Extended fiscal year July 2019 - December 2020

Interim report January – March 2020

Moberg Pharma AB (Publ)

Q1

Q2

Q3

Q4

Q5

Q6

FINANCING AGREEMENT OF UP TO SEK 216 MILLION

"MOB-015 has the potential to be the future market leader in onychomycosis. With the financing agreement in place, we now have a clear path forward to exploit MOB-015's potential regardless of the outcome of the EU study," says Anna Ljung, CEO of Moberg Pharma.

PERIOD (JUL 2019-MAR 2020)

- Net revenue SEK 50.5 million (15.6) *
- EBITDA SEK 34.6 million (-3.0) *
- Operating profit (EBIT) SEK 32.7 million (-4.2) *
- Profit after tax SEK 25.3 million (-4.7) *
- Comprehensive income SEK 25.3 million (499.4)
- Diluted earnings per share SEK 1.35 (-0.27) *
- Cash and cash equivalents amounted to SEK 51.6 million (919.1)

Comparative figures for the period refer to January 2019 - June 2019 (Note: 9 months vs. 6 months due to shortened financial year)

THIRD QUARTER (JAN-MAR 2020)

- Net revenue SEK 0.0 million (15.6) *
- EBITDA SEK -3.6 million (7.3) *
- Operating profit (EBIT) SEK -4.2 million (5.0) *
- Profit after tax SEK -3.4 million (2.9) *
- Comprehensive income SEK -3.4 million (504.5)
- Diluted earnings per share SEK -0.18 (0.26) *
- Cash and cash equivalents amounted to SEK 51.6 million (1,596.9)

Comparative figures for the third quarter refer to January 2019 - March 2019

** All comparative figures refer to continuing operations*

SIGNIFICANT EVENTS IN THE THIRD QUARTER (JAN-MAR 2020)

- All patients in the ongoing European MOB-015 study completed their last visit in the study. The data collection was completed without any negative impact from COVID-19. The timeline remains unchanged with topline results expected by the end of Q2 2020.
- Moberg Pharma entered into a convertible note agreement with Nice & Green S.A. of up to SEK 216 million for further investments in MOB-015. The agreement enables Moberg Pharma to conduct an additional clinical study, depending on the outcome of the EU study.
- The expert evaluation confirmed the validity of the results of the phase 3 study in North America, including:
  i) treatment with MOB-015 results in a mycological cure that compares favorably with oral antifungal drugs with the added advantage of an earlier onset of action;
  ii) the proprietary vehicle technology increases the hydration and permeability of the nail plate, enabling efficient terbinafine delivery, but it also confounds the assessment of clinical cure and complete cure
  iii) a likely solution to the problem – a shorter dosing regimen with the potential to deliver superior complete cure rates at 52 weeks.
- The Swedish Tax Agency declared that for the redemption of shares in Moberg Pharma for cash proceeds of SEK 46.50 per share, 60 percent the original acquisition cost will represent the redemption shares and 40 percent the remaining ordinary shares.

SIGNIFICANT EVENTS AFTER THE END OF THE THIRD QUARTER

- An Extraordinary General Meeting on May 28 resolved, among other things, to authorize the Board of Directors to resolve to issue convertibles and to introduce a long-term incentive program.
- To date, Moberg Pharma's operations have not been significantly impacted by COVID-19.

Conference call – May 12, 2020 at 3:00 p.m. CET

CEO Anna Ljung will present the report at a telephone conference on May 12, 2020, at 3:00 p.m. CET.

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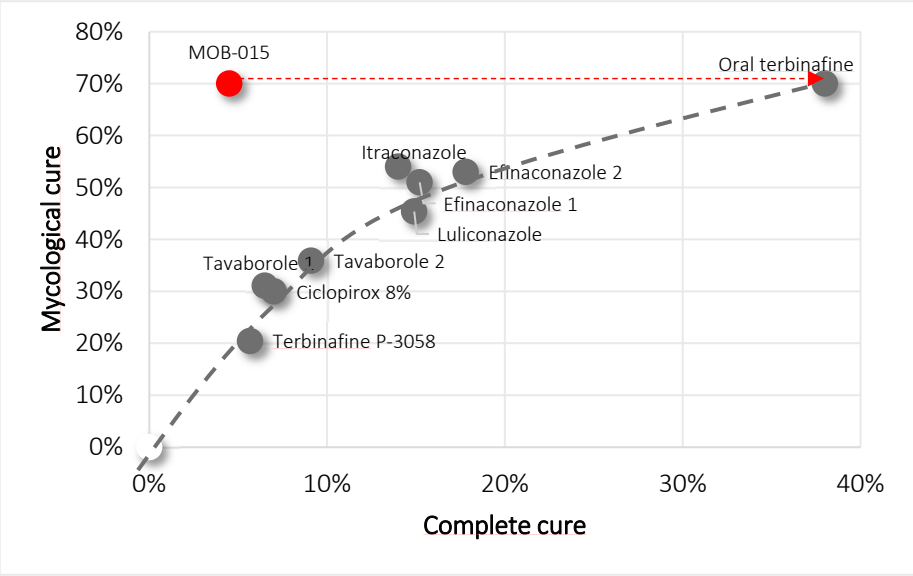
STATEMENT FROM THE CEO

