



Extended fiscal year July 2019 - December 2020

Interim report July – September 2019

Moberg Pharma AB (Publ)

Q1

Q2

Q3

Q4

Q5

Q6





AGREEMENTS IN JAPAN AND THE REPUBLIC OF KOREA

“The Phase 3 program for MOB-015 is on schedule. We expect data from the North American study in December, followed by data from the European study in the second quarter of 2020. At the same time, the commercialization preparations for MOB-015 are underway and license agreements have now been signed for more key markets, most recently Japan and the Republic of Korea,” says Anna Ljung, CEO of Moberg Pharma.

FIRST QUARTER (JUL-SEP 2019)

- Net revenue SEK 47.8 million (15.6) *
- R&D investments SEK 18.1 million (18.6) *
- Operating profit (EBIT) SEK 41.8 million (5.0) *
- Net profit after tax SEK 32.7 million (2.9) *
- Diluted earnings per share SEK 1.76 (0.26) *
- Cash and cash equivalents amounted to SEK 893.2 million (1,596.9)

** All comparative figures refer to continuing operations*

The Annual General Meeting on October 30 has resolved to convert the company’s financial year from a fiscal year to the calendar year, July 1, 2019 – December 31, 2020. This interim report therefore covers the first quarter of the extended fiscal year from July 1, 2019.

SIGNIFICANT EVENTS IN THE FIRST QUARTER

- In September, an exclusive license agreement was signed with Taisho for development, registration and commercialization of MOB-015 in Japan. Under the agreement, Moberg Pharma is eligible to receive milestones of up to USD 50 million contingent on development and commercial success, as well as supply fees including royalties.
- In September, the Board of Directors proposed an extraordinary payment to the shareholders of SEK 46.50 per share, an increase from the previously announced preliminary amount of SEK 43–45 per ordinary share. As planned, the payment will be made through an automatic redemption procedure in November 2019.
- The Board of Directors has resolved to prepay in full the loan of USD 2.5 million incurred from the purchaser in connection with the divestment of the company’s OTC business last spring, since the Board of Directors has determined that the loan is no longer necessary to fund the finalization of the clinical program for MOB-015.
- In July 2019, 488,905 ordinary shares were issued after the exercise of warrants under Moberg Pharma’s share-based incentive program.

SIGNIFICANT EVENTS AFTER THE END OF THE FIRST QUARTER

- In October, a distribution agreement was signed with DongKoo for MOB-015 in the Republic of Korea.
- Mark Beveridge, VP Finance, is reassuming responsibility for the finance function and replacing Sarah Hellerfelt, who is leaving her position as CFO of the company.
- The Annual General Meeting resolved on October 30 to pay the shareholders SEK 46.50 per share through an automatic redemption procedure, in accordance with the Board of Directors’ proposal.

Conference call – November 19, 2019 at 3:00 p.m. CET

CEO Anna Ljung will present the report at a telephone conference on November 19, 2019 at 3:00 p.m. CET.
Dial-in: SE: +46 8 566 427 04, US: +1 833 526 683 98



STATEMENT FROM THE CEO

The Phase 3 program for MOB-015 is on schedule. We expect data from the North American study in December, followed by data from the European study in the second quarter of 2020. At the same time, the commercialization preparations for MOB-015 are underway and license agreements have now been signed for more key markets, most recently Japan and the Republic of Korea, to complement previous agreements in Europe and Canada.

The work on MOB-015 is progressing as planned with a focus on the two clinical Phase 3 studies and continued commercialization preparations. All the patients in North America have completed the study and we are expecting the data in December. In Europe, around 70% of patients have now completed the study, with the data expected in the second quarter of 2020. The Phase 3 program comprises a total of 817 patients, including 365 patients randomized at 32 clinics in the US and Canada as well as 452 patients in Europe.

In September, Moberg Pharma signed a license agreement granting Taisho Pharmaceutical exclusive rights to MOB-015 in Japan, a market that in 2018 amounted to USD 290 million with annual growth of more than 8%. Moberg Pharma will provide know-how and documentation from the international development program for MOB-015, and after completion of registration will be responsible for production, while Taisho will fund development and registration activities in Japan and take responsibility for marketing, distribution and sales. Moberg Pharma is eligible to receive up to USD 50 million in milestone payments, including USD 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 supply fees including royalties.

