing as issuers on behalf of investors, after which Nordic Issuing will provide an unconditional shareholder contribution to the Company corresponding to the remainder of the payment in the Offer (less certain transaction costs). This is done to ensure that new shares in the Offer can be delivered for acquisition in accordance with the Offer's schedule.

Delivery of shares and warrants

Shares and warrants are delivered to your bank / nominee, after the issue has been registered with the Swedish Companies Registration Office, which is expected to take place on 19 July 2021, and payment has been received by Nordic Issuing. In connection with the delivery of shares and warrants, information is received from the respective nominee.

Admission to trading

The Board of Directors of Modus has decided to apply for admission to trading of the Company's shares on Nasdaq First North Growth Market, a multilateral trading platform that does not have the same legal status as a regulated market, in connection with the Offer. On June 22, 2021, Nasdaq Stockholm AB has assessed that the Company meets the listing requirements for Nasdaq First North Growth Market, provided that the Company applies for listing and that customary conditions, including the spread requirement and that sufficient issue proceeds are obtained through the Offer, are met

no later than the first day of trading in the Company's shares. The Company's Board of Directors intends to apply for admission to trading of the Company's shares and warrants on Nasdaq First North Growth Market and trading is expected to begin on July 22 2021. The Company's shares will be traded on Nasdaq First North Growth Market under the short name (ticker) MODTX and with ISIN- code SE0015987904. The company's TO 1 series warrants will be traded on the Nasdaq First North Growth Market under the short name MODTX TO 1 and with ISIN code SE0016075568. Trading takes place in SEK.

Publication of the outcome in the Offer

As soon as possible after the application period has ended, the Company will publish the outcome of the Offer. Publication is scheduled for July 16, 2021 and will take place through a press release and will be available on the Company's website.

Applicable law

The shares are issued under the Swedish Companies Act (2005: 551) and are regulated by Swedish law.

Right to dividend

The new shares entitle the right to a dividend for the first time on the first record date for dividends that occur immediately after the new shares have been registered with the Swedish Companies Registration Office and the shares have been entered in the share register at Euroclear Sweden AB ("Euroclear"). Any dividend is paid after a decision by the Annual General Meeting. The payment is handled by Euroclear or for nominee-registered holdings in accordance with the respective nominee's routines. The right to a dividend accrues to the person who on the record date determined by the Annual General Meeting was registered as a shareholder in the share register kept by Euroclear.

Terms for the completion of the Offer

The offer is conditional on the Company and Nordic Issuing entering into an agreement that Nordic Issuing shall subscribe for the shares at the quota value in the Company (the "Quota Value Agreement"). The Offer is conditional on the interest in the Offer according to Nordic Issuing being sufficiently large for trading in the share, that the Quota Value Agreement is entered into, that certain conditions in the agreement are met and that the Quota Value Agreement is not terminated. Nordic Issuing will be able to terminate the Quota Value Agreement until the settlement date of 20 July 2021 if any significant adverse events occur, if the guarantees given by the Company to Nordic Issuing should prove to be deficient or if any of the other conditions arising from the Quota Agreement are not met. If these conditions are not met and if Nordic Issuing terminates the Quota Value Agreement, the Offer may be terminated. In such cases, neither delivery of nor payment of shares will be made in the Offer. In accordance with the Quota Value Agreement, the Company will undertake to compensate Nordic Issuing for certain requirements under certain conditions.

Shareholder register

The Company is a record company affiliated with Euroclear. The Company's share register with information on shareholders is handled and accounted for by Euroclear with address Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden.

Shareholders' rights

Shareholders' rights regarding dividends, voting rights, preferential rights when subscribing for a new share, etc. are governed partly by the Company's Articles of Association, which are available via the Company's website, and partly by the Swedish Companies Act (2005:551).

Dilution

Through the issue of units, the Company's share capital will initially increase by a maximum of SEK 309,378.00 through a new issue of a maximum of 5,156,300 shares, corresponding to a dilution of approximately 32 percent of the votes and capital in the Company. Upon full exercise of warrants of series TO 1 within the framework of the issue, the share capital may increase by a further maximum of SEK 309,378.00, corresponding to a dilution of a further maximum of approximately 24 percent of the votes and capital in the Company.

Other information

The Board of Directors of the Company reserves the right to extend the subscription period and the time for payment. The Offer is conditional on the occurrence of no circumstances that could mean that the time for the execution of the Offer is deemed inappropriate and that the established minimum level and ownership dispersion requirements are achieved. Such circumstances may, for example, be of an economic, financial or political nature and may refer to circumstances in Sweden as well as abroad, as well as that the interest in participating in the Offer by the Board of

Directors of the Company is deemed insufficient. In such cases, the Board will not complete the Offer. If the Offer is withdrawn, this will be published via a press release no later than before settlement notes are sent out, which is expected to take place around 16 July 2021. In the event that an excessive amount is paid in by a subscriber for units, excess amounts will be refunded. Amounts under 100 SEK will not be refunded.

Issuing agent and financial adviser

Nordic Issuing acts as an issuing agent in the current Offer. Sedermera Fondkommission acts as financial advisor.