In December 2019, Moberg Pharma reported that the primary endpoint for MOB-015 had been met in the North American phase 3 study. The evaluation of the study results showed that the rapid and high mycological cure rate for MOB-015 is world leading, but that the dosing regimen can be optimized. Based on these data, MOB-015 has the potential to become the future market leader in onychomycosis. The financing agreement signed in March of up to SEK 216 million enables Moberg Pharma to exploit this potential and conduct an additional clinical study, depending on the outcome of the EU study expected by the end of Q2 2020.

EXPERT EVALUATION CONFIRMS THE VALIDITY OF THE RESULTS OF THE NORTH AMERICAN STUDY

The North American study was conducted at 32 clinics in the U.S. and Canada and included a total of 365 patients, 246 of whom received MOB-015 and 119 patients in a control group received the vehicle. The results of the study were surprising because the high mycological cure was not followed by a correspondingly high complete cure rate.



With antifungal drugs there is normally a clear correlation between mycological cure (fungus-free patient) and complete cure (no fungus and a completely normal nail appearance).

Source: FDA's prescriber information for each drug[1]

The expert evaluation in January of this year clarified the discrepancy and confirmed the validity of the results of the phase 3 study in North America, including:

i) treatment with MOB-015 results in a mycological cure rate of 70 percent, which is substantially higher than reported for other topical treatments and compares favorably with oral antifungal drugs with the added advantage of an earlier onset of action;

ii) the proprietary vehicle technology increases the hydration and permeability of the nail plate, enabling efficient terbinafine delivery, but it also confounds the assessment of clinical cure and complete cure, since its hydrating properties also cause temporary whitening/discoloration in the nail

iii) a likely solution to the problem – a shorter dosing regimen with the potential to deliver superior complete cure rates at 52 weeks. A higher complete cure rate can probably be obtained with a shorter dosing regimen followed by maintenance dosing. This should maintain sufficiently high concentrations of terbinafine in the tissue, while allowing the hydration of the nail plate to normalize.

From a medical and commercial perspective, a regimen with daily dosing for up to three months followed by less frequent treatment is highly attractive and further improves the target product profile of MOB-015. This is further supported by U.S. market data indicating that real-life usage of current topicals on average is 3-4 months, despite being labeled for 48 weeks' daily treatment. The improved product profile with a shorter treatment period offers key competitive advantages versus oral terbinafine; if MOB-015 can show the same mycological cure rate as the oral treatment and can show a high complete cure rate, there is no medical reason to choose oral rather than topical treatment.

[1] *For P-3058, https://www.clinicaltrialsregister.eu/ctr-search/trial/2015-000561-31/results*

ALL PATIENTS HAVE COMPLETED THEIR LAST VISIT IN STUDY DESPITE COVID-19

We are now in the final phase of the European study and all patient visits have been completed without any negative impact from COVID-19 in Europe, thanks in large part to the intensive work by our medical team and our CRO partner. In the European study, 452 patients were initially randomized and 379 patients completed the study, a drop-out rate of only 16 percent. All planned patient visits were completed despite the current COVID-19 situation in Europe. After the patients completed their last visit, nail samples were sent to a central lab for mycological testing. Data base lock and statistical analysis are on schedule and will be completed by the CRO partner. The timeline remains unchanged and we expect the topline results from the study by the end of the second quarter of 2020.