In October, a distribution agreement for MOB-015 was signed in the Republic of Korea, this time with DongKoo, the market leader in dermatology, with excellent coverage of dermatology clinics. The Korean market for topical drugs for onychomycosis amounts to USD 40 million, and over 90% of prescriptions are written by the clinics. The agreement gives DongKoo exclusive rights to market and sell MOB-015 in the Republic of Korea. Moberg Pharma assumes production and supply responsibility.

This means that two more agreements for MOB-015 are in place in addition to the previous agreements with Cipher Pharmaceuticals for Canada and the Consumer Health division of Bayer AG, a world leader in OTC fungus treatments with the brand Canesten, for Europe. The aim is to repeat the journey we took with Kerasal Nail®, where we combined direct sales in the US with strategic collaborations in a number of major regions. The most important markets for MOB-015 are expected to be the US, the EU, Japan, Canada and China, all with patent protection until 2032.

With regard to our other drug candidate, BUPI, discussions are underway with potential new partners in North America and Europe.

On October 30, the Annual General Meeting resolved in accordance with the Board of Directors' proposal on an extraordinary distribution to the shareholders of SEK 46.50 per share through a share redemption in November 2019. With SEK 893 million in cash reserves as at September 30, the company has sufficient funds to implement the share redemption as planned and to finalize the clinical program for MOB-015. Moberg Pharma 2.0 remains fully dedicated to the goal of creating the future market leader in the treatment of nail fungus.

Anna Ljung, 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 enabled shareholders to recognize a compelling value for both components of the business. They will receive a large distribution in November 2019 while also retaining the potential in the development projects.

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 December 2019 and the second quarter of 2020, and with license agreements signed for a number of major markets. 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



Nail fungus

- Topical terbinafine
- Target profile: Rapid, visible improvement, superior cure rate and shorter treatment time (vs other topical medications)



Estimated annual sales potential:
USD 250-500 million



Phase 3 ongoing

- 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



Patent protection until 2032

- 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



Phase 2 data: Leading data for several affected nails

- 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

BUPI

Pain relief oral mucositis

- Lozenge with bupivacaine
- Target profile: Better and longer pain relief vs existing products

Estimated annual sales potential:
USD 100-200 million

Partnering and preparations for phase 3 ongoing

- Partnering discussions ongoing, in addition to current partner Cadila Pharmaceuticals
- Advisory meetings held with agencies in Sweden and Germany

Patent protection until 2032-2033

- 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: Significantly better pain relief vs standard of care

- 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 ($p = 0,0002$)



FINANCIAL OVERVIEW

REVENUES AND PROFIT

Net sales amounted to SEK 47.8 M (15.6) for the period. Revenue relates to the initial milestone of MUSD 5 received in connection with the agreement with Taisho for MOB-015 in Japan. For the comparison period, revenue relates to a milestone of EUR 1.5 from the agreement with Bayer AG for MOB-015 in Europe.

Moberg Pharma's operations consist of research and development, business development and administrative functions. The majority of development expenditure incurred is directly attributable to the clinical phase-3 studies in the development project for MOB-015, which is capitalized. The largest expense items for the period consist of business development and administration expenses of SEK 6.5 million (6.8), followed by research and development expenses of SEK 2.6 million (3.6). Profit for the period from continuing operations also include the provision of services related to an agreement on transitional services that was included in the sale of the OTC business. Other operating income include the invoicing for costs related to transition services.

The comparative figures in the consolidated income statement show the impact on earnings from the divested OTC operations as a separate item in the consolidated financials. For the Parent Company, amounts reported in the income statement have not been separated for discontinued operations. A profit and loss account for discontinued operations is presented in Note 2.

CASHFLOW

Cash flow before changes in working capital was 41.8 (599.2). Operating receivables increased by SEK 41.5 million as revenue from the milestone with Taisho is expected to be paid in the next quarter. Operating liabilities decreased as the opening balance included payments for shares in advance (after exercise of warrants) of MSEK 26, which is now translated as financing activities. As a result, cash flow from operating activities was SEK -29.3 million (25.5). Cash flow from investing activities was SEK -21.9 million (1,413.9), of which SEK -18 million relates to investments in intangible assets and SEK -4 million is related to the final adjustment of net working capital from the sale of the OTC business. Total change in cash and cash equivalents during the quarter was SEK -25.9 million (1,485.8). Cash and cash equivalents amounted to SEK 893.2 million (SEK 1,596.9 million) at the end of the period

INVESTMENTS

Investments in intangible assets mainly relate to capitalized expenses for development work of SEK 18.2 million (18.6). The company has two late-stage development projects that are capitalized, MOB-015 and BUPI. The bulk of monies spent relate to MOB-015.

