



Interim report January – March 2019

Moberg Pharma AB (Publ)

Q1

Q2

Q3

Q4





“The divestment of our OTC business represents a major change for Moberg Pharma and recognize the compelling value of both components of the business. Since April 1, 2019, Moberg Pharma has a fully funded business whose main goal is to make MOB-015 the future market leader in onychomycosis” says Peter Wolpert, VD Moberg Pharma.

FIRST QUARTER (JAN-MAR 2019)

- Net profit after tax SEK 563.9 million (2.0)
- Total profit for the period SEK 504.5 million (5.6)
- Diluted earnings per share SEK 31.95 (0.12)
- Net revenue SEK 15.6 million (0.0) *
- EBITDA SEK 7.3 million (-10.0) *
- Operating profit (EBIT) SEK 5.0 million (-10.0) *
- Operating cash flow per share SEK 1.45 (0.66)
- Cash and cash equivalents amounted to SEK 1 596.9 million (102.5)

* represents continuing operations only

SIGNIFICANT EVENTS IN THE FIRST QUARTER

- On February 12, 2019, Moberg Pharma entered into an agreement with RoundTable Healthcare Partners and Signet Healthcare Partners to divest the OTC business for cash consideration of USD 155 million. In addition, the new investors are providing USD 5 million in financing to develop and commercialize MOB-015. The sale was completed on March 29, 2019. As part of the transaction, the purchaser has subscribed and paid for 660,843 series B shares in the company, increasing the total number of shares in the company from 17,703,762 to 18,364,605 after the issue's completion. The company has also issued 659,421 warrants without consideration. Neither the newly issued series B shares, the warrants nor any shares subscribed for by exercising the warrants will be entitled to the OTC dividend.
- On February 11, 2019, Moberg Pharma entered into an exclusive license agreement with Bayer for commercialization of MOB-015 in Europe after finalized Phase 3 studies and registration. Under the agreement, Moberg Pharma is eligible to receive up to EUR 50 million, including EUR 1.5 million paid at signing, upon successful development and sales, in addition to royalties and supply fees.
- An Extraordinary General Meeting on March 15, 2019 resolved to convert the company's financial year from the calendar year to a fiscal year, July 1 – June 30. The Extraordinary General Meeting also elected Andrew B. Hochman as ordinary member of the Board of Directors, conditional on and with effect from closing of the transaction.
- On March 22, 2019, the company announced that it had completed the recruitment of 452 patients with onychomycosis (nail fungus) for the ongoing MOB-015 Phase 3 study in Europe.

SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

- On April 1, 2019, Moberg Pharma gave notice of early redemption of all outstanding bonds on April 29, 2019 at an amount equal to 104.00 percent of the nominal amount. The redemption amount, plus interest, was repaid in its entirety on April 29.
- In a press release on April 8, 2019 the company's Nomination Committee announced that it had proposed the election of Peter Wolpert as Executive Chairman of the Board of Directors. Contingent on the Annual General Meeting's approval of a new Board of Directors, and approval from the new Board, Anna Ljung has been proposed as the new CEO of Moberg Pharma.

CONFERENCE CALL

CEO Peter Wolpert will present the report at a telephone conference today, May 14, 2019, at 3:00 p.m. CET. Dial-in: SE: +46 8 505 583 59, US: +1 833 526 83 80.



STATEMENT FROM THE CEO

The divestment of our OTC business represents a major change for Moberg Pharma and allows shareholders to recognize a compelling value for both components of the business. Since April 1, 2019, Moberg Pharma has a fully funded business whose main goal is to make MOB-015 the future market leader in onychomycosis.

My final report as CEO follows a very eventful quarter that concluded a phase in the company's history. Recently, we successfully divested the OTC business, which we had built up and refined since 2006. Instead we are in the near term fully focused on the development and commercialization of new pharmaceutical products. The transaction provided a capital gain of 556 MSEK after transactions costs, and the effect on the total profit was 502 MSEK, and enabled us to repay the entire bond loan and to make a distribution to the shareholders of approximately SEK 43–45 per share planned for November 2019. We retain the upside of the remaining, fully financed business, focusing on MOB-015, whose potential alone substantially exceeds the value of the divested portfolio.

Continued focus on the US

The US will remain Moberg Pharma's most important market going forward, but this time with an emphasis on the much larger prescription market for nail fungus treatment. The commercialization plans for MOB-015 comprise a combination of direct sales and co-marketing with partners focused on the US, as well as out-licensing to other markets such as the EU, Japan, Canada and China – all with patent protection until 2032. Two attractive license agreements for MOB-015 are already in place in Canada (Cipher) and Europe (Bayer), and we look forward to adding exciting collaborations in the future. The agreement with Bayer was signed in the first quarter, and the partnership with this leader in OTC fungal treatments is an important proof of the large potential for MOB-015.

A new organization under new leadership

Since April 1, the organization has its sights set on the development, registration and commercialization of the future market leader in treatment of onychomycosis. It is a journey we have already made with Kerasal Nail and one we now intend to repeat with MOB-015 – this time under the leadership of Anna Ljung, the proposed CEO and the CFO of the company since our start. With the new management team that was recently presented, the organization is well-staffed for the challenges that await. After thirteen intensive and rewarding years as CEO and after the OTC divestment, Moberg Pharma is now entering a new stage and it is a logical time for a new management to take over. I will be continuing to support the business based on the company's new needs, in areas such as business development in and outside the US and in investor relations.

My sincere thanks

I would again like to thank both current and former employees, without whose valuable efforts none of this would have been possible. You are simply fantastic! I would also like to express my sincere gratitude to our shareholders and the Board of Directors, who have supported us on this exciting and eventful journey and continue to stand behind us in the next stage as we are aiming to create the future market leader in nail fungus. Next on the agenda is the election of a new Board of Directors at the Annual General Meeting. The next milestone will be the first interim results from the Phase 3 program for MOB-015, which are expected later this year, in parallel with continued commercialization preparations. It's time for Moberg Pharma 2.0!






