



KLARIA

Interim report

Q3 2019

1 January – 30 September 2019

Initiated large-scale production of KL-00119 oral film (sumatriptan) for upcoming registration study

THIRD QUARTER OF 2019

- Net sales amounted to 0.1 MSEK (0.0 MSEK)
- R&D costs for the period amounted to 5.4 MSEK (4.6 MSEK)
- Profit after tax amounted to -7.2 MSEK (-6.1 MSEK)
- Earnings per share for the quarter amounted to -0.23 SEK (-0.20 SEK)
- Cash flow from operating activities amounted to -5.5 MSEK (-3.2 MSEK)
- Cash and cash equivalents on the balance day amounted to 8.9 MSEK (5.1 MSEK)
- Shareholder's equity per September 30, 2019 amounted to 87.5 MSEK (102.8 MSEK)

Summary of the results

The Klaria Group TSEK (unless otherwise stated)	1 July – 30 Sept		1 Jan – 30 Sept		1 Jan – 31 Dec
	2019	2018	2019	2018	2018
Net sales	91	0	4,039	0	0
Research and development costs	-5,446	-4,573	-14,502	-15,447	-22,620
Profit after tax	-7,164	-6,095	-17,153	-19,208	-27,306
Cash flow from operating activities	-5,545	-3,253	-9,069	-12,024	-9,139
Cash and cash equivalents on the balance day	8,890	5,074	8,890	5,074	7,959
Equity on the balance day	87,451	102,797	87,451	102,797	94,700

This interim report for the Group was prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act (ÅRL) as well as IFRS as accepted by EU. For the parent company, the Swedish Annual Accounts Act (ÅRL) and Rådet för Finansiell Rapportering's (the Council for Financial Reporting) recommendation RFR 2 Accounting for Legal Entities was applied.

Significant events during the third quarter of 2019

Klaria re-acquires all global rights for its naloxone project from Purdue Pharma (Canada)

On September 13, Klaria announced that the company will re-acquire all global rights to Naloxone Alginate Film (KL-00514) from Purdue Pharma (Canada). The continued development of this promising project for acute treatment of opioid overdose will now continue within Klaria.

Klaria initiates large-scale production of KL-00119 oral film (sumatriptan) for its clinical registration trial

On September 18, Klaria announced that large-scale production of the company's lead migraine product KL-00119 oral film (sumatriptan) has been initiated at its manufacturing partner Adhex Pharma's site in Dijon, France. Initially, KL-00119 is produced for the pivotal clinical trial scheduled for 2020 prior to registration and marketing of the product.

The clinical trial is currently designed to last approximately 8-10 weeks. It will be followed by market registration submissions based on the full data file to regulatory authorities covering all important markets, including the EU and the US

Klaria strengthens its drug delivery platform with acquisition of innovative technology with potential to revolutionize delivery of large molecules

On September 19, Klaria announced that it has acquired WBC Drug Delivery Technologies, a drug delivery company based in Munich, Germany. The company's technology, discovered at the Helmholtz-Institute for Pharmaceutical Research Saarland (HIPS), a branch of the Helmholtz Centre for Infection Research (HZI), has the potential to dramatically facilitate the delivery of large molecules including anti-infectives, vaccines and peptides. Klaria has acquired all shares of WBC Drug Delivery Technologies with 1 301 248 newly issued shares of Klaria Pharma Holding AB.



With this acquisition, Klaria adds a second pillar to its platform with a proprietary technology that can be used both on a stand-alone basis and in combination with its Alginate Film. It is the potential to combine the technologies of the two companies that is of the highest interest to Klaria. With the combination of the two technologies, large molecules would be delivered in Klaria's Alginate Film. For example, the administration of vaccines that today require an injection would be vastly simplified into the application of Klaria's stamp-sized film, placed under the tongue or lip of the subject.

Klaria announces positive results in a pre-clinical, proof-of-concept study with transmucosal oral film of Ketamine and files patent to protect the innovative formulation

On September 24, Klaria announced positive results in a pre-clinical Proof-of-Concept (PoC) study conducted with Ketamine formulated in the company's proprietary alginate transmucosal film. With this data, the program is now ready for clinical development. Klaria's development program will focus on the treatment of acute pain. The company also notes that this ketamine formulation opens up the possibility of offering treatment-resistant depression patients a more attractive option to currently marketed nasal spray. Furthermore, Klaria announces that it has filed for patent protection of the new formulation. The application contains several inventive steps in gaining a stable and functional trans-mucosal ketamine film and information on the formulation's preclinical results.