R&D expenses (costs and investments) (SEK thousand)	Jul-Sep 2019	Jan-Mar 2019	Jan-Jun 2019
R&D expenses (in statement of comprehensive income)	-2,636	-3,563	-7,165
Capitalized R&D investments	-18,181	-18,597	-31,998
Depreciation/amortization booked to R&D expenses	448	367	852
Change in R&D investments (in statement of financial position)	-17,733	-18,230	-31,146
Total R&D expenditure	-20,369	-21,793	-38,311

LIABILITIES

In connection with the divestment of the commercial portfolio in March 2019, the buyer provided financing for a loan of USD 2.5 million. The loan carries a PIK interest rate of 3 months LIBOR + 5.50%. In September, it was announced that the Board of Directors had decided to repay the loan in full prior to maturity, as the Board considers that the loan is no longer necessary to support financing MOB-015 operations. The loan was repaid after the end of the quarter on October 31, 2019.



CHANGES IN EQUITY

SHARES

Share capital at the end of the period was SEK 18,853,510 (1,770,376), where the total number of shares outstanding was 18,192,667 ordinary shares (17,703,762) and 660,843 Series B shares (0) with a quotient value of SEK 0.10. Moberg Pharma holds 184,746 (263,000) repurchased own shares at the end of the period.

In July 2019, the number of shares and votes increased as a result of 488,905 ordinary shares having been issued following the exercise of warrants within the framework of Moberg Pharma's share-related incentive program. The OTC divestment resulted in the vesting of a proportion of outstanding incentive programs pro rata based on the date of the divestment, 29 March 2019. Exercise of the warrants resulted in the number of shares and votes increasing by 488,905 from 18,364,605 to 18,853,510.

SHARE-BASED COMPENSATION PLANS

As of September 30, 2019, the number of outstanding instruments was 175,746 employee stock warrants and 80,022 performance share units. If all employee stock warrants were exercised, the total number of shares would increase by 175,746. Performance share units are issued and held in trust, where the actual number of shares that can be transferred varies between 0 and 100% depending on share price development. The exercise price for the option programs varies between SEK 42.97 and SEK 65.47, and the performance share units are linked to a share price from SEK 35.00.¹ For detailed information on the incentive programs, see the 2019 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	50	60	70	80	90
Number of new shares due to diluting warrants	17,000	108,246	175,746	175,746	175,746
Number of shares allocated by performance share units	24,007	33,343	40,011	45,012	48,902
Theoretical dilution	0,2%	0,8%	1,1%	1,2%	1,2%
Company's market capitalization, SEK million	942	1,136	1,329	1,519	1,708
Gain for instrument holders ² , SEK million	1,3	2,3	4,5	7,1	9,6
Actual dilution from share-based instruments³	0,1%	0,2%	0,3%	0,5%	0,6%

OTHER OUTSTANDING INSTRUMENTS

Moberg Pharma has, in connection with the buyer of the OTC business providing financing in the form of a loan, issued 659 421 warrants, each of which entitles the buyer of the OTC business to subscribe for a common share in the company at a subscription price of 35.16 SEK per share after the OTC dividend has been completed and with a final subscription date 31 March 2023. The warrants will not be eligible for the OTC dividend and may not be exercised until completion of the OTC dividend.

¹ Redemption prices will be subject to recalculation after the OTC dividend has been executed in accordance with the terms of the respective incentive program

² Total pretax gain for warrant holders

³ Calculated from the gain made by instrument holders through market capitalization at the given share price



SHAREHOLDER INFORMATION

The company's largest shareholders per September 30, 2019:

Shareholders	Number of shares	% of votes and capital
FÖRSÄKRINGSBOLAGET, AVANZA PENSION ⁴	2,618,392	13.89
ÖSTERSJÖSTIFTELSEN	2,274,179	12.06
ZIMBRINE HOLDING BV	1,890,525	10.03
NORDNET PENSIONS FÖRSÄKRNING AB	1,051,634	5.58
JAZZ HOLDCO, INC	660,843 ⁵	3.51
NORMAN, CARL ERIK	414,000	2.20
LINDBÄRG, ERIK	390,000	2.07
LUNDMARK, SVEN ANDERS	324,500	1.72
EUROCLEAR BANK S.A/N.V, W8-IMY	199,943	1.06
MOBERG PHARMA AB	184,746	0.98
BNY MELLON SA/NV (FORMER BNY), W81MY	183,553	0.97
SYNSKADADES STIFTELSE	172,201	0.91
70133904, DANICA PENSION	170,300	0.90
SOCIETE GENERALE	157,291	0.83
GUNNARSSON, MIKAEL	157,000	0.83
BNY MELLON NA (FORMER MELLON), W9	155,917	0.83
GAR-BO FÖRSÄKRING AB	155,120	0.82
SKANDIA, FÖRSÄKRINGS	149,877	0.79
ML, PIERCE, FENNER & SMITH INC	147,414	0.78
STATE STREET BANK AND TRUST CO, W9	112,118	0.59
TOTAL, 20 LARGEST SHAREHOLDERS	11,569,553	61.4
Other shareholders	7,283,957	38.7
TOTAL	18,853,510	100

PARENT COMPANY

Moberg Pharma AB (publ), org. nr 556697-7426, är moderbolag i koncernen. Verksamheten i koncernen bedrivs huvudsakligen i moderbolaget och utgörs, sedan slutet av mars 2019, av forskning och utveckling, affärsutveckling samt administrativa funktioner.

For the comparative year, amounts reported in the Parent Company's income statement have not been separated for discontinued operations. Comparatives include transaction costs for the divestment of the OTC operations for SEK 40 million. Financial income for comparatives include the reported capital gain on the divestment of the OTC business for SEK 592 million and a dividend from the then subsidiary Moberg Pharma North America LLC for SEK 55 million.

Cash and cash equivalents amounted to SEK 893.2 (1,596.9) at the end of the period.

⁴ Includes 435,399 shares owned by the company's Chairman Peter Wolpert through an endowment insurance policy

⁵ Series B shares



OTHER INFORMATION

ORGANIZATION

Per September 30, 2019, the Moberg Pharma Group had 14 employees, of whom 93% were women. All employees are 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 2019 Annual Report on page 19.

OUTLOOK

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

In 2019/2020, 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 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 of the Board of Directors and executive management that the company has sufficient funds, taking into account the planned OTC-dividend, to complete the ongoing clinical activities.

DISTRIBUTION OF SEK 46.50 PER ORDINARY SHARE

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 SEK 46.50 per ordinary share after the Annual General Meeting on October 30, 2019.

The Annual General Meeting for the abbreviated fiscal year January 1 – June 30, 2019, which was held on October 30, 2019, has resolved on an extraordinary distribution to the shareholders of Moberg Pharma in the form of an automatic redemption. The purchaser of the OTC business will not be entitled to the distribution. An information brochure on the proposed redemption procedure is available (*Swedish only*) on the company's website.

By way of the automatic redemption, each ordinary share is split into one ordinary share and one redemption share. The redemption share will then automatically be redeemed for SEK 46.50 per share. The redemption shares will also be listed for trading on Nasdaq Stockholm. Accordingly, shareholders can choose to either (a) retain their redemption shares and receive the redemption payment, or (b) sell their redemption shares on Nasdaq Stockholm, which for shareholders resident outside of Sweden may be favorable from a tax perspective. Payment for the redemption shares is expected around November 26, 2019.