Peter Wolpert, CEO of Moberg Pharma



ABOUT MOBERG PHARMA

Moberg Pharma develops and commercializes medical products that relieve pain and skin conditions, especially nail fungus. The company is focused as of April 1, 2019 on the development and commercialization of pipeline assets with a combined annual peak sales potential of USD 350–700 million. The OTC business was divested in the first quarter of 2019 in favor of a clinical pipeline consisting of late stage drug candidates with the potential to significantly exceed the value of the divested portfolio. The divestment represents a major change for Moberg Pharma, enabling shareholders to recognize a compelling value for both components of the business.

MOB-015 is a next-generation treatment of onychomycosis (nail fungus) and BUPI is a novel treatment for oral pain relief in association with inflammation and ulceration of the oral mucous membranes (oral mucositis or OM), a serious complication of cancer treatment). Both drugs have demonstrated strong Phase 2 results which indicate that they have the potential to become market leaders in their respective niches. Two parallel Phase 3 studies for MOB-015 are underway with topline results expected in late 2019 and spring 2020, with two license agreements in place in Canada and Europe. We estimate the sales potential for MOB-015 at USD 250–500 million, with most of the sales expected to come from the high-priced US prescription drug market. This is in addition to BUPI, with an estimated annual sales potential of USD 100-200 million.

	MOB-015	BUPI
	Nail fungus <ul style="list-style-type: none">• Topical terbinafine• Target profile: Rapid, visible improvement, superior cure rate and shorter treatment time(vs other topical medications)	Pain relief oral mucositis <ul style="list-style-type: none">• Lozenge with bupivacaine• Target profile: Better and longer pain relief vs existing products
	Estimated annual sales potential: USD 250-500 million	Estimated annual sales potential: USD 100-200 million
	Phase 3 ongoing <ul style="list-style-type: none">• Two Phase-3 studies in North America and Europe ongoing• Primary endpoint: complete clinical cure of big toe nail and negative fungal tests after 52 weeks	Partnering and preparations for phase 3 ongoing <ul style="list-style-type: none">• Partnering discussions ongoing, in addition to current partner Cadila Pharmaceuticals• Advisory meetings held with agencies in Sweden and Germany
	Patent protection until 2032 <ul style="list-style-type: none">• Patent granted in large markets, incl. U.S., Canada, EU, China and Japan• Patents include new topical formulations of allylamines (including terbinafine), and treatment methods for nail fungus using the new formulations	Patent protection until 2032-2033 <ul style="list-style-type: none">• Patent granted in EU, Canada and U.S.• Patents include lozenges and other formulations with a local anesthetic, including bupivacaine, for the mouth or throat and for treatment of oral mucositis in cancer patients
	Phase 2 data: Leading data for several affected nails <ul style="list-style-type: none">• 54% mycological cure at 60 weeks• 100 % negative culture at 60 weeks• 1000x more terbinafine in the nail vs oral administration• 40x more terbinafine in the nail bed vs oral administration• Negligible systemic exposure of terbinafine	Phase 2 data: Significantly better pain relief vs standard of care <ul style="list-style-type: none">• Primary endpoint: 31% less pain in the BUPI group vs Standard care (maximum VAS value in the mouth/throat, p = 0,0032)• In mouth: 50% less pain in the BUPI group (p = 0,0002)



BUSINESS DEVELOPMENT

In early 2019, Moberg Pharma divested one of its two main businesses. Since April 1, 2019, Moberg Pharma has a fully funded business whose main goal is to create the future market leader in onychomycosis through the development and commercialization of MOB-015. Two important events in the first quarter brought us closer to this goal: recruitment to the Phase 3 program was completed and significant license agreements were signed for commercialization in Europe.

THE OTC BUSINESS HAS BEEN DIVESTED

In March 2019, Moberg Pharma sold its entire OTC business to RoundTable Healthcare Partners and Signet Healthcare Partners for a cash consideration of USD 155 million adjusted for working capital. The OTC business comprised the marketing and distribution of OTC brands primarily in the US. The three largest brands – Kerasal Nail[®], New Skin[®] and Dermoplast[®] – were each market leaders in their respective niches. Moberg Pharma will be providing transition services to the buyer throughout 2019.

The sale resulted in a capital gain of SEK 556 million, and the effect on the total profit was SEK 502 million and multiples of 3.3x sales and 11.6x EBITDA for the commercial operations. The purpose of the sale was to enable a strategy focused on the pipeline, on MOB-015 in particular, and to enable a significant distribution to the shareholders. In addition to the near-term liquidity, the new owners are providing further financing and know-how, enabling the company to continue to generate significant value. The transaction enables a repayment of the entire bond loan, which was completed on April 29, and a distribution to the shareholders of approximately SEK 43–45 per share. The updated timeline for the distribution to shareholders includes an annual general meeting on October 30th, followed by a redemption of shares in November 2019.

IN THE PIPELINE

MOB-015

Recruitment to the European study is now complete. In March, 452 patients were randomized at 48 clinics in Europe, as a result of which MOB-015 is currently being evaluated among more than 800 patients in two randomized, controlled Phase 3 multicenter studies with topline results expected in the fourth quarter of 2019 in North America and the second quarter of 2020 in Europe. The primary endpoint in both studies is the percentage of patients with complete clinical cure of the big toe nail after 52 weeks.

In February 2019, Moberg Pharma signed the other major license agreement for MOB-015, this time for commercialization in Europe together with the Consumer Health division of Bayer AG, a global leader in OTC products for fungal infections under the brand name Canesten. Under the terms of the license agreement, Moberg Pharma will finalize the ongoing Phase 3 program, complete registration in Europe and provide supply for the product. Moberg Pharma is eligible to receive up to EUR 50 million in milestone payments, including EUR 1.5 million paid at signing. The majority of the milestone payments are contingent on sales targets, with the balance contingent on development and regulatory milestones. Moberg Pharma will also receive royalties and supply fees.