Significant events after the end of the period

Klaria forms the company Cannabis Delivery Sciences to fully realize the commercial opportunities of cannabis in its Alginate Film Technology

On October 25, Klaria announced the formation of the subsidiary Cannabis Delivery Sciences (CDS). The new company is a separate entity operating within the Klaria group and focuses exclusively on the commercialization of cannabis products formulated with Klaria's Alginate Film Technology. CDS enable the creation of an entirely new, patent protected category of cannabis products, combining the best properties of edibles and smoking, without any of the drawbacks of either formulation. Klaria and Scott de Mercado are co-founders and own 95% and 5% respectively.

CDS has secured an exclusive and perpetual world-wide license to Klaria's Alginate Film Technology for medicinal and recreational use of all cannabinoids, including CBD and THC. The company is led by an international management team with experience from the United States, Canada, Jamaica and the UK in entrepreneurial companies focused on the marketing of luxury goods and high-end spirits as well as on pharmaceutical development.

CDS has taken over the rights to Klaria's cannabinoid formulation patent filings as well as the business development discussions with cannabis companies

regarding potential partnering and licensing agreements for commercialization of the technology.

Klaria acquires Uppsalagruppen and becomes the owner of the patent that protects Klaria's technology platform

On November 5, Klaria announced that the company has acquired Uppsalagruppen Medical AB and thereby the patent that protects Klaria's drug delivery technology. To date, Klaria had a license from Uppsalagruppen to this patent for specific molecules. With this acquisition, Klaria will now own the patent and have full freedom to develop novel drug candidates in the future.

Klaria Pharma Holding and Karessa Pharma Holding merge to create a focused drug development company with a strong pipeline and a wholly owned drug-delivery technology platform

On November 5, it was announced that Klaria Pharma Holding AB (publ) and Karessa Pharma Holding AB (publ) have adopted a merger plan to join forces by a statutory merger between the companies. The merger will create a focused drug delivery company with a wholly owned, patent-protected technology platform and a strong development pipeline. The merger will be implemented by Karessa being absorbed by Klaria. The merger is conditional upon, inter alia, approvals at extraordinary general meetings in both companies.



Klaria's CEO Scott Boyer comments

During the third quarter, large-scale manufacturing of KL-00119 oral film (sumatriptan) was initiated in preparation for the upcoming registration study. This is a significant step forward for Klaria as a company.

We have now shown that our unique film technology, offering rapid and exact delivery of active substances to the blood stream via the oral mucosa, can be industrially manufactured in line with the regulations for production of pharmaceuticals to clinical studies. An important milestone in our preparations for the upcoming registration study with KL-00119, planned for 2020, was thus achieved. When this study is completed, we will be able to apply for market registration in Europe and the United States. Additionally, this milestone supports the valuation of our technology platform and our other development projects as the manufacturing process can be adapted to be used with other active substances.

During the quarter, Klaria acquired WBC Drug Delivery Technologies, including its innovative drug delivery technology for large molecules. The acquisition adds significant value potential, as we are now able to develop Klaria films for substances such as anti-infectives, vaccines and peptides. The medical and economic advantages of Klaria films compared to resource intensive injection treatments are obvious, and Klaria will now become an interesting partner for large pharmaceutical companies in several important segments.

During the period, we chose to re-acquire all rights to naloxon project KL-00514 from Purdue Pharma (Canada). After the first phase of development and discussions with regulatory authorities, we now have a clear way forward for the project. We continue to see substantial potential for this product, not in the least as a co-prescription product together with opioid-containing prescription drugs for administration in case of accidental overdose.

In line with our focus on substances which are only available through injection or nasal spray, and

where this restriction creates an unmet medical need, we are developing a novel ketamine product. During the period, we announced positive results from a preclinical study within this project, and that an international patent application to protect the formulation and its innovations has been filed. This is an exciting step forward, showcasing our ability to innovate when it comes to developing optimal formulations with new substances.

After the end of the period, we presented two crucial changes that will make Klaria an even stronger company going forward. By acquiring the patent rights to our technology platform and merging with Karessa Pharma, who also develops products based on this platform, we are now creating a focused life science company with a strong pipeline and a wholly owned drug delivery platform. To take effect, the merger must be approved by upcoming extraordinary general meetings in both companies.