Lock up agreement

The company's largest owners Karolinska Development AB, KDev Investments AB, John Öhd and Ellen Donnelly have entered into lock-up agreements for 100 percent of their respective holdings during the first twelve months from the first day of trading after listing on First North. 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 forthcoming issue, has also entered into a lock-up agreement under the same terms. In accordance with the lock-up agreements, the shareholder may transfer shares to a parent company in another company where the owner is the majority owner if the acquirer undertakes before the transfer takes place, to send confirmation documents to Sedermera Fondkommission where the acquirer accepts all shareholders' commitments and obligations under this agreement. In addition, the shareholder may also sell shares in accordance with the terms of a public takeover bid. The lock-up agreements are all of these parties' potential investment in the forthcoming issue under lock-up on the same terms as above.

Subscription commitments

Modus has received subscription commitments totaling approximately SEK 19 million, corresponding to approximately 57.6 percent of the initial issue proceeds. Subscription commitments were entered into in May 2021. All parties who have agreed on subscription commitments can be reached via the Company's office at Olof Palmes gata 29 IV, 111 22 Stockholm.

The subscription commitments do not entitle to any compensation. The subscription commitments are not secured via a prior transaction, bank guarantee or the like, which is why there is a risk that the commitments, rather or partially, will not be fulfilled (see the section "Risk factors"). All parties and their respective commitments are presented in the table below. The table also shows the parties that have undertaken to subscribe for more than five percent of the Offer.

Subscriber	Org.no	Amount (SEK)	Amount of the Offer (%)
Karolinska Development AB*	556707-5048	2,574,995.20	7.80
Hans Wigzell		2,000,000.00	6.06
Mattias Svensson		2,000,000.00	6.06
Polynom Investment AB	559123-7606	1,400,000.00	4.24
Marcus Jensmar		1,000,000.00	3.03
Fredrik Isberg		749,996.80	2.27
Thomas Fledthus		600,000.00	1.81
SomScan ApS	37703435	500,000.00	1.51
Philip Löchen		500,000.00	1.51
Mikael Blihagen		500,000.00	1.51
Kent Eklund		500,000.00	1.51
Jimmie Landerman		500,000.00	1.51
Daniel Sand		500,000.00	1.51
Peter Rundlöf		400,000.00	1.21
Stefan Lundgren		400,000.00	1.21
John Moll		400,000.00	1.21
Peter Nilsson		400,000.00	1.21
Johan Rogelind		400,000.00	1.21
Jens Olsson		349,996.80	1.06
Johan Larsholm		300,000.00	0.90
Gerhard Dal		300,000.00	0.90
Carl-Johan Kjellander		300,000.00	0.90
Mandelträdet AB	556828-4532	200,000.00	0.60
Richard Kilander		200,000.00	0.60
David Brändström		200,000.00	0.60
Per Ewert		200,000.00	0.60
Göran Ofsén		200,000.00	0.60
Nils Holger Olsson		200,000.00	0.60
Johan Nyhlén		149,996.80	0.45
Fredrik Åhlander		149,996.80	0.45

Harry Matilainen		149,996.80	0.45
Martin Bengtsson		149,996.80	0.45
Johan Landén		124,998.40	0.37
Håkan Månsson		100,000.00	0.30
Björn Jacobsson		100,000.00	0.30
Ludvig Arwidsson		100,000.00	0.30
Bengt Nyhlén		100,000.00	0.30
Claes Lindblad**		49,996.80	0.15
Fyra X Invest AB	559279-0058	49,996.80	0.15
Total		**18,999,968.00**	**57.58%**

* Karolinska Development AB is already an owner of the Company.
** Modus CFO.

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

THE BOARD OF DIRECTORS

According to Modus' Articles of Association, the Board shall consist of a minimum of three and a maximum of seven members, with a maximum of three deputy Board members. The Board is based in Stockholm County. All Board members can be reached via the Company's address, Olof Palmes gata 29 IV, 111 22 Stockholm, Sweden, where the Company conducts its main operations. The table below presents information about the Board members, their year of birth, and position, the year in which they were first elected to the Board and whether they can be considered independent in relation to the Company and its management and the Company's major shareholders.

				Independent in relation to	
Name	Year of birth	Position	Year of entry	the Company and its management	the Company's major shareholders
Viktor Drvota	1965	Chairman of the Board	2016	Yes	No
Torsten Goesch	1959	Board Member	2014	Yes	Yes
Ellen Donnelly	1974	Board Member	2020	Yes	Yes

Viktor Drvota, Born 1965

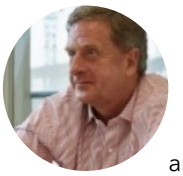
Chairman of the Board since 2016

Background and education: Viktor Drvota (born 1965) comes from a background as chief physician and associate professor at Karolinska Institutet. Viktor Drvota is currently CEO of Karolinska Development and has more than 18 years of experience in managing venture capital in companies operating in Life science. Viktor Drvota was, among other things, responsible for SEB's venture capital investments in life science between 2002 and 2016. In addition, Viktor Drvota has experience from Arexis AB, SBL Vaccin AB, Nuevolution AS, Index Pharma AB, Scibase AB and Airsonett AB. Viktor Drvota is Chairman of the Board of Umecrine Cognition, and a board member of Dilafor, Forendo Pharma and OssDsign.