The most important markets for MOB-015 are expected to be the US, EU, Japan, Canada and China, all with patent protection until 2032. The commercialization plans comprise a combination of direct sales and co-marketing with partners focused on the US, as well as out-licensing to many markets. In addition to the license agreement with Bayer in Europe (above), a license agreement was signed in fall 2018 with Cipher Pharmaceuticals in Canada, and we look forward to adding more exciting collaborations in the future. The US will remain the most important market for Moberg Pharma going forward, this time with an emphasis on the much larger prescription market for nail fungus treatment. MOB-015 will be our lead product, but we can create a niche portfolio with additional products for the same target group through acquisitions and in-licensing.

BUPI

Discussions are currently underway with potential new partners in North America and Europe to complement the partnership with Cadila Pharmaceuticals. We continue with further detailed planning of development programs leading up to registration. In 2019, however, the company's development resources will mainly be focused on MOB-015.



LOOKING FORWARD

The divestment of the OTC business represents a major change for Moberg Pharma in terms of both strategic direction and organization. Approximately half of the previous staff remain with the company, focusing on the development and commercialization of MOB-015, while the rest have transferred to the new owners. The new conditions motivate a change in leadership to a new, smaller management team better suited to the challenges ahead.

According to the proposal of the Board of Directors and Nomination Committee, Anna Ljung will be appointed as the new CEO of Moberg Pharma, while current CEO Peter Wolpert will transition to a role as Executive Chairman of the Board. As proposed, the new management team will consist of four individuals: Anna Ljung (CEO), Torbjörn Wärnheim (Deputy CEO and Senior Vice President R&D), Sarah Hellerfelt (CFO) and Annica Magnusson (Senior Director Regulatory Affairs). In addition, the company has engaged Dr. Amir Tavakkol as Senior Advisor R&D, bringing unique experience in the development and registration of onychomycosis drugs in the US.

The organizational changes are expected to be effective from May 16, 2019 and are contingent on the approval of the incoming Board of Directors elected at the Annual General Meeting on May 15, 2019, based on the Nomination Committee's proposal; see separate press release. As proposed, the company's new management will be as follows:

- Current CEO Peter Wolpert is nominated as Executive Chairman with a focus on commercialization in the US, business development and further development of investor relations, all while remaining close to the new management.
- Current CFO Anna is nominated as the new CEO of Moberg Pharma. Anna Ljung has been a driving force for Moberg Pharma since 2006, when the company was founded and she became the CFO. She has more than 15 years of experience from the pharmaceutical industry, previously having been the CFO at Athera Biotechnologies AB and Lipopeptide AB as well as an independent consultant within technology licensing.
- Torbjörn Wärnheim is nominated as Deputy CEO and Senior Vice President R&D. Torbjörn Wärnheim has been employed by the company since 2014 and has had a key role in the organization as Vice President Pharmaceutical Innovation and Development.
- Current finance manager Sarah Hellerfelt is nominated as the new CFO. Sarah Hellerfelt has been employed since 2017 and has played a key role on the company's finance team. Current VP Finance Mark Beveridge will be leaving the management team but remain a consultant to the company on financial issues.
- Dr. Amir Tavakkol has been engaged by the company as Senior Advisor R&D. Dr. Tavakkol brings 20 years of unique experience in the development and registration of onychomycosis drugs in the US from senior R&D positions at Novartis, Schering-Plough, Topica Pharmaceuticals and Viamet. He has contributed to the development and registration of drugs such as Lamisil, Kerydin, Luzu and VT-1161. Dr. Shaw Sooroshian will be leaving the management team at Moberg Pharma but remain as a consultant to the company for a period of time.

CORPORATE EVENTS

Ahead of the Annual General Meeting on May 15, 2019, the Nomination Committee proposes the re-election of Mattias Klintemar and Andrew B. Hochman as members of the Board of Directors for a term extending through the conclusion of the next Annual General Meeting, which will be held in the fourth quarter of 2019 due to the abbreviated financial year, January 1 - June 30, 2019. The Nomination Committee also proposes the election of Peter Wolpert as a new Board member and Executive Chairman of the Board of Directors. Further, the Nomination Committee proposes the election of Fredrik Granström.

Thomas Eklund has, after three years as Chairman of the Board and four years as a Board member, chosen to resign. Geert Cauwenbergh, Sara Brandt and Anna Malm Bernsten have chosen not to stand for reelection in order to enable a Board composition better adapted to the company's new situation and focus.



FINANCIAL OVERVIEW

REVENUES AND PROFIT

Net sales for the continuing operations amounted to SEK 15.6 million (0) during the first quarter. Revenues refer in their entirety to the initial EUR 1.5 million milestone received in connection with the agreement with Bayer AG. The reported operating profit for the period is significant due to the capital gain that arose in connection with the divestment of the OTC business. The net gain from the disposal of discontinued operations amounted to SEK 556 million after transaction costs of SEK 40 million and financial expenses of SEK 24 million linked to early redemption of the company's bond loans.

The revenues and expenses related to the discontinued OTC business are listed as a separate item in the Group's income statement and the reported net profit for this business, including capital gains, amounts to SEK 559.3 million (9.9) for the first quarter. An income statement and a summary of cash flow for the divested business are presented in Note 2.

CASH-FLOW

Cashflow from investment activities was significant due to the sale of Moberg Pharma's OTC business (SEK 1,433 million). Cash holdings at the end of the quarter amounted to SEK 1,596.9 million (102.4).

INVESTMENTS

Investments in intangible assets relate predominantly to capitalized expenses for research and development work of SEK 18.6 million (19.3). The company has two late-stage development projects that are balanced, MOB-015 and BUPI. The bulk of monies spent relate to MOB-015.