We were also able to present Klaria's new subsidiary Cannabis Delivery Sciences (CDS) after the end of the period. This structure, with a separate management team adding industry-relevant experience in several geographic regions, will enable us to fully realise the value of our technology platform in the fast-growing market for cannabinoid-based products.

After yet another intensive and successful quarter, I now look forward to the process of establishing Klaria as an even more capable player in drug delivery and pharmaceutical development. This phase will surely become a new and exciting chapter in the company's history.

Scott Boyer

CEO Klaria Pharma Holding AB (publ)
Uppsala in November 2019

Klaria's vision is to contribute to an improved quality of life for people with severe pain and other acute medical conditions.

Business idea

Klaria's business idea is to create treatment methods with unique properties within the therapeutic areas of migraine and cancer-related pain as well as other acute medical conditions.

Advantages for the patients include shorter time to effect, increased control and easier usage.

Income is obtained in the form of initial and conditional payments when out-licensing and as royalties based on sales to end-customers.

Strategy

The company's strategy is to as soon as possible develop all projects to a phase where they can be licensed out. Within each project, the company is conducting product development, manufacturing and further development of the patent protection to maximize shareholder value.

Development, registration and manufacturing is conducted by the company, while sales to end customers is handled through licensing or product sales to selected partners.

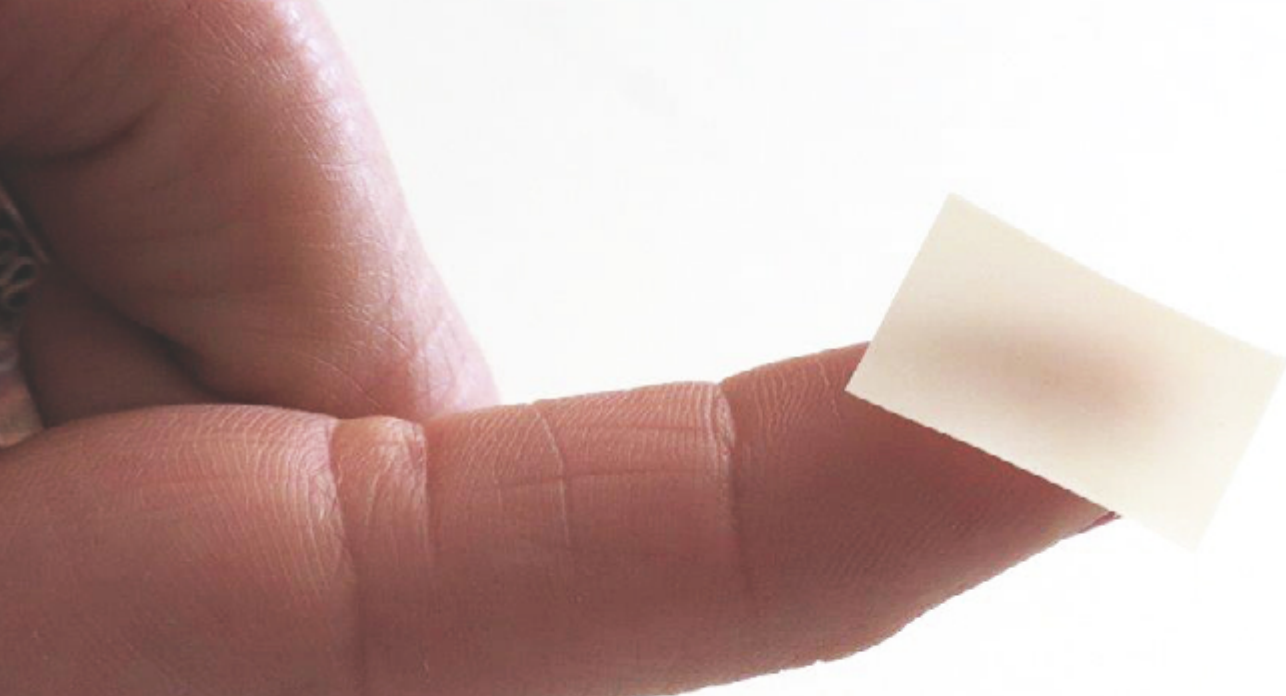
Decisions regarding the business model for each project are based on income potential, regulatory complexity and the cost of conducting local studies if this is required.

The methodology of combining Klaria's patented drug delivery platform with well-known active substances brings great benefits to Klaria as a company. These include shorter time to market, lower development costs and a reduced risk level compared to traditional drug development.