FINANCING AGREEMENT OF UP TO SEK 216 MILLION FOR FURTHER INVESTMENTS IN MOB-015

In March, the company entered into a convertible note agreement with Nice & Green S.A., which has committed to subscribe for convertible notes with a nominal value of up to SEK 216 million, in tranches of initially SEK 3 million per month for the first six months and thereafter, depending on market conditions, with possibility to increase to SEK 6 million per month. According to the agreement, Moberg Pharma has only committed to draw the first two tranches and can then decide if and when the remaining tranches will be drawn. This financing can cover the company's capital requirements to product registration following a positive outcome in the European phase 3 study and can secure financing for an additional study if needed before registration. The agreement provides Moberg Pharma access to flexible financing at a reasonable cost under current market conditions. The financing solution does not preclude other financing solutions, contains a profit-sharing program and does not entail any fixed costs. As part of the agreement, Nice & Green will introduce Moberg Pharma to its wide network of biotech investors in Switzerland, Germany and France.

CLEAR PLAN TO CREATE THE FUTURE MARKET LEADER

To fully capitalize on MOB-015's potential, the advantages of a shorter treatment period will have to be documented in another study. The timing of such a study depends on whether the outcome of the EU study provides a basis for product registration. We and our commercial partners look forward to the topline data from the EU study by the end of the second quarter 2020 and are fully committed to creating the future market leader in onychomycosis. The earlier onset of action and exceptional ability to eliminate the fungus as well as the outlook for a shorter treatment period are very promising.

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 compelling value for both components of the business. The shareholders received a distribution of SEK 46.50 per share in November 2019 while also retaining the potential of the pipeline assets.

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 with more than 800 patients are currently underway. Topline results from the North American study were presented in December 2019 and data from the European study are expected by the end of the second quarter of 2020. Moberg Pharma has signed license agreements for Europe, Japan, Canada and The Republic of Korea for MOB-015 and estimate the annual sales potential for MOB-015 at USD 250–500 million. This is in addition to BUPI, with an estimated annual sales potential of USD 100-200 million.

	MOB-015	BUPI
	Nail fungus • Topical terbinafine • Target profile: Rapid, visible improvement, superior cure rate and shorter treatment time(vs other topical medications)	**Pain relief oral mucositis** • 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 • North American study completed, n=365, primary and secondary endpoints met, no no serious side effects were identified • European study ongoing, n=452, topline results expected during second quarter 2020	**Partering 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 • 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** • 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 severely affected nails • 70% mycological cure, phase 3-data • 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** • 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

RESULTS FROM THE FIRST OF TWO PHASE 3 STUDIES PROVIDED STRONG SUPPORT FOR MOB-015

In December 2019, the results were presented from the first of two clinical studies in the phase 3 program for MOB-015. The North American study met the primary endpoint, complete cure at week 52. Mycological cure (eradicating the fungal infection) was achieved in 70 percent of the patients, which is substantially higher than reported for other topical treatments (30-54 percent). Furthermore, the onset of the antifungal effect is more rapid than for oral terbinafine, with MOB-015 delivering 55 percent mycological cure at 6 months (vs 40 percent for oral terbinafine) and 37 percent already at 3 months (vs 15 percent for oral terbinafine).

The treatment with MOB-015 is the first topical treatment with a mycological cure rate at the same level as oral terbinafine, the current gold standard for treatment of onychomycosis, that is administered orally for three months. Before the recently completed clinical phase 3 study with MOB-015, it appeared unrealistic that a topical treatment would achieve 70 percent mycological cure rate. Furthermore, the concentration of terbinafine has been shown to be 1000X higher in the nail and 40x higher in the nail bed when treated with MOB-015 compared to oral terbinafine.

Despite the strong mycological cure in most of the patients, and that 83 percent of the patients reported visible nail improvement by the first follow-up visit, complete cure was seen in only 4.5 percent of the patients. This part of the outcome is surprising, since a high mycological cure (fungus-free samples) is normally followed by clinical cure (normalization of the nail's appearance) and the composite measure, complete cure. In collaboration with leading experts, the company has reviewed in detail the data and individual photos from the study to verify the results and better understand the reasons for the contradictory outcome.

The conclusion from the analysis is that while the company's technology enables high delivery of terbinafine through the nail plate, its hydrating properties also cause whitening/discoloration in nails. This phenomenon is transient but makes the assessment of clinical cure challenging and contributed to the low complete cure rate observed. Both the KOLs and the company's own experts are in agreement, however, that a higher complete cure rate is likely to be reached through a shorter treatment period followed by a maintenance period. Once-daily treatment for not more than three months, followed by maintenance dosing once weekly until week 48 should maintain high concentrations of terbinafine in the tissue, while reducing the hydrating effects after the initial treatment phase and thus the impact on the clinical cure assessment at week 52. The conclusions are based on available clinical data from the phase 3 study as well as previous studies conducted by Moberg Pharma.