Holdings in the Company: Viktor Drvota does not own any shares in the Company. Drvota is the CEO of Karolinska Development AB, which owns 5,742,478 shares in the Company. Drvota is also Chairman of the Board of KDev Investments AB, which owns 2,752,516 shares in the Company. KDev also owns 2,355,122 owner-specific warrants (see page 47).

Torsten Goesch, Born 1959

Board Member since 2014



Background and education: Torsten Goesch is a licensed physician, Doctor of Medicine and holds an MBA from the Kellogg School of Management in Chicago. Torsten Goesch has more than 25 years of experience in the Life Science sector, including senior executive within Biogen and Merck KGaA. Goesch also has experience from successful divestments, such as Cytochroma, Enobia and STI Technologies. Torsten Goesch is Chairman of the Board of Dilafor, Board Member of Biosergen, EyeSense, Forward Pharma and ProMore and partner at Rosetta Capital.

Holdings in the Company: Torsten Goesch does not own any shares in the Company.

Ellen Donnelly, Born 1974

Board Member since sedan 2020

Background and education: Ellen Donnelly hold a PhD in Neuroscience from the Yale School of Medicine. Donelly has extensive experience from leadership positions within Life Science, including as former CEO of Modus and senior positions within Pfizer and CombinatoRx. Ellen Donelly was CEO of Epigenetics Division and Juvenescence and management consultant for MEDACorp/Leerink and Swann Strategic Advisors. Ellen is the CEO of the biotech company Abliva and Board member of Alzecure Pharma AB.

Holding in the Company: Ellen Donnelly owns 195,073 shares in the Company privately. Ellen Donnelly also owns 107,143 owner-specific warrants (see page 47)

EXECUTIVE MANGEMENT

All executives can be reached via the Company's address, Olof Palmes gata 29 IV, 111 22 Stockholm, Sweden. The table below presents information about the Company's executive management, their year of birth and position, as well as the year in which they were first elected to their position.

Name	Year of birth	Position	Start
John Öhd	1971	CEO	2020
Claes Lindblad	1967	CFO	2021

John Öhd, born 1971

CEO since 2020

Background and education: John Öhd is a licensed physician and Doctor of Medicine and has extensive experience in drug development. John Öhd has previously worked in several different indication areas, including CNS, cancer and blood diseases. John Öhd's previous qualifications include the position of Group Director at Astra Zeneca's research organization, Senior Director of Experimental Medicine at Shire Pharmaceuticals' facilities in Switzerland and Chief Medical Officer at the biotechnology company Medivir. John Öhd has previously worked as Chief Medical Officer at Modus and also works as Chief Scientific Officer at Karolinska Development, and is also a Board Member of Umecrine Cognition and Svenska Vaccinfabriken Produktion.

Holdings in the Company: John Öhd privately owns 1,730,591 shares in the Company. John owns 964,286 owner-specific warrants (see page 47). John has the opportunity to acquire 86,000 warrants of series 2021/2024 decided at the Annual General Meeting on May 3, 2021.

Claes Lindblad, born 1967

Chief Financial Officer since 2021

Background and education: Claes Lindblad has a Master of Sciences in Chemical and administrative sciences from the University of Karlstad. Claes Lindblad has over 25 years of broad experience from leading positions in life science. Lindblad has previously been CFO of the Medtech company OssDsign, where he led the company's financial and administrative functions and played a key role in the company's listing on Nasdaq First North Growth Market 2019. Before that, Lindblad has held several senior positions, including as Country Manager for the global and market-leading Medtec company ConvaTec and in the role of Sales Director for the OTC and generic portfolio at Nycomed / Takeda.

Holdings in the Company: Claes Lindblad does not own any shares in the Company. Lindblad has the opportunity to acquire 86,000 warrants of series 2021/2024 decided at the Annual General Meeting on May 3, 2021.

Other information regarding board of directors and executive management

None of the above Board members or senior executives has any family ties to another Board member or senior executives. Except for the related party transactions and conflicts of interest described in the section "Ownership structure, legal information and additional information" in this prospectus, there are no conflicts of interest or potential conflicts of interest between the Board members 'and senior executives' commitments to the Company and their private interests and / or other obligations.

No board member or senior executive has been convicted of fraud-related cases in the past five years. During the past five years, none of the Company's board members or senior executives has been the subject of accusations or sanctions by authorities authorized by law or regulation or prohibited by a court from being a member of an issuer's administrative, management or control body or from having senior or overall functions of an issuer. No board member or senior executive has been involved in any bankruptcy, bankruptcy administration, or liquidation during the past five years.

Remuneration and benefits to the board of directors and senior executives

Remuneration is paid to the Chairman and members of the Board in accordance with the decision of the Annual General Meeting. The 2019 Annual General Meeting resolved that the fee to the Board shall be SEK 0 to the Chairman of the Board and SEK 0 to each of the other Board members.