Patents

Klaria owns a patent portfolio that protects the unique technology behind the company's drug delivery platform. To further extend this protection, Klaria is continuously adding project-specific patent protection covering the combinations within each project.

This enables Klaria to gradually build a strong patent portfolio, despite the fact that the active substances are well-known, in some cases with already expired patents. Klaria now has approved patents for the platform covering all important markets in the world.



Klaria's operations cont.

Klaria's drug delivery-platform

Klaria's unique and patented drug delivery platform consists of an alginate-based polymer film that enables the absorption of a product's active substance through the oral mucosa. The film is similar to a stamp and is attached to the inside of the cheek or palate. Within ten minutes, the active substance is distributed directly into the blood stream.

Compared to traditional oral capsules or tablets, Klaria's drug delivery platform has several important benefits for the patient:

- The active substance is taken up much faster by the body and does not affect the gastrointestinal tract in the same way, partly because a smaller dose is needed to achieve the same treatment effect.
- The dosage will be more precise as the substance takes a more direct route into the bloodstream. This is a major advantage for some applications.
- The convenient size makes the films easy to carry around, enabling a dramatic improvement in cases such as patients with severe allergies, who currently have to bring a large injector with them.

The company focuses on medical conditions where the drug delivery platform's unique properties such as rapid uptake into the bloodstream, powerful effect at lower dosage versus oral capsules or tablets, possibilities for precise dosage and a very convenient format can be used to create competitive products. Initially, various pain conditions as well as treatment of severe acute medical conditions such as overdose or allergic shock are considered to best fulfil these criteria.

"The film is similar to a stamp and is attached to the inside of the cheek or palate. Within ten minutes, the active substance is distributed directly into the bloodstream."



Klaria's operations cont.

Cannabis Delivery Sciences

Cannabis Delivery Sciences (CDS) was formed to fully realize the commercial opportunities of cannabis/cannabinoids, including THC and CBD, in Klaria's unique film technology. CDS is a separate entity operating within the Klaria group, with a focus on both medical and recreational applications. More information is available on its website, www.cannabisdeliverysciences.com.

Cannabis Delivery Sciences enables:

- An entirely new, patent protected category of cannabis products with a rapid and exact uptake of cannabinoids (effect after approx. 20 minutes), without the social/health related drawbacks of smoking and edibles.
- Dedicated resources with initial focus to complete ongoing R&D work and sign a first agreement with a strong entity on the cannabis market in H1 2020.
- Utilisation of a team with extensive marketing experience in several regions including the United States, Canada, Jamaica and the United Kingdom.

A fast-growing market worth 4 billion USD in three years

Cannabis edibles (oils, drinks, cookies and gummies) is the world's fastest growing cannabis segment. This market is expected to increase by 400 % in the US and Canada to 4.1 billion USD in the coming three years. Absorption via edibles is however inexact, and time to effect is usually over one hour. Cannabis Delivery Sciences expects that it will reach a significant market share as Klaria's film technology is easier to use and carry while also enabling a more exact dosing and a greatly reduced time to effect.

“ Cannabis Delivery Sciences makes it possible to fully realize the commercial opportunities of cannabis in Klaria's unique film technology.

Financial development during the third quarter of 2019

The Klaria Group

The Klaria Group TSEK (unless otherwise stated)	1 July – 30 Sept		1 Jan – 30 Sept		1 Jan – 31 Dec
	2019	2018	2019	2018	2018
Net sales	91	0	4,039	0	0
Other operating income	439	92	867	433	822
Operating costs	-7,524	-6,204	-21,831	-19,658	-28,115
Research and development costs	-5,446	-4,573	-14,502	-15,447	-22,620
Operating profit/loss	-6,994	-6,112	-16,925	-19,225	-27,293
Profit/loss after financial items	-7,164	-6,095	-17,153	-19,208	-27,306
Profit/loss after tax	-7,164	-6,095	-17,153	-19,208	-27,306
Cash flow from operating activities	-5,545	-3,253	-9,069	-12,024	-9,139
Cash and cash equity on the balance day	8,890	5,074	8,890	5,074	7,959
Equity on the balance day	87,451	102,797	87,451	102,797	94,700

Financial summary					
Return on equity, %	neg	neg	neg	neg	neg
Return on capital employed, %	neg	neg	neg	neg	neg
Earnings per share, before and after dilution, SEK	-0.23	-0.20	-0.56	-0.62	-0.89
Equity/asset ratio	79%	98%	79%	98%	89%
Equity per share, SEK	2.72	3.34	2.72	3.34	3.08
Cash flow from operating activities per share, SEK	-0.18	-0.11	-0.29	-0.39	-0.30
Number of employees at the end of the period	4	4	4	4	3

Financial development during the third quarter of 2019

Net sales

The Group's net sales for the quarter amounted to 91 TSEK (0 TSEK).