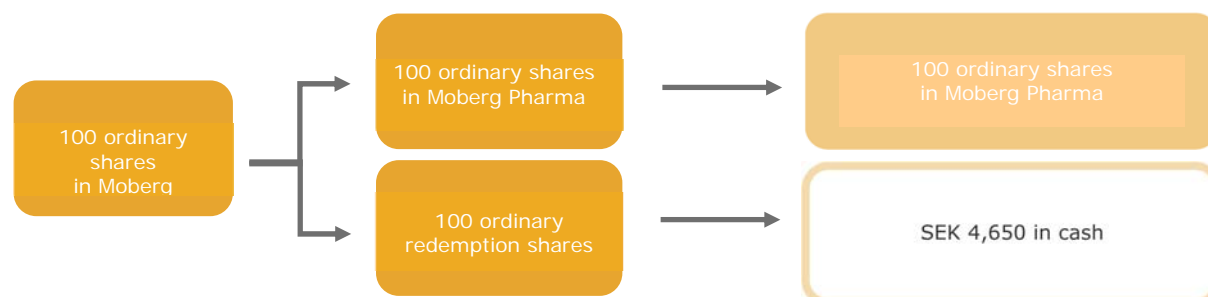
How it works

BEFORE

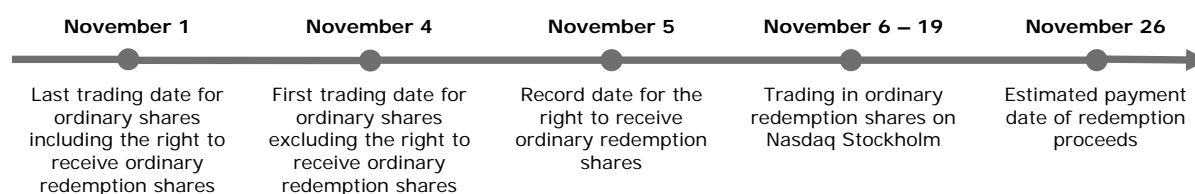
Following the Annual General Meeting's resolution on October 30, 2019, each ordinary share is split into two shares, one of which is called an ordinary redemption share.

AFTER

The ordinary redemption shares are then automatically redeemed for SEK 46.50 per ordinary redemption share.



IMPORTANT DATES



Illustrative example

You are registered on the record date of the share split as owning 100 ordinary shares. The assumed share price in the example is SEK 65 per ordinary share. Your ordinary shares are therefore worth:

- 100 ordinary shares x SEK 65 = SEK 6,500

When the redemption procedure begins, each ordinary share will be split into one ordinary share and one ordinary redemption share. The theoretical price of the ordinary shares after the split is estimated at SEK 18.50, which is the difference between the assumed share price before the split and the value of the ordinary redemption share (SEK 65 - SEK 46.50). Your shareholding then looks like this:

- 100 ordinary shares x SEK 18.50 = SEK 1,850
- 100 ordinary redemption shares x SEK 46.50 = SEK 4,650

Moberg Pharma will then automatically redeem your ordinary redemption shares for SEK 46.50 in cash per ordinary redemption share. This requires no action on your part as a shareholder. After the redemption procedure, you will have:

- 100 ordinary shares x SEK 18.50 = SEK 1,850
- Cash payment for 100 ordinary redemption shares x SEK 46.50 = SEK 4,650

You now have the same number of ordinary shares that you did before the redemption procedure and have received SEK 46.50 in cash for each redeemed ordinary redemption share.

The ordinary redemption shares will be traded on Nasdaq Stockholm in the period November 6 – November 19, 2019 and you as a holder of ordinary redemption shares can then sell them.

This example does not take into account any tax effects that may arise in connection with the redemption or changes in the share price after the record date.



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(SEK thousand)	Jul-Sep 2019	Jan-Mar 2019	Jan-Jun 2019
Continuing operations			
Net revenue	47,819	15,554	15,554
Cost of goods sold	-	-	-
Gross profit	47,819	15,554	15,554
Selling expenses	-162	-566	-788
Business development and administrative expenses	-6,528	-6,823	-15,334
Research and development costs	-2,636	-3,563	-7,165
Other operating income	3,264	350	3,514
Other operating expenses	-	-	-
Operating profit (EBIT)	41,757	4,952	-4,219
Interest income and similar items	-	29	121
Interest expenses and similar items	-515	-255	-966
Profit after financial items from continuing operations (EBT)	41,242	4,726	-5,064
Tax on profit for the period	-8,579	-1,853	336
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	32,663	2,873	-4,728
Discontinued operations			
Profit after tax for the period from discontinued operations (see Note 2)	-	561,032	563,544
PROFIT FOR THE PERIOD	32,663	563,905	558,816
Items that will be reclassified to profit			
Translation differences of foreign operations	-	8,855	8,855
Reclassification of translation differences to profit from sale of discontinued operations	-	-68,249	-68,249
Other comprehensive income	-	-59,394	-59,394
TOTAL PROFIT FOR THE PERIOD	32,663	504,511	499,422
Whereof total profit from continuing operations	32,663	2,873	-4,728
Whereof total profit from discontinued operations (see Note 2)	-	501,638	504,150
Profit for the period attributable to parent company shareholders	32,663	563,905	558,816
Total profit attributable to parent company shareholders	32,663	504,511	499,422
Basic earnings per share	1.77	32.33	31.42
Diluted earnings per share ⁶	1.76	31.95	31.14
Basic earnings from continuing operations per share	1.77	0.26	-0.27
Diluted earnings from continuing operations per share ³	1.76	0.26	-0.27
EBITDA from continuing operations	42,392	7,303	-2,950