R&D expenses (costs and investments) (SEK thousand)	Jan-Mar 2019	Jan-Mar 2018	Full-year 2018
R&D expenses (in statement of comprehensive income)	-3 563	-3 342	-12 720
Capitalized R&D investments	-18 597	-19,285	-106 793
Depreciation/amortization capitalized R&D investments	367	566	2 225
Change in R&D investments (in statement of financial position)	-18 230	-18 719	-104 568
Total R&D expenditure	-21 793	-22 061	-117 288

LIABILITIES

Interest-bearing liabilities consist of a bond loan of SEK 600 million, which was settled on April 29th, 2019. On April 1, 2019, the company sent an irrevocable notification of early redemption and the redemption was finalized on April 29, 2019. In accordance with the terms, the Bonds were redeemed at an amount corresponding to 104.00 percent of the nominal amount, which corresponded to SEK 624 million. In accordance with the terms, the bonds were redeemed at an amount corresponding to 104, 00% of the nominal amount (corresponding to MSEK 624) and as a result, the loan has been revalued as of 31 March to MSEK 624. An additional SEK 24 million was recognized as a financial expense as of March 31, 2018. According to IFRS 9, the bond loan shall be reported after deductions for transaction costs which are accrued over the term of the loan, hence the difference between SEK 624 million and the amount in the financial position report amounting to SEK 623.6 million. In order to reflect the new maturity, transaction costs have been recalculated and a further effect of SEK 4.5 million was recognized as a financial expense as of March 31, 2019. The full terms and conditions of the bond are available on the company's website www.mobergpharma.

In connection with the divestment of the commercial portfolio, the buyer contributed financing totaling USD 5 million to the company's continuing operations. This financing will consist of a loan component of USD 2.5 million and a USD 2.5 million subscription of shares. As of March 31st, the full financing is booked as a loan, whereof half become share capital as of April 30th when the share issue was completed. The remaining loan of 2.5 MUSD accrue PIK interest at a rate of 3 months LIBOR + 5.50% and the loan will mature on March 31, 2023. If, prior to that date, Moberg Pharma receives milestone payments, royalties and any other similar payments from partners in excess of USD 10 million plus any amounts actually received from partner agreements signed to date (not including payments received to cover fees, expenses and other costs), the company will use such excess funds to repay any amount outstanding under the loan. The principal amount outstanding under the loan may also be reduced by way of set off against the exercise price in connection with the exercising of warrants to subscribe for ordinary shares in Moberg Pharma. The warrants will not be issued against payment and each warrant will entitle the holder to



subscribe for one ordinary share in Moberg Pharma at a price of SEK 35.16 per share. No warrant may be exercised prior to the payment of the OTC-dividend.

Other increases in liabilities are linked to accrued transaction costs as well as working capital adjustments linked to the transition period after the transaction.

CHANGES IN EQUITY

SHARES

At the end of the period, share capital amounted to SEK 1,744,076.20 (1,744,076.20) and there were a total of 17,703,762 (17,440,762) ordinary shares outstanding with a nominal value of SEK 0.10.

As part of the transaction, the purchaser has subscribed and paid for 660,843 series B shares in Moberg Pharma at a price of SEK 35.16 per share (without any right to the OTC-dividend), entailing an increase of the total number of shares in the company from 17,703,762 to 18,364,605 shares in total after the issue was completed, April 30th, 2019.

Moberg Pharma has also issued 659,421 warrants without consideration, each of which gives the purchaser a right to subscribe for one ordinary share in the company at a subscription price of SEK 35.16 per share. Neither the newly issued series B shares nor the warrants or any shares subscribed for by exercising the warrants will entitle to the OTC-dividend and the warrants will not be exercisable until the OTC-dividend has been paid. After payment of the OTC-dividend, the series B shares will be converted into ordinary shares in the Company.

SHARE-BASED COMPENSATION PLANS

The number of instruments outstanding as at March 31, 2018 was 823,000 warrants and 263,000 performance share units. If all warrants were exercised, the total number of shares would increase by 823,000. The performance share units are issued and held in trust, where the actual number of shares that may vest range from 0% to 100% depending on share price development. Redemption price for the warrant programs varies from SEK 42.97 to SEK 65.47, and performance share units are tied to share performance from SEK 35.00. Where applicable, the redemption price may be subsequently adjusted in the event distributions are made. For detailed information on the share-based compensation plans, see the 2018 Annual Report.

The following table gives an indication of the maximum levels of dilution at different levels of share price:

Instruments granted based on strike price				
Share price	40	50	60	70
Number of new shares due to diluting warrants	-	378,000	636,250	823,000
Number of shares allocated by performance share units	32,875	78,900	109,583	131,500
Theoretical dilution	0.2%	2.6%	4.1%	5.2%
Company's market capitalization, SEK million	707	900	1,094	1,288
Gain for instrument holders ¹ , SEK million	1.3	6.6	13.1	23.0
Actual dilution from share-based instruments²	0.2%	0.7%	1.2%	1.8%

The OTC divestment triggers vesting of a proportion of the outstanding incentive programs. The board has approved a vesting scheme in which instruments are vested pro rata based on the closing date of the OTC divestment, March 29, 2019. As a consequence, a number of warrants and performance share units are expected to be forfeited during 2019. The actual dilution is therefore expected to be lower than the maximum levels stated in the above table.

¹ Total pretax gain for warrant holders.

² Calculated from the gain made by instrument holders through market capitalization at the given share price.



PARENT COMPANY

Moberg Pharma AB (Publ), Corp. Reg. No. 556697-7426, is the parent company of the Group. Group operations are conducted primarily within the parent company and, since the end of March 2019, consists of R&D, business development and administrative functions.

Amounts reported in the income statement of the parent company have not been separated into continuing operations. Administration expenses includes transaction costs for the disposal of the OTC business for SEK 40 million. Financial income includes the parent's reported capital gain on the disposal of the OTC business for SEK 587 million, plus a distribution from the then subsidiary Moberg Pharma North America LLC for SEK 55 million.

Cash and cash equivalents amounted to SEK 1,596.9 million (63.2) at the end of the period.