Costs

Costs during the quarter amounted to 7,524 TSEK (6,204 TSEK), of which administrative costs 1,697 TSEK (1,092 TSEK), sales costs 381 TSEK (539 TSEK) and research and development costs 5,446 TSEK (4,573 TSEK).

Earnings

Earnings after financial items amounted to -7,164 TSEK (-6,095 TSEK), or -0.23 SEK (-0.20 SEK) per share.

Cash flow and liquidity

The cash flow for the quarter amounted to 5,545 TSEK (-3,253 TSEK) and the cash flow from operating activities amounted to -5,545 TSEK (-3,253 TSEK), or -0.18 SEK (-0.11 SEK) per share. Cash and cash equivalents at the end of the period amounted to 8,890 TSEK (5,074 TSEK).

Investments

During the quarter, Klaria has invested 0 (0) TSEK in intangible assets.

Equity

At the end of the period, the Klaria Group's equity amounted to 87,451 TSEK (102,797 TSEK) or 2.72 SEK (3.34 SEK) per share. Equity/assets ratio was 79% (98%) at the end of the period.

During the quarter, WBC Drug Delivery Technologies GmbH in München was acquired through an issue of shares for non-cash consideration. The issue price for the emitted shares corresponded to the average of the volume weighted sell price for the Klaria share, listed on Nasdaq OMX First North Stockholm, during the period 2019-08-06 – 2019-09-03, and was set to 7.608078 SEK which meant that 1,310,000 shares were issued. The total consideration amount was 9.9 MSEK, and the overvalue of 9.6 MSEK refers to a patent that is recorded as an asset in the acquired company and reported as an immaterial property right in the Group's balance sheet.

Fiscal deficits

Klaria's current operations are initially expected to generate negative earnings and fiscal deficits. There are currently not convincing enough reasons to indicate fiscal surpluses in the future that can justify capitalisation of the value of loss carry-forwards. Deferred tax assets have therefore not been reported. Sales of a candidate drug are expected to generate profits which at present are estimated to be tax-deductible from previous years' fiscal deficits, which would entail a low tax burden on the Company when a project is sold or the pharmaceutical is launched on a commercial market. The fiscal deficits for the Group companies amounted to 50,130 TSEK per December 31 2018.

Employees

Number of employees was 4 (incl CEO) at the end of the quarter, of which 0 were part-time employees.

Parent company

The legal form of the company is a public limited liability company, regulated by the Swedish Companies' Act (2005:551). The Board's registered office is located in Stockholm. Klaria Pharma Holding AB (publ) is the parent company in a Group of five companies in total per September 30, 2019. Klaria Pharma Holding AB (publ) owns all shares in Germany-based WBC Drug Delivery Technologies as well as Klaria Incentive AB (559084-7793) and Klaria AB (559012-2577), which in turn owns all shares in FFT Pharmaceutical AB (556955-6573).

After the end of the period, Klaria Pharma Holding AB (publ) acquired all shares in Uppsalagruppen Medical AB, and Klaria Pharma Holding AB (publ) is also the owner of 95 % of the shares in the newly-formed company Cannabis Delivery Sciences (CDS).

The third quarter (July-September)

The parent company's turnover amounted to 0 (0) TSEK. Costs amounted to 2,185 (1,155) TSEK, of which administrative costs amounted to 1,067 (660) TSEK, sales costs 297 (183) TSEK and research and development costs 821 (312) TSEK. Profit/loss after net interest income for the quarter amounted to -986 (-134) TSEK.

As of September 30 2019, cash and cash equivalents in the parent company amounted to 1,498 (3,783) TSEK. At the end of the period, equity amounted to 142,728 (153,357) TSEK and the equity/assets ratio was 99% (99%).

Share capital

Klaria Pharma Holding's share capital amounts to 535,033 SEK divided on 32,102,000 shares.

The share

The Klaria Pharma Holding share is listed on Nasdaq First North under the trading name KLAR. The share's ISIN code is SE0005506193. Klaria's ICB category is Subsector 4577. FNCA AB is the company's Certified Advisor. As of September 30, 2019, the number of shareholders in the company amounted to approx. 2,600.