The Board members are entitled to compensation for any expenses, transport and accommodation in relation to the board assignment. Board members are not entitled to any benefits after their assignment as Board members has ended. The table below shows remuneration and other benefits to the Board of Directors, the CEO and other senior executives during the 2020 financial year.

Remuneration and other benefits during 2020

Board of Directors (SEK)	Position	Fee	Other compensation	Amount
Viktor Drvota	Chairman of the Board	-	-	-
Torsten Goesch	Board Member	-	-	-
Ellen Donnelly	Board Member	-	-	-

Executive management (SEK)	Fixed salary and benefits	Variable salary	Pension costs	Other compensation	Amount[1)]
CEO[2)]	1,390,200	-	242,936	-	1,633,136
Other executive management [3)]	625,000	-	159,460	-	784,460

[1)] The Company has no allocated or accrued amounts for pensions or similar benefits after resigning.
[2)] Current Board Member Ellen Donnelly was Modus CEO until May 2020. After that, John Öhd took over as CEO of Modus for the rest of the year.
[3)] The Company had one senior executive in addition to the CEO during 2020 – John Öhd as Chief Medical Officer from January to May 2020.

FINANCIAL INFORMATION AND KEY FIGURES

The Company's historical financial information – including certain selected key figures – for the financial years 2020 and 2019, as well as the interim period 1 January–31 March in the years 2021 and 2020, are presented below. The following financial overview regarding the financial years 2020 and 2019 is from the Company's audited annual reports and cash flow statement for the same periods, which have been incorporated into this prospectus by reference.

The interim information for the period 1 January–31 March 2021, with comparative figures for the same period 2020, has been taken from the Company's unaudited interim report for the period 1 January–31 March 2021 and has been incorporated into this prospectus by reference. For more information on information incorporated by reference, you can read more about this under the section "Documents incorporated by reference" in this prospectus.

The annual reports, cash flow statement and the interim report 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 consolidated accounts (K3). In addition to what is explicitly stated, no information in the prospectus has been reviewed or audited by the Company's auditor.

The historical financial information presented in this section must be read in conjunction with the incorporated parts of Modus' audited annual reports for the financial years 2020 and 2019 and the incorporated parts of the unaudited interim report for the period 1 January–31 March 2021, which have been incorporated into this prospectus by reference. The parts of each financial report that are not incorporated by reference are not deemed relevant to an investor or contain information contained in other parts of this prospectus. Reference to the historical financial reports is made as follows:

Modus annual report for the financial year 2020	**Page**
Consolidated income statement	5
Consolidated balance sheet	6
Consolidated cash flow statement	8
Consolidated change in shareholder's equity	7
Notes	14–18
Auditor's report	20–21

Modus annual report for the financial year 2019	**Page**
Consolidated income statement	4
Consolidated balance sheet	5–6
Consolidated cash flow statement	8
Consolidated change in shareholder's equity	7
Notes	14–18
Auditor's report	20–21

Interim report for the period 1 January – 31 March 2021	**Page**
Consolidated income statement	11
Consolidated balance sheet	12
Consolidated cash flow statement	14
Consolidated change in shareholder's equity	13

CONSOLIDATED INCOME STATEMENT

KSEK	2021.01.01 -2021.03.31 *Unaudited*	2020.01.01 -2020.03.31 *Unaudited*	2020.01.01 -2020.12.31 *Audited*	2019.01.01 -2019.12.31 *Audited*
Revenues				
Net sales	-	-	-	-
Other operating income	0	-3	2	32
	0	**-3**	**2**	**32**
Administration costs	-847	-933	-2,299	-6,843
Research and development costs	-581	-1,668	-3,723	-36,052
Other operating expenses	0	-3	-	-712
Operating profit/loss	**-1,428**	**-2,604**	**-6,020**	**-43,575**
Financial items				
Other interest income and similar items	-	-	2	-
Net interest income and similar items	0	-1	-1	-1
Total results from financial items	**-1,428**	**-2,605**	**1**	**-1**
Profit/loss after financial items	**-1,428**	**-2,605**	**-6,019**	**-43,576**
Income tax	-	-	-	-
Profit/loss for the period	**-1,428**	**-2,605**	**-6,019**	**-43,576**
Attributable to parent company shareholders	-1,428	-2,605	-6,019	-43,576

CONSOLIDATED BALANCE SHEET

KSEK	2021.03.31 *Unaudited*	2020.03.31 *Unaudited*	2020.12.31 *Audited*	2019.12.31 *Audited*
Assets				
Current assets				
Current receivables				
Current tax claim	-	-	-	-
Other receivables	309	141	138	634
Accured income	-	-	8	41
	309	**141**	**146**	**675**
Cash and bank	6,179	1,462	7,345	1,376
Total current assets	**6,488**	**1,603**	**7,491**	**2,051**
Total assets	**6,488**	**1,603**	**7,491**	**2,051**