OTHER INFORMATION

ORGANIZATION

Per March 31st, 2019, the Moberg Pharma Group had 19 employees, of whom 84% were women. All were employed by the parent company.

RISK FACTORS

Commercialization and development of pharmaceuticals are capital-intensive activities exposed to significant risks. Risk factors considered of particular significance for Moberg Pharma's future development are linked to the results of clinical trials, regulatory actions, patents and trademarks, key personnel, sensitivity to economic fluctuations, future capital requirements, and financial risk factors. A description of these risks can be found in the company's 2018 Annual Report on page 21.

OUTLOOK

Moberg Pharma's goal is to create value and provide attractive returns to shareholders through successful commercialization of pipeline assets.

In 2019, the focus is on advancing the company's phase 3 development programs and to continue commercialization preparations to maximize value and create future growth. Moberg Pharma will utilize the cash flow from the divestment of the commercial operations to provide a distribution to the shareholders through a redemption of shares while retaining sufficient capital, taking into account expected revenues, to complete the ongoing Phase 3 studies for MOB-015.

It is the view from the Board of Directors and management that the company has sufficient funds, also after the planned OTC-dividend, to complete the ongoing clinical activities.



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(SEK thousand)	Jan-Mar 2019	Jan-Mar 2018	Full year 2018
Continuing operations		RESTATED	RESTATED
Net revenue	15,554	-	4,553
Cost of goods sold	-	-	-
Gross profit	15,554	-	4,553
Selling expenses	-566	-490	-2,075
Business development and administrative expenses	-6,823	-6,173	-24,372
Research and development costs	-3,563	-3,342	-12,720
Other operating income	350	-	804
Other operating expenses	-	-	-1,137
Operating profit (EBIT)	4,952	-10,005	-34,947
Interest income and similar items	29	-	1
Interest expenses and similar items	-255	-	-4
Profit after financial items from continuing operations (EBT)	4,726	-10,005	-34,950
Tax on profit for the period	-1,853	2,095	7,106
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	2,873	-7,910	-27,844
Discontinued operations			
Profit after tax for the period from discontinued operations (see Note 2)	561,032	9,917	47,682
PROFIT FOR THE PERIOD	563,905	2,007	19,838
Items that will be reclassified to profit			
Translation differences of foreign operations	8,855	3,593	20,853
Reclassification of translation differences to profit from sale of discontinued operations	-68,249	-	-
Other comprehensive income	-59,934	3,593	20,853
TOTAL PROFIT FOR THE PERIOD	504,511	5,600	40,691
Whereof total profit from continuing operations	2,873	-7,910	-27,844
Whereof total profit from discontinued operations (see Note 2)	501,638	13,510	68,535
Profit for the period attributable to parent company shareholders	563,905	2,007	19,838
Profit for the period attributable to non-controlling interests	-	-	-
Total profit attributable to parent company shareholders	504,511	5,600	40,691
Total profit attributable to non-controlling interests	-	-	-
Basic earnings per share	32.33	0.12	1.14
Diluted earnings per share³	31.95	0.12	1.14
Basic earnings from continuing operations per share	0,26	-0,45	-1,60
Diluted earnings from continuing operations per share³	0,26	-0,45	-1,60
EBITDA from continuing operations	7,303	-9,974	-34,856

³ In periods when the Group reports a loss, no dilution effect arises. The reason for this is that a dilution effect is only recognized when a potential conversion to ordinary shares would result in lower earnings per share.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN BRIEF

(SEK thousand)	2019.03.31	2018.03.31	2018.12.31
Assets			
Intangible assets	242,253	991,944	1,034,218
<i>Capitalized R&D</i>	235,403	151,213	237,624
<i>Computer systems</i>	-	2,106	2,359
<i>Goodwill</i>	-	90,471	97,088
<i>Acquired product rights</i>	-	741,304	690,297
<i>Patents</i>	6,850	6,850	6,850
Property, plant and equipment	97	635	382
Right-of-use assets	11,111	-	-
Deferred tax asset	8,927	8,880	5,064
Total non-current assets	262,388	1,001,459	1,039,664
Inventories	-	27,061	24,976
Trade receivables and other receivables	5,521	88,315	76,189
Cash and cash equivalents	1,596,943	102,481	110,785
Total current assets	1,602,464	217,857	211,950
TOTAL ASSETS	1,864,852	1,219,316	1,251,614
Equity and liabilities			
Equity (attributable to parent company's shareholders)	1,099,676	558,745	594,018
Non-current interest-bearing liabilities	23,205	592,454	594,451
Non-current leasing liabilities	8,949	-	-
Non-current non-interest-bearing liabilities	65	-	65
Deferred tax liability	-	5,937	6,916
Total non-current liabilities	32,219	598,391	601,432
Current interest-bearing liabilities	623,629	-	-
Current leasing liabilities	2,265	-	-
Current non-interest-bearing liabilities	107,063	62,180	56,164
Total current liabilities	732,957	62,180	56,164
TOTAL EQUITY AND LIABILITIES	1,864,852	1,219,316	1,251,614