Significant risks and uncertainties

Through its operations, Klaria is exposed to risks and uncertainties. Information about risks and uncertainties related to the company can be found at page 27-28 in the company's annual report for 2018 which is available on the company's website www.klaria.com.

Consolidated Income Statement (Group)

The Klaria Group TSEK (unless otherwise stated)	1 July – 30 Sept		1 Jan – 30 Sept		1 Jan – 31 Dec
	2019	2018	2019	2018	2018
<i>Operating revenues</i>					
Net sales	91	0	4,039	0	0
Other operating revenues	439	92	867	433	822
Total operating revenues	530	92	4,906	433	822
<i>Operating costs</i>					
Administrative costs	-1,697	-1,092	-5,765	-2,360	-3,065
Sales costs	-381	-539	-1,564	-1,851	-2,430
Research and development costs	-5,446	-4,573	-14,502	-15,447	-22,620
Total operating costs	-7,524	-6,204	-21,831	-19,658	-28,115
Operating profit/loss	-6,994	-6,112	-16,925	-19,225	-27,293
<i>Earnings from financial investments</i>					
Net interest income	-170	17	-228	17	-13
Profit/loss after financial items	-7,164	-6,095	-17,153	-19,208	-27,306
Tax	0	0	0	0	0
Profit/loss for the period	-7,164	-6,095	-17,153	-19,208	-27,306
Attributable to parent company shareholders	-7,164	-6,095	-17,153	-19,208	-27,306
Attributable to minority shareholders	0	0	0	0	0
Average number of shares before and after dilution (thousands)	30,952	30,792	30,845	30,792	30,792
Number of shares on the balance day (thousands)	32,102	30,792	32,102	30,792	30,792
Profit/loss per share before and after dilution, SEK	-0.23	-0.20	-0.56	-0.62	-0.89

Consolidated Statement of Comprehensive Income

TSEK (unless otherwise stated)	1 July – 30 Sept		1 Jan – 30 Sept		1 Jan – 31 Dec
	2019	2018	2019	2018	2018
Earnings for the period	-7,164	-6,095	-17,153	-19,208	-27,306
Other earnings in total for the period, net before tax	0	0	0	0	0
Earnings in total for the period	-7,164	-6,095	-17,153	-19,208	-27,306
Attributable to parent company shareholders	-7,164	-6,095	-17,153	-19,208	-27,306
Minority interest	0	0	0	0	0

Consolidated Balance Sheet (Group)

The Klaria Group TSEK (unless otherwise stated)	30 Sept	30 Sept	31 Dec
	2019	2018	2018
Assets			
Non-current assets			
Intangible assets			
Goodwill & intellectual property rights	99,104	99,000	96,630
Tangible assets			
Machinery and equipment	48	75	68
Financial assets			
Right-of-use asset	890	0	0
Total non-current assets	100,042	99,075	96,698
Current assets			
Accounts receivable and other receivables	1,218	996	1,598
Cash and cash equivalents	8,890	5,074	7,959
Total current assets	10,108	6,070	9,557
TOTAL ASSETS	110,150	105,145	106,255
Equity and liabilities			
Equity			
Total equity	87,451	102,797	94,700
Provisions and liabilities			
Non-current liabilities	767	0	0
Current liabilities	21,932	2,348	11,555
Total provisions and liabilities	22,699	2,348	11,555
TOTAL EQUITY AND LIABILITIES	110,150	105,145	106,255

Changes in equity (Group)

The Klaria Group, 1 January 2018 – 30 September 2018

TSEK (unless otherwise stated)	Share capital	Other contributed capital	Accumulated loss	Total equity
Opening balance 2018-01-01	513	185,165	-63,673	122,005
Total profit/loss				
Profit/loss for the period			-19,208	-19,208
Total profit/loss	0	0	-19,208	-19,208
Transactions with shareholders				0
New share issues				0
Total transactions with shareholders	0	0	0	0
Closing balance 2018-09-30	513	185,165	-82,881	102,797

The Klaria Group, 1 July 2018 – 30 September 2018

TSEK (unless otherwise stated)	Share capital	Other contributed capital	Accumulated loss	Total equity
Opening balance 2018-07-01	513	185,165	-76,786	108,892
Total profit/loss				
Profit/loss for the period			-6,095	-6,095
Total profit/loss	0	0	-6,095	-6,095
Transactions with shareholders				0
New share issues				0
Total transactions with shareholders	0	0	0	0
Closing balance 2018-09-30	513	185,165	-82,881	102,797