KSEK	2021.03.31 *Unaudited*	2020.03.31 *Unaudited*	2020.12.31 *Audited*	2019.12.31 *Audited*
Equity and liabilities				
Equity				
Share capital	44	1,189	44	1 189
Additional paid-in capital	257,226	247,045	257,226	244,295
Retained earnings including net loss for the period	-251,703	-250,775	-250,275	-248,170
Total equity attributable to parent company shareholders	5,567	209	*6 995*	*-2,686*
Total equity	**5,567**	**209**	**6,995**	**-2,686**
Current liabilities				
Convertible loans	-	-	-	2,500
Accounts payable	288	307	108	943
Current tax liabilities	-	-	26	40
Other liabilities	119	335	49	443
Accrued expenses and deferred income	514	752	313	811
Total current liabilities	**921**	**1,394**	**496**	**4,737**
Total equity and liabilities	**6,488**	**1,603**	**7,491**	**2,051**

CONSOLIDATED CHANGE IN SHAREHOLDER'S EQUITY

KSEK	Share capital	Other capital contributions	Other own cap. incl. result for the year	Equity to principal owner	Total equity
Opening balance equity 2019-01-01	**978**	**227,264**	**-204,339**	**23,903**	**23,903**
Profit/loss for the period			-43,576	-43 576	-43,576
Transactions with shareholders;					
New share issue	211	16,827		17,038	17,038
Issue and capital expenses		-50		-50	-50
Interest from convertible loans from shareholders		254	-254	-	-
Closing balance equity 2019-12-31	**1,189**	**224,295**	**-248,170**	**-2,686**	**-2,686**
Opening balance equity 2020-01-01	**1,189**	**224,295**	**-248,170**	**-2,686**	**-2,686**
Profit/loss for the period			-6,019	-6,019	-6,019
Reduction of share price	-3,914		3,914	-	-
Transactions with shareholders;					
New share issue	2,769	7,931		10,700	10,700
Subscription of convertible loans		-5,200		-5,200	-5,200
Convertible loans with obligatory conversion		10,200		10,200	10,200
Closing balance equity 2020-12-31	**43**	**257,226**	**-250,275**	**6,995**	**6,995**

KSEK	2021.01.01 -2021.03.31	2020.01.01 -2020.03.31
Opening balance equity	**6,995**	**-2,686**
Profit/loss for the period	-1,428	-2,605
Other comprehensive income	-	-
Total profit/loss for the period	**-1,428**	**-2,605**
Transactions with shareholders;		
New share issue	-	5,500
Subscription of convertible loans	-	-
Convertible loans with obligatory conversion	-	-
Total transactions with shareholders	**-**	**5,500**
Closing balance equity	**5,567**	**209**

CONSOLIDATED CASH FLOW STATEMENT

KSEK	2021.01.01 -2021-03-31 *Unaudited*	2020.01.01 -2020.03.31 *Unaudited*	2020.01.01 -2020.12.31 *Audited*	2019.01.01 -2019.12.31 *Audited*
Operating activities				
Operating profit/loss	-1,428	-2,604	-6,020	-43,575
Interest received	0	0	2	-
Interest paid	0	-1	-1	-1
Cash flow from operating activities before changes in working capital	**-1,428**	**-2,605**	**-6,019**	**-43,576**
Cash flow from changes in working capital				
Increase (-) Decrease (+) of operating receivables	-163	-493	528	503
Increase (+) Decrease (-) of operating liabilities	425	184	-1,740	-4,825
Cash flow from operating activities	**-1,166**	**-2,914**	**-7,231**	**-43,898**
Investment activities				
fixed asset acquisitions	-	-	-	-16
Cash flow from investment activities	**-**	**-**	**-**	**-16**
Financing activities				
New share issue	-	3,000	3,000	1,050
Share issue and capital costs	-	-	-	-50
Convertible loans	-	-	10,200	2,500
Cash flow from financing activities	**-**	**3,000**	**13,200**	**3,500**
Cash flow for the period	**-1,166**	**86**	**5,969**	**-44,414**
Cash equivalents at the beginning of the period	7,345	1,376	1,376	45,790
Cash equivalents at the end of the period	**6,179**	**1,462**	**7,345**	**1,376**

FINANCIAL KEY FIGURES

The tables below show the Company's alternative financial key figures for the financial years 2020 and 2019 and the interim period 1 January – 31 March for the years 2021 and 2020, which have been taken from the Company's annual report for the financial years 2020 and 2019 and the interim report for the period 1 January – 31 March 2021 and 2020. These key figures have, unless otherwise stated, been reviewed, or audited, by the Company's auditor.