⁶ 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)	2019-09-30	2019-03-31	2019-06-30
Assets			
Intangible assets	273,835	242,253	255,654
<i>Capitalized R&D</i>	266,985	235,403	248,804
<i>Patents</i>	6,850	6,850	6,850
Property, plant and equipment	62	97	80
Right-of-use assets	9,876	11,111	10,493
Deferred tax asset	3,038	8,927	11,617
Total non-current assets	286,811	262,388	277,844
Trade receivables and other receivables	52,485	5,521	12,994
Cash and cash equivalents	893,213	1,596,943	919,134
Total current assets	945,698	1,602,464	932,128
TOTAL ASSETS	1,232,509	1,864,852	1,209,972
Equity and liabilities			
Equity (attributable to parent company's shareholders)	1,177,033	1,099,676	1,121,029
Non-current interest-bearing liabilities	-	23,205	23,642
Non-current leasing liabilities	7,709	8,949	8,331
Non-current non-interest-bearing liabilities	65	65	65
Total non-current liabilities	7,774	32,219	32,038
Current interest-bearing liabilities	25,475	623,629	-
Current leasing liabilities	2,469	2,265	2,366
Current non-interest-bearing liabilities	19,758	107,063	54,539
Total current liabilities	47,702	732,957	56,905
TOTAL EQUITY AND LIABILITIES	1,232,509	1,864,852	1,209,972



CONSOLIDATED STATEMENT OF CASH FLOWS IN BRIEF

(SEK thousand)	Jul-Sep 2019	Jan-Mar 2019	Jan-Jun 2019
Operating activities			
Operating profit before financial items from continuing operations	41,757	4,952	-4,219
Operating profit before financial items from discontinued operations	-	594,260	599,371
Operating profit before financial items	41,757	599,182	595,152
Financial items, received and paid	-59	-9,427	-42,288
Taxes paid	-	-15	-15
<i>Adjustments:</i>			
Depreciation/amortization and capital gains	635	9,883	10,518
Capital gains	-	-619,874	-624,905
Revaluation assets/liabilities	-	-	-
Employee share-based adjustments to equity ⁷	185	1,147	1,675
Cash flow before changes in working capital	42,518	-19,073	-59,863
Change in working capital			
Increase (-)/Decrease (+) in inventories	-	-3,197	-3,481
Increase (-)/Decrease (+) in operating receivables	-41,501	41,280	19,050
Increase (+)/Decrease (-) in operating liabilities	-30,314	6,494	6,441
OPERATING CASH FLOW	-29,297	25,504	-37,853
Investing activities			
Net investments in intangible assets	-18,181	-18,995	-32,396
Net investments in subsidiaries	-3,760	1,432,866	1,432,816
CASH FLOW FROM INVESTING ACTIVITIES	-21,941	1,413,871	1,400,420
Financing activities			
Issue of loans	-	23,205	23,205
Repayment of loans	-	-	-600,000
Repayment of leases	-520	-	-1,031
Issue of new shares less transaction costs	25,837	23,206	23,236
CASH FLOW FROM FINANCING ACTIVITIES	25,317	46,411	-554,590
Change in cash and cash equivalents	-25,921	1,485,786	807,977
Cash and cash equivalents at beginning of period	919,134	110,785	110,785
Exchange rate differences in cash and cash equivalents	-	372	372
Cash and cash equivalents at the end of period	893,213	1,596,943	919,134