Changes in equity (Group)

The Klaria Group, 1 January 2019 – 30 September 2019

TSEK (unless otherwise stated)	Share capital	Other contributed capital	Accumulated loss	Total equity
Opening balance 2019-01-01	513	185,165	-90,978	94,700
Total profit/loss				
Profit/loss for the period			-17,153	-17,153
Total profit/oss	0	0	-17,153	-17,153
Transactions with shareholders				
New share issues	22	9,882		9,904
Total transactions with shareholders	22	9,882	0	9,904
Closing balance balans 2019-09-30	535	195,047	-108,131	87,451

The Klaria Group, 1 July 2019 – 30 September 2019

TSEK (unless otherwise stated)	Share capital	Other contributed capital	Accumulated loss	Total equity
Opening balance 2019-07-01	513	185,165	-100,967	84,711
Total profit/loss				
Profit/loss for the period			-7,164	-7,164
Total profit/oss	0	0	-7,164	-7,164
Transactions with shareholders				
New share issues	22	9,882		9,904
Total transactions with shareholders	22	9,882	0	9,904
Closing balance balans 2019-09-30	535	195,047	-108,131	87,451

Consolidated Cash Flow Statement (Group)

The Klaria Group TSEK (unless otherwise stated)	1 July – 30 Sept		1 Jan – 30 Sept		1 Jan – 31 Dec
	2019	2018	2019	2018	2018
<i>Operating activities</i>					
Operating profit/loss after financial items	-7,164	-6,095	-17,153	-19,208	-27,306
Depreciation	2,523	2,395	7,567	7,185	9,579
Non-cash items			-503		
Cash flow from operating activities before changes in working capital	-4,641	-3,700	-10,089	-12,023	-17,727
Changes in working capital	-904	447	1,020	-1	8,588
Cash flow from operating activities	-5,545	-3,253	-9,069	-12,024	-9,139
<i>Investment activities</i>					
Cash flow from investing activities	0	0	0	0	0
Cash flow before financing activities	-5,545	-3,253	-9,069	-12,024	-9,139
<i>Financing activities</i>					
New loans	0	0	10,000	0	0
Contributed capital	0	0	0	0	0
Cash flow from financing activities	0	0	10,000	0	0
CASH FLOW FOR THE PERIOD	-5,545	-3,253	931	-12,024	-9,139
Cash and cash equivalents, opening balance	14,435	8,327	7,959	17,098	17,098
Cash and cash equivalents, closing balance	8,890	5,074	8,890	5,074	7,959

Income statement (Parent company)

TSEK (unless otherwise stated)	1 July – 30 Sept		1 Jan – 30 Sept		1 Jan – 31 Dec
	2019	2018	2019	2018	2018
<i>Operating income</i>					
Net sales	0	0	0	0	0
Other operating incomes	1,205	1,019	3,615	3,518	4,852
<i>Operating costs</i>					
Administrative costs	-1,067	-660	-2,572	-1,844	-2,633
Sales costs	-297	-183	-1,138	-712	-1,025
Research and development costs	-821	-312	-2,640	-1,079	-1,585
Total operating costs	-2,185	-1,155	-6,350	-3,635	-5,243
Operating profit/loss	-980	-136	-2,735	-117	-391
<i>Earnings from financial investments</i>					
Net interest income	-6	2	-19	14	14
Profit/loss after financial items	-986	-134	-2,754	-103	-377
Appropriations					-17,500
Tax	0	0	0	0	0
Profit/loss for the period	-986	-134	-2,754	-103	-17,877

Balance Sheet (Parent Company)

TSEK (unless otherwise stated)	30 Sept 2019	30 Sept 2018	31 Dec 2018
<i>Assets</i>			
<i>Non-current assets</i>			
<i>Tangible assets</i>			
Equipment	11	18	16
<i>Financial assets</i>			
Participations in subsidiaries	139,950	130,050	130,050
Total non-current assets	139,961	130,068	130,066
<i>Current assets</i>			
Receivables from group companies	2,874	20,049	4,995
Accounts receivable and other receivables	151	236	268
Cash and cash equivalents	1,498	3,783	1,432
Total current assets	4,523	24,068	6,695
TOTAL ASSETS	144,484	154,136	136,761
<i>Equity and liabilities</i>			
<i>Equity</i>			
Restricted equity	535	513	513
Non-restricted equity	142,193	152,844	135,071
Total equity	142,728	153,357	135,584
<i>Provisions and liabilities</i>			
Current liabilities	1,756	779	1,177
Total provisions and liabilities	1,756	779	1,177
TOTAL EQUITY AND LIABILITIES	144,484	154,136	136,761

Note 1 Accounting Policies

This year-end report for the Group was prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act (ÅRL) as well as IFRS as accepted by EU. For the parent company, the Swedish Annual Accounts Act (ÅRL) and Rådet för Finansiell Rapportering's (the Council for Financial Reporting) recommendation RFR 2 Accounting for Legal Entities was applied.