The primary endpoint was met in the North American study and provided that the European study also produces positive results, both studies can be used as a basis for product registration. The timing to optimize the dosing regimen will depend on the outcome of the European study. In March, the company announced that all patients in the ongoing European MOB-015 study have completed their last study visit. The data collection has been completed without any negative impact from COVID-19. The timeline for the study results remains unchanged – topline results are expected by the end of the second quarter of 2020.

AGREEMENTS WITH COMMERCIAL PARTNERS FOR KEY MARKETS

In total, four agreements are in place with commercial partners for MOB-015: with Cipher Pharmaceuticals for Canada; Taisho in Japan; DongKoo, the market leader in dermatology in the Republic of Korea; and the Consumer Health division of Bayer AG, a world leader in OTC fungus treatments with the brand Canesten, for Europe. The agreements give these partners exclusive rights to market and sell MOB-015 in each respective market, while Moberg Pharma assumes production and supply responsibility. Within the framework of the agreements Moberg Pharma can receive milestone payments of up to a total USD 120 million upon successful development and commercialization, in addition to royalties and compensation for delivered products. The aim is to repeat the journey with Kerasal Nail®, where we combined direct sales in the U.S. with strategic collaborations in a number of major territories. The most important markets for MOB-015 are expected to be the U.S., EU, Japan, Canada and China, all with patent protection until 2032.

FINANCING AGREEMENT OF UP TO SEK 216 MILLION FOR FURTHER INVESTMENTS IN MOB-015

In March, the company entered into a convertible note agreement with Nice & Green S.A., which has committed to subscribe for convertible notes with a nominal value of up to SEK 216 million. According to the agreement, Moberg Pharma is only committed to draw the first two tranches and can then decide if and when the remaining tranches will be drawn. This financing can cover the company's capital requirements to product registration following a positive outcome in the European phase 3 study and can secure financing for an additional study if needed before registration.

FINANCIAL OVERVIEW

REVENUES AND PROFIT

Third quarter (January-March 2020)

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 project for MOB-015, which is capitalized. The largest expense items in the quarter consist of business development and administration expenses of SEK 5.3 million (6.8), followed by research and development expenses of SEK 1.1 million (3.6). Other operating income includes the invoicing for costs related to transition services included in the sale of the OTC business of SEK 1.0 million.

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 on the other hand, amounts reported in the income statement have not been separated for continuing operations. A profit and loss account for discontinued operations is presented in Note 2.

Nine months (July 2019 - March 2020)

Net revenue amounted to SEK 50.5 million (15.6) in the period. Revenue relates in its entirety to milestones, the majority of which comes from the initial milestone of USD 5 million received in connection with the agreement with Taisho for MOB-015 in Japan. For the comparative period, revenue relates to a milestone of EUR 1.5 million from the agreement with Bayer AG for MOB-015 in Europe.

CASH FLOW

Third quarter (January-March 2020)

Cash flow from operating activities was SEK -8.1 million (25.5). Cash flow from investing activities was SEK -4.3 million (1,413.9, the high amount is due to the divestment of the OTC business) and relates to capitalized expenses for development work. The amount shown in cash flow differs from the investment amounts in the section “Investments” below due to incoming R&D invoices which were not paid in the quarter. Cash flow from financing activities was SEK -0.6 million, which was from amortization of lease liabilities related to rental agreements. The total change in cash and cash equivalents in the quarter was SEK -13.1 million (1,485.8). Cash and cash equivalents amounted to SEK 51.6 million (1 596.9) at the end of the period.

Nine months (July 2019 - March 2020)

Cash flow from operating activities was SEK 6 million (-38). Cash flow from investing activities was SEK -37 million (1,400), of which SEK -33 million relates to investments in intangible assets and SEK -4 million relates to the final adjustment of net working capital from the sale of the OTC business. Cash flow from financing activities was SEK -837 million (-555) mainly due to the payment to the shareholders of SEK 46.50 per share. The total change in cash and cash equivalents in the nine-month period was SEK -868 million (808).

INVESTMENTS

Investments in intangible assets in the third quarter relate to capitalized expenses for research and development work of SEK 12.0 million (18.6). The company has two late-stage development projects that are capitalized, MOB-015 and BUPI. The bulk of expenditure relates to MOB-015.