CONSOLIDATED STATEMENT OF CASH FLOWS IN BRIEF

(SEK thousand)	Jan-Mar 2019	Jan-Mar 2018	Full year 2018
Operating activities		RESTATED	RESTATED
Operating profit before financial items from continuing operations	4,952	-10,005	-34,947
Operating profit before financial items from discontinued operations	594,260	22,525	99,766
Operating profit before financial items	599,182	12,520	64,819
Financial items, received and paid	-9,427	-9,102	-36,410
Taxes paid	-15	-	-736
<i>Adjustments:</i>			
Depreciation/amortization and capital gains	9,883	9,406	31,861
Capital gains	-619,874	-	-
Revaluation assets/liabilities	-	-	-4,552
Employee share-based adjustments to equity ⁴	1,147	718	1,438
Cash flow before changes in working capital	-19,073	13,542	56,420
Change in working capital			
Increase (-)/Decrease (+) in inventories	-3,197	-89	3,822
Increase (-)/Decrease (+) in operating receivables	41,280	-1,169	17,583
Increase (+)/Decrease (-) in operating liabilities	6,494	-785	-3,943
OPERATING CASH FLOW	25,504	11,499	73,891
Investing activities			
Net investments in intangible assets	-18,995	-29,304	-83,641
Net investments in subsidiaries	1,432,866	-	-
CASH FLOW FROM INVESTING ACTIVITIES	1,413,871	-29,304	-83,641
Financing activities			
Issue of loans	23,205	-	-
New share issue in progress	23,206	-	-
Issue of new shares less transaction costs	-	-	-666
CASH FLOW FROM FINANCING ACTIVITIES	46,411	-	-666
Change in cash and cash equivalents	1,485,786	-17,805	-10,416
Cash and cash equivalents at beginning of period	110,785	119,437	119,437
Exchange rate differences in cash and cash equivalents	372	849	1,764
Cash and cash equivalents at the end of period	1,596,943	102,481	110,785

⁴ Note that revaluation of estimated costs for social security contributions for employee stock options is reported in change in operating liabilities.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(SEK thousand)	Share capital	Other capital contributions	Translation reserve	Accumulated loss	Total equity
January 1 – March 31, 2019					
Opening balance, January 1, 2019	1,744	528,122	59,394	4,758	594,018
<i>Total income</i>					
Profit for the period				563,905	563,905
Other comprehensive income – translation differences on translation of foreign operations			-59,394		-59,394
<i>Transactions with shareholders</i>					
Employee stock options		1,147			1,147
CLOSING BALANCE, MARCH 31, 2019	1,744	529,269	-	568,663	1,099,676
January 1 – March 31, 2018					
Opening balance, January 1, 2018	1,744	527,203	38,542	-15,080	552,409
<i>Total income</i>					
Profit for the period				2,007	2,007
Other comprehensive income – translation differences on translation of foreign operations			3,593		3,593
<i>Transactions with shareholders</i>					
Employee stock options		736			736
CLOSING BALANCE, MARCH 31, 2018	1,744	527,939	42,135	-13,073	558,745
January 1 – December 31, 2018					
Opening balance, January 1, 2018	1,744	527,203	38,542	-15,080	552,409
<i>Total income</i>					
Profit for the period				19,838	19,838
Other comprehensive income – translation differences on translation of foreign operations			20,852		20,852
<i>Transactions with shareholders</i>					
New share issue	26				26
Transaction costs, new share issue		-519			-519
Repurchase own shares	-26				-26
Employee share-based incentive adjustments		1,438			1,438
CLOSING BALANCE, DECEMBER 31, 2018	1,744	528,122	59,394	4,758	594,018



KEY RATIOS FOR THE GROUP

(SEK thousand)	Jan-Mar 2019	Jan-Mar 2018	Full year 2018
Net revenue *	15,554	-	4,553
EBITDA *	7,303	-9,974	-34,856
Operating profit (EBIT) *	6,669	-10,005	-34,947
Profit after tax	563,905	2,007	19,839
Cash and cash equivalents	1,596,943	102,481	110,785
Balance sheet total	1,864,852	1,219,316	1,251,614
Equity/assets ratio	59%	46%	47%
Return on equity	51%	0%	3%
Diluted earnings per share, SEK	31.95	0.12	1.14
Diluted operating cash flow per share, SEK	1.45	0.66	4.23
Equity per share, SEK	63.05	32.04	34.08
Basic average number of shares	17,440,762	17,440,762	17,440,762
Diluted average number of shares	17,649,066	17,440,762	17,462,351
Number of shares at the end of the period excluding repurchased own shares	17,440,762	17,440,762	17,440,762
Share price on balance sheet date, SEK	66.20	27.00	43.00
Market capitalization on balance sheet date, SEK millions	1,155	471	750

**reflects current operations only*

DEFINITIONS OF KEY RATIOS

Moberg Pharma presents certain financial performance measurements in the interim report that are not defined in accordance with IFRS. In Moberg Pharma's opinion, these performance measurements provide valuable additional information to investors and company management as they enable an evaluation of the company's performance. These financial performance measurements are not always comparable with those used by other companies since not all companies calculate them in the same manner. Accordingly, these financial measurements are not to be regarded as a replacement for the performance measurements defined in accordance with IFRS.

Net revenue adjusted for acquisitions and divestments	Net revenue for products owned by the company through the entire reporting period and through the entire comparative period.
EBITDA	Operating profit before depreciation/amortization and impairment of intangible assets and property, plant, and equipment
Equity/assets ratio	Equity at the end of the period in relation to balance sheet total
Return on equity	Profit for the period divided by closing equity
Earnings per share*	Profit after tax divided by the diluted average number of shares
Operating cash flow per share	Cash flow from operating activities divided by the diluted average number of shares
Equity per share	Equity divided by the number of shares outstanding at the end of the period

** Defined in accordance with IFRS*



PARENT COMPANY INCOME STATEMENT SUMMARY

(SEK thousand)	Jan-Mar 2019	Jan-Mar 2018	Full year 2018
Net revenue	42,848	35,801	142,394
Cost of goods sold	-2,503	-4,202	-14,130
Gross profit	40,345	31,599	128,263
Selling expenses	-11,228	-10,622	-42,346
Business development and administrative expenses	-48,397	-7,546	-29,226
Research and development costs	-4,259	-3,923	-16,207
Other operating income	991	1,315	16,914
Other operating expenses	-	-	-1,077
Operating profit	-22,548	10,823	56,321
Capital gain from divested subsidiary and similar income	641,484	-	1
Interest expenses	-38,633	-9,668	-38,974
Profit after financial items	580,303	1,155	17,347
Tax on profit for the period	3,862	-375	-4,337
PROFIT	584,165	780	13,010