In addition to what is stated below, the parent company's accounting principles and calculation method for the report have remained unchanged from those applied in the most recent annual report for the financial year ending December 31, 2017 and should be read in conjunction with that report. The Group's accounting principles have changed regarding the reporting of goodwill and intangible fixed assets. Previous years' goodwill has been reclassified to intellectual property rights. This change has led to depreciation of the rights beginning to apply from the time of acquisition in June 2015 up to the end of the useful life of the rights December 2026. Previous years' accumulated depreciation has been recognized as equity and this year's depreciation as profit for the year.

As of January 1, 2018, Klaria applies IFRS 9 Financial Instruments and IFRS 15 Revenue from contracts with customers. IFRS 15 has not had any significant impact on the Group's financial reports since Klaria has no contract research for external customers. IFRS 9 has not had any effect on the Group since the Group's financial instruments, which consist of accounts receivable and other receivables as well as loans that are reported at accrued cost, do not occur.

As of January 1, 2018, Klaria applies IFRS 15 Revenue from contracts with customers that replaces existing standards as of 2018, related to revenue recognition. The change will not have any significant effects on Klaria's earnings and financial position as the company does not yet have any revenues and milestone revenues are made in accordance with the cash accounting policy, i.e. is reported as revenue when payments are received.

Estimated effects of the transition to IFRS 16 Leases

As of January 1, 2019, the Group applies the new standard IFRS 16 Leases. IFRS 16 introduces a single accounting method for lease agreements, which means that the Group's lease agreements for premises that have previously been classified as operational leases according to IAS 17 will be reported in the balance sheet as an asset in the form of a right-of-use asset and lease liabilities.

The company has chosen to apply the exemption rules as leases of low value assets and leases with a lease term of 12 months or less from the transition date are not included. The company has chosen to apply the modified retrospective approach where comparative years are not recalculated and the cumulative effect is reported as an adjustment of equity at the date of application.

Per 1 January 2019, assets increased by 1,169 TSEK and the Group's liabilities by 1,169 TSEK. The equity ratio at the transition is adversely affected by about 1 percentage point. The change had a positive effect on operating profit, as the Group reported depreciations of 382 TSEK on the asset and financial costs of 7 TSEK on the leasing debt instead of leasing fees for the third quarter of 2019.

Note 2 Transactions with related parties

No transactions with related parties have been made during the period.

Profit/loss per share

Net profit/loss divided by the average number of shares.

Average number of shares

The average number of shares in Klaria Pharma Holding AB (publ) has been calculated on the basis of a weighting of the historical number of issued shares in Klaria Pharma Holding AB (publ) after each completed share issue, times the number of days since the respective number of shares were issued.

Equity/assets ratio

Equity in relation to total assets.

Return on equity

Profit/loss after tax.

Return on capital employed

Profit/loss after net interest income in relation to capital employed.

Capital employed

Total assets minus interest-bearing liabilities.

Equity per share

Equity divided by the number of shares on the balance day.

Cash flow from operating activities per share

Cash flow from operating activities divided with the average number of shares.

Cash flow per share

Cash flow for the period divided with the average number of shares.

The Board of Directors and CEO hereby assure that this interim report gives a true and fair view of the company's operations, financial position and performance.

Stockholm 2019-11-15

Björn Littorin
Chairman of the Board

Anders Ardstål
Director of the Board

Scott Boyer
CEO and Director of the Board

This interim report has not been reviewed by the company's auditor.

This information is such information that Klaria Pharma Holding AB (publ) is obligated to publish in compliance with the EU market abuse regulation and the Securities Markets Act. The information was provided, through the contact set out on page 22, for publication on November 15, 2019 at 08:30 CET.

Financial calendar

Year-end Report 2019	2020-02-28
Annual General Meeting 2020	2020-04-24
Interim Report Q1 2020	2020-05-20
Interim Report Q2 2020	2020-08-28

Scott Boyer, CEO

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