R&D expenses (costs and investments) (SEK thousand)	Jan-Mar 2020	Jan-Mar 2019	Jul 2019 - Mar 2020	Jan-Jun 2019
R&D expenses (in statement of comprehensive income)	**-1,148**	**-3,563**	**-5,975**	**-7,165**
Capitalized R&D investments	-12,005	-18,597	-40,641	-31,998
Depreciation/amortization booked to R&D expenses	343	367	1,239	852
Change in R&D investments (in statement of financial position)	**-11,662**	**-18,230**	**-39,402**	**-31,146**
Total R&D expenditure	**-12,810**	**-21,793**	**-45,377**	**-38,311**

LIABILITIES

As of balance sheet date, Moberg Pharma had no interest-bearing liabilities. In connection with the divestment of the OTC portfolio in March 2019, the buyer provided financing via a loan of USD 2.5 million. 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 for the remaining MOB-015 operations. This loan was repaid on October 31, 2019.

CHANGES IN EQUITY

SHARES

Share capital at the end of the period was SEK 1,866,876, where the total number of shares outstanding was 18,668,764 ordinary shares and zero series B shares with a quotient value of SEK 0.10. Moberg Pharma holds 184,746 (184,746) repurchased shares at the end of the period.

A reclassification in November increased the number of ordinary shares and decreased the number of series B shares, while the total number of shares and votes in the company is unchanged.

In July 2019, the number of shares and votes increased as a result of the issuance of 488,905 ordinary shares following the exercise of warrants within the framework of Moberg Pharma's share-based incentive program. The OTC divestment resulted in the vesting of a proportion of outstanding incentive programs pro rata based on the divestment date (March 29, 2019). Exercise of the warrants increased the number of shares and votes by 488,905 during the period, from 18,364,605 to 18,853,510 at the time of publication of this report.

SHAREHOLDER INFORMATION

The company's largest shareholders per March 31, 2020:

Shareholder	Number of shares	% of votes and capital
FÖRSÄKRINGSBOLAGET, AVANZA PENSION[2]	2,411,299	12.79
ÖSTERSJÖSTIFTELSEN	2,274,179	12.06
JAZZ HOLDCO, INC	660,843	3.51
NORDNET PENSIONSFÖRSÄKRING AB	623,293	3.31
BNY MELLON NA (FORMER MELLON), W9	417,974	2.22
LUNDMARK, SVEN ANDERS	363,000	1.93
FUTUR PENSION 70188511	287,200	1.52
SWEDBANK FÖRSÄKRING	198,517	1.05
MOBERG PHARMA AB	184,746	0.98
SYNSKADADES STIFTELSE	172,201	0.91
GAR-BO FÖRSÄKRING AB	169,300	0.9
PLAIN CAPITAL BRONX	165,797	0.88
MIKAEL GUNNARSSON	157,000	0.83
SKANDIA, FÖRSÄKRINGS	127,036	0.67
ML, PIERCE, FENNER & SMITH INC	107,075	0.57
NORDENHED, KARL ERIK PATRIK	106,219	0.56
PERSSON, NILS-ROBERT	100,000	0.53
ATTERKVIST, STELLAN	90,000	0.48
HEDLUND, HENRIK	90,000	0.48
CLASSON, JAN-ÅKE	89,955	0.48
TOTAL, 20 LARGEST SHAREHOLDERS	**8,795,634**	**46.7**
Other shareholders	10,057,876	53.3
TOTAL	**18,853,510**	**100**

[2] Includes 435,399 shares owned by the company's Chairman, Peter Wolpert, through an endowment insurance policy.

SHARE-BASED COMPENSATION PLANS

As of March 31, 2020, the number of outstanding instruments was 108,246 employee stock warrants and 62,128 performance share units [3]. If all employee stock warrants were exercised, the total number of shares would increase by 108,246. Performance share units are issued and held in trust, where the actual number of shares that can be transferred varies depending on the share's performance. The exercise price for the option programs varies between SEK 0.10 and SEK 13.00, and the performance share units are linked to the value of the increase in the share price from the date when the performance share units were allocated.[4] 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	10	20	30	40
Number of new shares due to diluting warrants	17,000	108,246	108,246	108,246
Number of shares allocated by performance share units	133,769	97,993	86,068	80,106
Theoretical dilution	**0.8%**	**1.1%**	**1.0%**	**1.0%**
Company's market capitalization, SEK million	187	377	566	755
Gain for instrument holders [5], SEK million	1.5	2.9	4.6	6.3
Actual dilution [6]	**0.8%**	**0.8%**	**0.8%**	**0.8%**

The table does not include the incentive program resolved by the Extraordinary General Meeting on April 28, 2020. In total, not more than 370,000 ordinary shares can be distributed to the participants in the incentive program.