SEK	2021.01.01 2021.03.31*	2020.01.01 2020.03.31*	2020.01.01 2020.12.31	2019.01.01 2019.12.31
Alternative key figures				
Solidity (%)	85,8	13,0	93,4	Neg

Definitions

- *Solidity, % = Closing equity for the period divided by the closing balance sheet total for the period. The key figure solidity is intended to contribute to an increased understanding of the Company's long-term ability to pay.*

Derivation of alternative key figures that are not defined according to applicable accounting standard

SEK	2021.01.01 2021.03.31*	2020.01.01 2020.03.31*	2020.01.01 2020.12.31	2019.01.01 2019.12.31
Solidity (%)				
Equity	5 567	209	6 995	-2 686
Balance sheet total (SEK)	6 488	1 603	7 491	2 091
Solidity (%)	85,8	13,0	93,4	Neg

**Not reviewed by the Company's auditor.*

SIGNIFICANT CHANGES IN MODUS FINANCIAL POSITION AFTER 31 MARCH 2021
In May 2021, a bonus issue was carried out which increased the share capital by SEK 472,428.571429 to SEK 516,000.00. In May 2021, the Company completed a reverse split, where 137,297,153 shares became 8,600,000 shares. In addition, the board of directors of Modus has since the end of the period decided to set off a loan from Karolinska Development AB. The directed new issue is currently being registered with the Swedish Companies Registration Office and is expected to be registered shortly. After registration, the Company's share capital will amount to SEK 656,625.00 and the total number of shares will amount to 10,943,750. In addition to the above, there have been no significant changes regarding the Company's financial position after March 31, 2021 until the date of the prospectus.

The Board of directors of Modus decided on June 4, 2021, with the support of authorization from the Annual General Meeting, to set off a loan from Karolinska Development AB. The loan was taken out in October 2020, and its loan fee amounted to a total of SEK 15 million, of which the loan comprised SEK 5 million and the fee corresponded to the loan amount x2. It should be noted that the loan was agreed when the Company was in a critical situation and the loan determined the Company's continued development and existence. The terms of the loan included that the loan would either be repaid no later than 31 December 2021 or that the loan would be set off against shares prior to an IPO. The set-off was implemented in the form of a directed new issue at a price of SEK 6.40 per share, which corresponds to the subscription price per share in the forthcoming issue of units. It is noted that Karolinska Development AB has signed a lock-up agreement regarding 100 percent of the holding and even completed option redemption of series TO 1.

NOTICE FROM THE AUDITOR IN THE ANNUAL REPORT 2020
The auditor's report is included in its entirety in the annual report incorporated by reference, pages 20–21.

- *On several occasions during the financial year, deducted withholding tax, VAT, debited tax and employer contributions have not been paid on time.*

NOTICE FROM THE AUDITOR IN THE ANNUAL REPORT 2019
The auditor's report is included in its entirety in the annual report incorporated by reference, pages 20–21.

- Significant uncertainties regarding the assumption of continued operation

We would like to draw attention to the information provided in the administration report, part of which states that the Group's continued operations are dependent on contributions from the owners or other financing being received. Should funds not be obtained to the extent that the board of directors expects, this may entail a significant risk to the Company's ability to continue operations. Our statement has not been modified in this regard.

DIVIDEND POLICY
Modus has so far not paid any dividends. There are also no guarantees that for a certain year a dividend will be proposed or decided in the Company. Modus is a development company where generated profits are planned to be set aside for the development of the business. No share dividend is therefore planned for the coming years. In the future, when the Company's earnings and financial position so permit, a dividend may become relevant. Proposals for any future dividends will be decided by the board of directors of Modus and then submitted for decision at the Annual General Meeting. The Company has no dividend policy.

OWNERSHIP STRUCTURE, LEGAL INFORMATION AND ADDITIONAL INFORMATION

General information about the shares in Modus

Modus is a Swedish public limited company and is regulated by the Swedish Companies Act (2005: 551). The shares in the Company are issued in accordance with Swedish law and are denominated in Swedish kronor (SEK). The Company has only one share class and each share thus has equal voting value. All issued shares are fully paid and freely transferable and have ISIN code SE0015987904.

According to Modus' Articles of Association, which were adopted at the Annual General Meeting on May 3, 2021, the share capital may not be less than SEK 500,000 and not exceed SEK 2,000,000, divided into a minimum of 8,000,000 and a maximum of 32,000,000 shares. As of January 1, 2020, the Company's share capital amounted to SEK 1,188,853.30 divided into a total of 23,777,066 shares. During Q1 2020, a new issue of approximately SEK 5.5 million was carried out at a pre-money valuation of approximately SEK 2.4 million at a subscription price of SEK 0.10. During Q3 2020, a new share issue of approximately SEK 5.2 million was carried out at a pre-money valuation of approximately SEK 7.0 million at a subscription price of approximately SEK 0.89. As of December 31, 2020, the Company's share capital amounted to SEK 43,571.43, divided into a total of 137,297,153 shares. As of March 31, 2021, the Company's share capital amounted to SEK 43,571.428571 divided into a total of 137,297,153 shares, where each share had a quotient value of SEK 0.0003173512896585690. As of the date of this prospectus, the share capital in the Company amounts to SEK 516,000 divided into a total of 8,600,000 shares. Each share has a quota value of a total of SEK 0.06. It should be noted that the Company currently has a pending case with the Swedish Companies Registration Office, which refers to the registration of the recent set-off issue to Karolinska Development AB. After registration of the private placement, which is expected to take place shortly, the Company's share capital will amount to SEK 656,625.00 and the number of shares will amount to 10,943,750.