⁷ 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

(TSEK)	Share capital	Other capital contributions	Translation reserve	Accumulated loss	Total equity
July 1 – September 30, 2019					
Opening balance July 1, 2019	1,818	555,639	-	563,573	1,121,030
<i>Total income</i>					
Profit for the period				32,663	32,663
<i>Transactions with shareholders</i>					
New share issue	49	23,107			23,156
Employee stock options		185			185
CLOSING BALANCE SEPTEMBER 30, 2019	1,867	578,931	-	596,236	1,177,034
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		-53,394
<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 – June 30, 2019					
Opening balance, January 1, 2019	1,744	528,122	59,394	4,758	594,018
<i>Total income</i>					
Profit for the period				558,815	558,815
Other comprehensive income – translation differences on translation of foreign operations			-59,394		-59,394
<i>Transactions with shareholders</i>					
New share issue	66	23,169			23,235
Employee stock options	8	4,348			4,356
CLOSING BALANCE, JUNE 30, 2019	1,818	555,639	-	563,573	1,121,030



KEY RATIOS FOR THE GROUP

(SEK thousand)	Jul-Sep 2019	Jan-Mar 2019	Jan-Jun 2019
Net revenue	47,819	15,554	15,554
EBITDA	42,392	7,303	-2,950
Operating profit (EBIT)	41,757	4,952	-4,219
Profit after tax	32,663	563,905	558,816
Cash and cash equivalents	893,213	1,596,943	919,134
Balance sheet total	1,232,509	1,864,852	1,209,972
Equity/assets ratio	95%	59%	93%
Return on equity	3%	51%	50%
Diluted earnings per share, SEK	1.76	31.95	31.35
Equity per share, SEK	63.05	63.05	61.66
Basic average number of shares	18,505,796	17,440,762	17,662,347
Diluted average number of shares	18,559,047	17,649,066	17,825,850
Number of shares at the end of the period excluding repurchased own shares	18,668,764	17,440,762	18,179,859
Share price on balance sheet date, SEK	67.70	66.20	65.90
Market capitalization balance date, SEK millions	1,264	1,155	1,198

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 EBITDA

Net revenue for products owned by the company through the entire reporting period and through the entire comparative period.

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

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)	Jul-Sep 2019	Jan-Mar 2019	Jan-Jun 2019
Net revenue	47,819	42,848	42,848
Cost of goods sold	-	-2,503	-2,477
Gross profit	47,819	40,345	40,371
Selling expenses	-162	-11,228	-11,450
Business development and administrative expenses	-6,528	-48,397	-56,908
Research and development costs	-2,636	-4,259	-7,860
Other operating income	3,264	991	4,208
Other operating expenses	-	-	-
Operating profit	41,757	-22,548	-31,639
Capital gain from divested subsidiary and similar income	-	641,484	646,606
Interest expenses	-515	-38,633	-42,445
Profit after financial items	41,242	580,303	572,522
Tax on profit for the period	-8,579	3,862	6,553
PROFIT	32,663	584,165	579,075

For comparative information (the abbreviated fiscal year January - June 2019), amounts reported in the Parent Company's income statement have not been separated for discontinued operations.



PARENT COMPANY BALANCE SHEET SUMMARY

(SEK thousand)	2019-09-30	2019-03-31	2019-06-30
Assets			
Intangible assets	273,835	242,253	255,654
Property, plant and equipment	62	97	80
Right-of-use assets	9,876	11,111	10,493
Non-current financial assets	150	150	150
Deferred tax asset	3,038	8,927	11,617
Total non-current assets	286,961	,262,538	277,994,
Inventories	-	-	-
Trade receivables and other receivables	52,485	5,522	12,994
Receivables from Group companies	-	-	-
Cash and cash equivalents	893,163	1,596,893	919,084
Total current assets	945,648	1,602,415	932,078
TOTAL ASSETS	1,232,609	1,864,953	1,210,072
Equity and liabilities			
Equity	1,177,033	1,099,677	1,121,030
Non-current interest-bearing liabilities	-	23,205	23,642
Non-current lease liabilities	7,709	8,949	8,331
Non-current non-interest-bearing liabilities	65	65	65
Total non-current liabilities	7,774	32,219	32,038
Liabilities to Group companies	99	99	99
Current interest-bearing liabilities	25,475	623,629	-
Current lease liabilities	2,469	2,265	2,366
Current non-interest-bearing liabilities	19,759	107,064	54,540
Total current liabilities	47,802	733,057	57,005
TOTAL EQUITY AND LIABILITIES	1,232,609	1,864,953	1,210,072