PARENT COMPANY

Moberg Pharma AB (publ), corp. reg. no. 556697-7426, is the parent company of the Group. The operations of the Group are primarily conducted in the parent company and consist of research and development, business development and administrative functions.

For the period July to March 2020, the Parent Company's net revenue totaled SEK 50.0 million (42.8). Operating profit was SEK 32.8 million (-31.6), while profit after financial items was SEK 31.9 million (572.5). Cash and cash equivalents amounted to SEK 51.6 million at the end of the period.

[3] The number of performance share units is recalculated upon execution to adjust for the payment of SEK 46.50 per share in November 2019. Consequently, the number of shares allocated after performance share units is higher than 80,022 in the table, which shows the actual dilution

[4] Note that the redemption prices have been recalculated in accordance with the terms of the respective incentive program after payment of SEK 46.50 per share in November 2019

[5] Total pretax gain for warrant holders

[6] Calculated from the gain made by instrument holders through market capitalization at the given share price

OTHER INFORMATION

ORGANIZATION

Per March 31, 2020, Moberg Pharma had 12 employees, of whom 92% were women. All were employees of 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.

In addition to the above risks, the recent outbreak of the new coronavirus which has caused COVID-19 should be mentioned. The pandemic could have a negative impact on the company by causing delays and disruptions in operations, clinical studies and project development, labor shortages, and travel and shipping disruptions. Moberg Pharma could incur expenses or face delays related to such events beyond its control, which could negatively impact the company's business and results. To date, Moberg Pharma's operations have not been impacted by COVID-19. All patients in the ongoing European MOB-015 study have completed their last visit despite the pandemic and it is the only ongoing study that the company is conducting today.

OUTLOOK

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

In 2020, the focus is on advancing the company's phase 3 development programs and preparations for commercialization production to maximize value and create future growth. In March 2020, a financing agreement was entered into with Nice & Green S.A. on up to SEK 216 million. This financing can cover the company's capital requirements to product registration following a positive outcome in the European phase 3 study and can secure financing for an additional study if needed before registration.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(SEK thousand)	Jan-Mar 2020	Jan-Mar 2019	Jul 2019 - Mar 2020	Jan-Jun 2019
Continuing operations				
Net revenue	-	15,554	50,488	15,554
Cost of goods sold	-	-	-	-
Gross profit	**0**	**15,554**	**50,488**	**15,554**
Selling expenses	-158	-566	-451	-788
Business development and administrative expenses	-5,309	-6,823	-18,188	-15,334
Research and development costs	-1,148	-3,563	-5,975	-7,165
Other operating income	2,402	350	6,875	3,514
Other operating expenses	-	-	-	-
Operating profit (EBIT)	**-4,213**	**4,952**	**32,749**	**-4,219**
Interest income and similar items	-	29	-	121
Interest expenses and similar items	-47	-255	-805	-966
Profit after financial items from continuing operations (EBT)	**-4,260**	**4,726**	**31,944**	**-5,064**
Tax on profit for the period	857	-1,853	-6,686	336
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	**-3,403**	**2,873**	**25,258**	**-4,728**
Discontinued operations				
Profit after tax for the period from discontinued operations (see Note 2)	-	561,032	-	563,544
PROFIT FOR THE PERIOD	**-3,403**	**563,905**	**25,258**	**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	**-3,403**	**504,511**	**25,258**	**499,422**
Whereof total profit from continuing operations	-3,403	2,873	25,258	-4,728
Whereof total profit from discontinued operations (see Note 2)	-	501,638	-	504,150
Profit for the period attributable to parent company shareholders	-3,403	563,905	25,258	558,816
Total profit attributable to parent company shareholders	-3,403	504,511	25,258	499,422
Basic earnings per share	**-0.18**	**32.33**	**1.36**	**31.64**
Diluted earnings per share [7]	**-0.18**	**31.95**	**1.35**	**31.35**
Basic earnings from continuing operations per share	**-0.18**	**0.26**	**1.36**	**-0.27**
Diluted earnings from continuing operations per share [7]	**-0.18**	**0.26**	**1.35**	**-0.27**
EBITDA from continuing operations	**-3,584**	**7,303**	**34,647**	**-2,950**