Ownership

As of the date of this prospectus, the number of shareholders in the Company amounts to 25. As far as the Board is aware, there are no shareholder agreements or other agreements between the Company's shareholders that aim at joint influence over the Company. As far as the Board is aware, there are also no further agreements or equivalents that could lead to the control of the Company being changed or prevented.

All shares in the Company have equal voting rights. The table below shows all shareholders with holdings in excess of five percent of the capital or votes in the Company at the time of publication of this prospectus. As of the date of the date of this prospectus, to the Company's knowledge, there are no natural or legal persons who own five percent, or more than five percent of all shares or votes in Modus other than what is shown in the table below.

Name	Number of shares	Number of votes and capital (%)
Karolinska Development AB*	5 742 478	52,47
KDev Investments AB	2 752 521	25,15
John Öhd	1 730 591	15,81
Other (23)	*718 165*	*6,57*
Total	**10 943 750**	**100,00**

** Of this holding, 2,343,750 shares refer to the shares that Karolinska Development AB received through the set-off of previous loans through a directed new issue which.*

Warrants, convertibles and incentive programs

There are 4,783,213 outstanding warrants in Modus corresponding to approximately 2.7 percent dilution before listing and after conversion of loans from Karolinska Development, the programs are called "Owner-specific warrants July 2018 and Oct 2019". The exercised period extends to June 2025, but for the planned listing, the warrants must be used no later than the listing date. The scope of the program corresponds to a maximum of 3.5 percent dilution before listing and before conversion of loans from Karolinska Development. Upon full utilization, the share capital increase amounts to SEK 17,977. After the Annual General Meeting on May 3, 2021, it was decided to merge, which resulted in a recalculation of a new exercise price and a recalculation of how many shares each warrant entitles to. In this translation, it was found that the exercise price for the warrant was SEK 47.89, which is in contrast to the decided share price at listing (SEK 6.40). After communication with all warrant holders of this program, they have announced that they do not intend to exercise these warrants. The table below lists the respective largest holders of these warrants.

Owner	Number of warrants	Number of shares that each warrant gives the right to subscribe
KDev Investments	2 355 122	147 520
Östersjöstiftelsen	485 880	30 434
Ergomed	706 965	44 283
Praktikerinvest	122 440	7 669

Stig Loekke Pedersen	37 500	2 349
John Öhd	964 286	60 401
Ellen Donnelly	107 143	6 711
Övriga	3 877	243
Total number of warrants	**4 783 213**	**299 610**

The Annual General Meeting on May 3 resolved to issue a maximum of 215,000 warrants to a long-term incentive program for employees and consultants in the Company called the "Incentive Program 2021/2024". The scope of the program corresponds to a maximum of 2.0 percent dilution before listing, share capital increase amounts to SEK 12,500. Each warrant entitles the holder to subscribe for one new share in the Company at a subscription price corresponding to approximately 130 percent of the subscription price of SEK 6.40 in the IPO. Subscription of new shares with the support of the warrants shall take place during the period from 1 September 2024 to 31 October 2024.

In addition, there are no outstanding warrants, convertibles or share-related incentive programs in the Company at the date of this prospectus.

Significant agreements

The Board of Modus decided on June 4, 2021, with the support of authorization from the Annual General Meeting, to set off a loan from Karolinska Development AB. The loan, which was taken in October 2020, and its loan fee amounted to a total of SEK 15 million, of which the loan comprised SEK 5 million and the loan fee corresponded to the loan amount x2. It should be noted that the loan was agreed when the Company was in a critical situation and the loan determined the Company's continued development and existence. The terms of the loan included that the loan would either be repaid no later than 31 December 2021 or that the loan would be set off against shares prior to an IPO. The set-off was carried out in the form of a directed new issue at a price of SEK 6.40 per share, which corresponds to the subscription price per share in the forthcoming issue of units. It is noted that Karolinska Development AB has signed a lock-up agreement regarding 100 percent of the holding and even completed option redemption of series TO 1.

On April 8, 2021, Karolinska Development issued a guarantee for capital adequacy for Modus of a maximum of SEK 2 million. Modus' Board of Directors and Management assess that the guarantee covers the Company's ongoing operations (excluding development projects) for the next 12 months. The guarantee is valid until and including 30 June 2022 and expires in connection with Modus being listed on First North.

In addition, during the past year preceding the publication of this prospectus, the Company has not entered into any other significant contracts.

Authority proceedings, legal proceedings and arbitration proceedings

Modus has not been a party to any legal proceedings, arbitration or regulatory proceedings (including pending cases or those of which the Company is aware may arise) during the past twelve months that have had, or could have, significant effects on the Company's position or profitability. The Company has also not been informed of claims that may lead to Modus becoming a party to such process or arbitration.