PARENT COMPANY BALANCE SHEET SUMMARY

(SEK thousand)	2019.03.31	2018.03.31	2018.12.31
Assets			
Intangible assets	242,253	853,168	889,346
Property, plant and equipment	97	263	114
Right-of-use assets	11,111	-	-
Non-current financial assets	150	178,106	178,106
Deferred tax asset	8,927	8,880	5,064
Total non-current assets	262,538	1,040,417	1,072,630
Inventories	-	68	728
Trade receivables and other receivables	5,522	22,297	19,043
Receivables from Group companies	-	3,158	-
Cash and cash equivalents	1,596,893	63,193	93,998
Total current assets	1,602,415	88,716	113,769
TOTAL ASSETS	1,864,953	1,129,133	1,186,399
Equity and liabilities			
Equity	1,099,677	501,952	514,364
Non-current interest-bearing liabilities	23,205	592,454	594,451
Non-current lease liabilities	8,949	-	-
Non-current non-interest-bearing liabilities	65	-	65
Total non-current liabilities	32,219	592,454	594,516
Liabilities to Group companies	99	99	41,306
Current interest-bearing liabilities	623,629	-	-
Current lease liabilities	2,265	-	-
Current non-interest-bearing liabilities	107,064	34,628	36,213
Total current liabilities	733,057	34,727	77,519
TOTAL EQUITY AND LIABILITIES	1,864,953	1,129,133	1,186,399



PARENT COMPANY CASH FLOW STATEMENT SUMMARY

(SEK thousand)	Jan-Mar 2019	Jan-Mar 2018	Full year 2018
Operating activities			
Operating profit before financial items	-22,548	10,823	56,321
Financial items, received and paid	-9,427	-9,102	-36,410
<i>Adjustments:</i>			
Depreciation/amortization and capital gains	8,457	8,121	26,429
Capital gains	-	-	-
Revaluation assets/liabilities	-	-	-4,552
Employee share-based adjustments to equity	834	528	607
Cash flow before changes in working capital	-22,684	10,370	42,395
Change in working capital			
Increase (-)/Decrease (+) in inventories	728	-68	-728
Increase (-)/Decrease (+) in operating receivables	68,747	-4,031	2,381
Increase (+)/Decrease (-) in operating liabilities	-4,459	-10,979	33,989
OPERATING CASH FLOW	42,332	-4,708	78,037
Investing activities			
Net investments in intangible assets	-18,664	-29,304	-80,578
Net investments in subsidiaries	1,432,816	-	-
CASH FLOW FROM INVESTING ACTIVITIES	1,414,152	-29,304	-80,578
Financing activities			
Issue of loans	23,205		
Equity received not yet issued	23,206	-	-
Issue of new shares less transaction costs	-	-	-666
CASH FLOW FROM FINANCING ACTIVITIES	46,411	-	-666
Change in cash and cash equivalents	1,502,895	-34,012	-3,207
Cash and cash equivalents at the beginning of the period	93,998	97,205	97,205
Cash and cash equivalents at the end of the period	1,596,893	63,193	93,998



NOTE 1 ACCOUNTING POLICIES AND MEASUREMENT PRINCIPLES

The interim report was prepared in accordance with IAS 34 and the Swedish Annual Accounts Act. The consolidated financial statements were, like the annual accounts for 2017, prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and the Swedish Annual Accounts Act. The parent company financial statements were prepared in accordance with Swedish Annual Accounts Act and Recommendation RFR 2 of the Swedish Financial Reporting Board, Financial Statements for Legal Entities.

Amounts are presented in Swedish kronor and rounded to the nearest thousand unless otherwise stated. Rounding to the nearest thousand may mean that certain amounts do not match when added up. MSEK stands for million Swedish kronor. Amounts and figures in parentheses are comparative figures from the previous year.

NEW AND CHANGED ACCOUNTING PRINCIPLES TO BE APPLIED FROM 2019

As of January 1, 2019, IAS 17 was replaced by IFRS 16 Leasing. According to the new standard, most leased assets shall be recognized in the balance sheet and the lessee shall divide the cost into interest payments and depreciation of the asset. The Group has chosen to apply the modified retroactive approach to the new standard, which does not require a recalculation of comparative periods. The leasing portfolio mainly comprises leased office premises. The Group has chosen not to report short-term leases and leasing agreements for which the underlying asset has a low value as an asset with rights of use and leasing liabilities, respectively. As an effect of the transition, a right-to-use asset of SEK 15.1 million has been recognized as an asset with corresponding liabilities of SEK 15.1 million in accordance with the table below.

IFRS 16 IMPACT ON THE STATEMENT OF FINANCIAL POSITION

(SEK thousand)	2018.12.31	Adjustments	2019.01.01
Assets			
Right-of-use assets	-	15,174	15,174
TOTAL	0	15,174	15,174
Equity and liabilities			
Non-current lease liability	-	12,368	12,368
Current lease liability	-	2,805	2,805
TOTAL	0	15,174	15,174

After the divestment of the commercial portfolio, the right-of-use assets have decreased by SEK 3.8 million and the corresponding decrease in non-current and current lease liabilities amounts to SEK 2.7 million and SEK 0.7 million, respectively.

IFRS 16 IMPACT ON THE STATEMENT OF PROFIT OR LOSS

The transition has entailed interest expenses of SEK 0.1 million and depreciations of SEK 0.8 million during the reporting period.

RECONCILIATION OF MINIMUM LEASE PAYMENTS ACCORDING TO IAS 17 AND REPORTED LEASING LIABILITY ACCORDING TO IFRS 16

(SEK thousand)	
Operational leasing December 31, 2018	17,416
<i>Applied transition relief rules:</i>	
Short-term leases	-115
Contract where the underlying asset is of low value	-96
Effect of present value calculation with incremental borrowing rate	-1,099
Adjustment of amounts not related to minimum lease payments	-932
OPENING LEASE LIABILITY JANUARY 1, 2019	15,174

NOTE 2 DISCONTINUED OPERATIONS

On February 12, 2019, the company announced that it had entered into an agreement to divest its subsidiaries MPJ OTC AB and Moberg Pharma North America LLC. According to the terms of the agreement, the parent company's OTC business was transferred to the subsidiary MPJ OTC AB prior to the transaction. The divested business comprises the company's entire commercial operations and the transaction is thus reported as discontinued operations. The transaction was completed on March 29, 2019 to a total cash consideration of SEK 1,432.9 million, which resulted in a net gain of SEK 556 million after transaction costs. The effect from the divestment on the total profit was SEK 502 million.