PARENT COMPANY CASH FLOW STATEMENT SUMMARY

(SEK thousand)	Jul-Sep 2019	Jan-Mar 2019	Jan-Jun 2019
Operating activities			
Operating profit before financial items	41,757	-22,548	-31,639
Financial items, received and paid	-59	-9,427	-42,288
<i>Adjustments:</i>			
Depreciation/amortization and capital gains	635	8,457	9,092
Revaluation assets/liabilities	-	-	-
Employee share-based adjustments to equity	185	834	1,362
Cash flow before changes in working capital	42,518	-22,684	-63,473
Change in working capital			
Increase (-)/Decrease (+) in inventories	-	728	443
Increase (-)/Decrease (+) in operating receivables	-41,501	68,747	5,309
Increase (+)/Decrease (-) in operating liabilities	-30,314	-4,459	36,696
OPERATING CASH FLOW	-29,297	42,332	-21,025
Investing activities			
Net investments in intangible assets	-18,181	-18,664	-32,065
Net investments in subsidiaries	-3,760	1,432,816	1,432,766
CASH FLOW FROM INVESTING ACTIVITIES	-21,941	1,414,152	1,400,701
Financing activities			
Issue of loans	-	23,205	23,205
Repayment of loans	-	-	-600,000
Repayment of leases	-520	-	-1,031
Issue of new shares less transaction costs	25,837	23,206	23,236
CASH FLOW FROM FINANCING ACTIVITIES	25,317	46,411	-554,590
Change in cash and cash equivalents	-25,921	1,502,895	825,086
Cash and cash equivalents at the beginning of the period	919,084	93,998	93,998
Cash and cash equivalents at the end of the period	893,163	1,596,893	919,084



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 2019, 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.

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 for a total cash consideration of SEK 1,432.8 million, which resulted in a net gain of SEK 561 million after transaction costs. The effect from the divestment on the total profit was SEK 501 million.

INCOME STATEMENT DISCONTINUED OPERATIONS

(SEK thousand)	Jul-Sep 2019	Jan-Mar 2019	Jan-Jun 2019
Revenue	-	91,919	91,919
Cost of goods sold	-	-22,319	-22,293
Gross Profit	-	69,599	69,626
Selling expenses	-	-51,262	-51,262
Business development and administration expenses	-	-3,255	-3,255
Research and development expenses	-	-1,158	-1,158
Other operating items	-	687	741
Operating Profit	-	14,612	14,692
Finance costs	-	-14,378	-17,478
Tax benefit/(expense)	-	5,150	5,651
Post-tax profit/(loss) of discontinued operations	-	5,384	2,865
Capital gain on sale of discontinued operations	-	619,874	624,905
Transaction costs on sale of discontinued operations and bond redemption	-	-40,226	-40,226
Financial charges from sale of discontinued operations	-	-24,000	-24,000
Post-tax gain on sale of discontinued operations	-	555,648	560,679
Profit/(loss) after tax for the period from discontinued operations	-	561,032	563,544
Items that will be reclassified to profit			
Translation differences of foreign operations	-	8,855	8,855
Reclassification of translation differences to profit from sale of discontinued operations	-	-68,249	-68,249
Other comprehensive income	-	-59,394	-59,394
TOTAL PROFIT FOR THE PERIOD	-	501,638	504,150



NOTE 3 SPECIFICATION OF MAJOR INTANGIBLE NON-CURRENT ASSETS

(SEK thousand)	2019-09-30	2019-03-31	2019-06-30
Capitalized expenditure for MOB-015	252,431	221,161	234,417
Capitalized expenditure for BUPI	14,554	14,242	14,387
TOTAL CAPITALIZED EXPENDITURE FOR DEVELOPMENT WORK	266,985	235,403	248,804

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 RELATED PARTY TRANSACTIONS

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

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.

Interim report for July 2019 – December 2019	February 19, 2020
Interim report for July 2019 – March 2020	May 12, 2020
Interim report for July 2019 – June 2020	August 11, 2020
Interim report for July 2019 – September 2020	November 10, 2020

The Annual General Meeting for the abbreviated fiscal year 1 January to 30 June 2019 was held on October 30, 2019 at the company's premises.

FOR FURTHER INFORMATION, PLEASE CONTACT

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Mark Beveridge, VP Finance, phone 076 - 805 82 88, 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, November 19, 2019

Peter Wolpert
Chairman of the Board

Fredrik Granström
Board member

Andrew B. Hochman
Board member

Mattias Klintemar
Board member

Anna Ljung
CEO