Related-party transactions

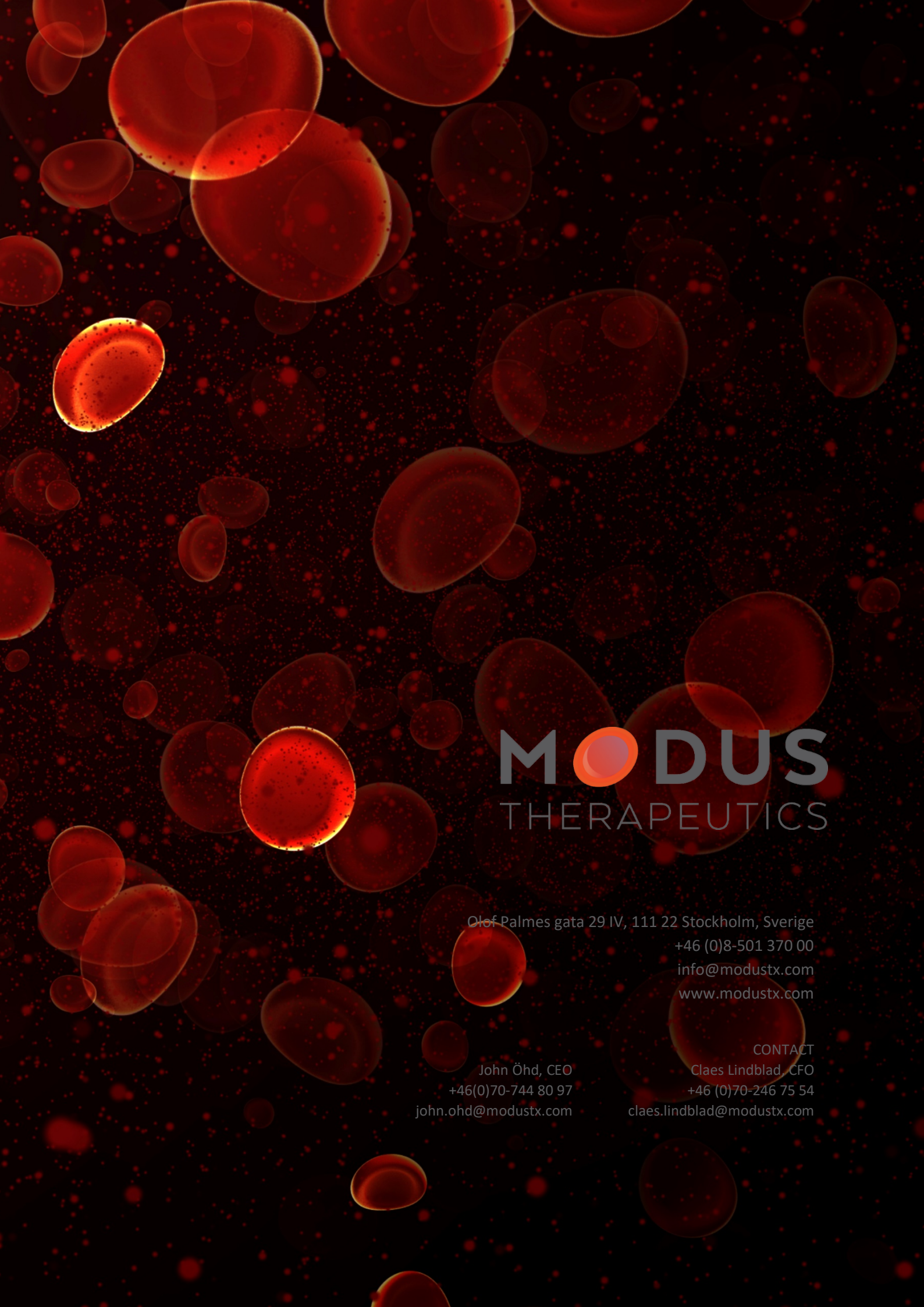
Related parties are all Board members and senior executives as well as their family members. Related party transactions refer to these persons' transactions with Modus. The Company has been part of a related party transaction with Karolinska Development regarding loans; see heading significant agreements on page 49. Transactions with related parties have been entered into on market terms. In addition, during the period covered by the historical financial information up to and including the date of this prospectus, the Company has not been part of any related party transactions, which individually or together are material to the Company. For information on remuneration to Board members and senior executives, see the section "Remuneration and benefits to the Board and senior executives."

Conflicts of interest

Persons on Modus' board and management own shares in the Company or are involved in companies that own shares in Modus. Chairman of the Board Viktor Drvota is the CEO of Karolinska Development AB and the Chairman of the Board of KD Investments AB - these companies are Modus' two largest shareholders. Modus CEO John Öhd is Modus' third largest shareholder. In addition, none of the Board members or senior executives have been elected or appointed as a result of a special agreement with major shareholders, customers, suppliers or other parties. In addition to the above, no Board member or senior executive has any private interests that may conflict with the Company's interests.

AVAILABLE DOCUMENTS

Copies of Modus articles of association and registration certificates are available at the Company's head office, Olof Palmes gata 28 IV, 111 22 Stockholm, Sweden, throughout the prospectus' validity period (regular office hours). The documents are also available electronically via the Company's website www.modustx.com.



MODUS THERAPEUTICS

Olof Palmes gata 29 IV, 111 22 Stockholm, Sverige
+46 (0)8-501 370 00
info@modustx.com
www.modustx.com

CONTACT
John Öhd, CEO
+46(0)70-744 80 97
john.ohd@modustx.com

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