INCOME STATEMENT DISCONTINUED OPERATIONS

(SEK thousand)	Jan-Mar 2019	Jan-Mar 2018	Full year 2018
Revenue	91,919	91,503	434,489
Cost of goods sold	-22,319	-24,276	-104,436
Gross Profit	69,599	67,227	330,052
Selling expenses	-51,262	-41,603	-224,886
Business development and administration expenses	-3,255	-3,490	-16,638
Research and development expenses	-1,158	-916	-4,601
Other operating items	687	1,306	15,840
Operating Profit	14,612	22,525	99,766
Finance costs	-14,378	-9,668	-38,970
Tax benefit/(expense)	5,150	-2,940	-13,114
Post-tax profit/(loss) of discontinued operations	5,384	9,917	47,683
Capital gain on sale of discontinued operations	619,874	-	-
Transaction costs on sale of discontinued operations and bond redemption	-40,226	-	-
Financial charges from sale of discontinued operations	-24,000	-	-
Post-tax gain on sale of discontinued operations	555,648	-	-
Profit/(loss) after tax for the period from discontinued operations	561,032	9,917	47,683
Items that will be reclassified to profit			
Translation differences of foreign operations	8,855	3,593	20,853
Reclassification of translation differences to profit from sale of discontinued operations	-68,249	-	-
Other comprehensive income	-59,394	3,593	20,853
TOTAL PROFIT FOR THE PERIOD	501,638	13,510	68,535

CASH FLOW FROM DISCONTINUED OPERATIONS

(SEK thousand)	Jan-Mar 2019	Jan-Mar 2018	Full year 2018
Cash flow from:			
Operating activities	48,703	16,500	122,449
Investing activities	1,432,468	-10,019	26,214
Financing activities	-	-	-
NET CASH FLOW FROM DISCONTINUED OPERATIONS	1,481,171	6,481	148,663

NOTE 3 SPECIFICATION OF MAJOR INTANGIBLE NON-CURRENT ASSETS

(SEK thousand)	2019-03-31
Capitalized expenditure for MOB-015	221,161
Capitalized expenditure for BUPI	14,242
TOTAL CAPITALIZED EXPENDITURE FOR R&D WORK	235,403



NOTE 4 SEGMENT REPORTING

Moberg Pharma's operations comprise only one area of operation, which is the development and commercialization of medical products. The statement of comprehensive income and statement of financial position as a whole comprise one operating segment.

NOTE 5 ASSOCIATE TRANSACTIONS

No material changes have occurred in relationships and transactions with associates compared with as described in the Annual Report.

SHORTENED FINANCIAL YEAR AND DIVIDEND

In March 2019, the OTC-business was divested for a cash consideration of USD 155 million, adjusted for working capital. The company intends to use the cash consideration to, among other things, distribute approximately SEK 43–45 per ordinary share to its shareholders in 2019. Payment of the OTC dividend presupposes that the company has established the annual report for the current financial year in order for Moberg Pharma to be able to present sufficient distributable funds. In order to be able to pay the OTC dividend during 2019, the extraordinary general meeting in March 2019 decided to shorten the current financial year to the period 1 January - 30 June 2019. The payment of the OTC dividend will be subject to a decision at the Annual General Meeting for the abbreviated fiscal year 1 January to 30 June 2019. According to Moberg Pharma's current assessment, the OTC dividend is expected to amount to approximately SEK 43–45 per ordinary share in the company. However, the actual and final amount of the OTC dividend may change and depend on several factors, such as transaction costs, the receipt of expected milestone payments, anticipated investments in R&D, business development, and administrative costs to complete the MOB-015 development program, exchange rate fluctuations and other factors affecting Moberg Pharma's financial situation at the actual time of disbursement of the OTC dividend. The final amount of the OTC dividend will be made public by the company no later than in connection with the publication of the notice to the Annual General Meeting for the shortened financial year.

INFORMATION AND FINANCIAL CALENDAR

This information is such that Moberg Pharma AB (publ) is obliged to disclose pursuant to the Securities Market Act and/or the Financial Instruments Trading Act.

Year-end report 2019 (January-June)	August 29, 2019
Interim report for July – September 2019	November 19, 2019

The Annual General Meeting for Moberg Pharma will be held on May 15, 2019 at 4 p.m. at the company's premises. The annual report and the notice of the AGM are available on the Company's website www.mobergpharma.com

The Annual General Meeting for the abbreviated fiscal year 1 January to 30 June 2019 will be held on October 30, 2019 at the company's premises. Shareholders may submit proposed items of business for the Annual General Meeting no later than September 11, 2019.

FOR FURTHER INFORMATION, PLEASE CONTACT

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Mark Beveridge, VP Finance, tel. +46 (0)8-522 307 00, mark.beveridge@mobergpharma.se

For more information on Moberg Pharma's business, please see the company's website, www.mobergpharma.com.

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



DECLARATION

The undersigned hereby declare that the interim report provides a true and fair overview of the operations, financial position, and results of the parent company and Group, as well as a fair description of significant risks and uncertainties faced by the parent company and Group companies.

Bromma, May 14, 2019

Thomas Eklund
Chairman of the Board

Sara Brandt
Board member

Andrew B. Hochman
Board member

Geert Cauwenbergh
Board member

Mattias Klintemar
Board member

Anna Malm Bernsten
Board member

Peter Wolpert
CEO