[7] 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)	2020-03-31	2019-03-31	2019-06-30
Assets			
Intangible assets	296,295	242,253	255,654
Capitalized Development[8]	289,445	235,403	248,804
Patents	6,850	6,850	6,850
Property, plant and equipment	33	97	80
Right-of-use assets	8,642	11,111	10,493
Deferred tax asset	4,931	8,927	11,617
Total non-current assets	**309,901**	**262,388**	**277,844**
Trade receivables and other receivables	7,765	5,521	12,994
Cash and cash equivalents	51,616	1,596,943	919,134
Total current assets	**59,381**	**1,602,464**	**932,128**
TOTAL ASSETS	**369,282**	**1,864,852**	**1,209,972**
Equity and liabilities			
Equity (attributable to parent company's shareholders)	332,630	1,099,676	1,121,030
Non-current interest-bearing liabilities	-	23,205	23,642
Non-current leasing liabilities	6,456	8,949	8,331
Non-current non-interest-bearing liabilities	65	65	65
Total non-current liabilities	**6,521**	**32,219**	**32,038**
Current interest-bearing liabilities	-	623,629	-
Current leasing liabilities	2,493	2,265	2,366
Current non-interest-bearing liabilities	27,638	107,063	54,538
Total current liabilities	**30,131**	**732,957**	**56,905**
TOTAL EQUITY AND LIABILITIES			
Assets	**369,282**	**1,864,852**	**1,209,972**

[8] For further details, see note 3

CONSOLIDATED STATEMENT OF CASH FLOWS IN BRIEF

(SEK thousand)	Jan-Mar 2020	Jan-Mar 2019	Jul 2019 - Mar 2020	Jan-Jun 2019
Operating activities				
Operating profit before financial items from continuing operations	-4,213	4,952	32,749	-4,220
Operating profit before financial items from discontinued operations	-	594,260	-	599,371
Operating profit before financial items	-4,213	599,182	32,749	595,152
Financial items, received and paid	-47	-9,427	-1,258	-42,288
Taxes paid	-	-15	-	-15
Adjustments:				
Depreciation/amortization and capital gains	629	9,883	1,898	10,518
Capital gains	-	-619,874	-	-624,905
Employee share-based adjustments to equity[9]	202	1,147	588	1,675
Cash flow before changes in working capital	**-3,429**	**-19,073**	**33,977**	**-59,863**
Change in working capital				
Increase (-)/Decrease (+) in inventories	-	-3,197	-	-3,481
Increase (-)/Decrease (+) in operating receivables	-3,598	41,280	2,499	19,050
Increase (+)/Decrease (-) in operating liabilities	-1,095	6,494	-30,291	6,441
OPERATING CASH FLOW	**-8,122**	**25,504**	**6,185**	**-37,853**
Investing activities				
Net investments in intangible assets	-4,353	-18,995	-32,989	-32,396
Net investments in subsidiaries	-	1,432,866	-3,760	1,432,816
CASH FLOW FROM INVESTING ACTIVITIES	**-4,353**	**1,413,871**	**-36,749**	**1,400,420**
Financing activities				
Issue of loans	-	23,205	-	23,205
Repayment of loans	-	-	-23,642	-600,000
Repayment of leases	-616	-	-1,748	-1,031
Payment in the form of redemption procedure	-	-	-837,401	-
Issue of new shares less transaction costs	-	23,206	25,837	23,236
CASH FLOW FROM FINANCING ACTIVITIES	**-616**	**46,411**	**-836,954**	**-554,590**
Change in cash and cash equivalents	**-13,091**	**1,485,786**	**-867,518**	**807,977**
Cash and cash equivalents at beginning of period	64,707	110,785	919,134	110,785
Exchange rate differences in cash and cash equivalents	-	372	-	372
Cash and cash equivalents at the end of period	51,616	1,596,943	51,616	919,134

[9] 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
July 1, 2019 – March 31, 2020					
Opening balance July 1, 2019	**1,818**	**555,639**	**-**	**563,573**	**1,121,030**
Total income					
Profit for the period				25,258	25,258
Transactions with shareholders					
New share issue[10]	49	23,107			23,156
Payment in the form of redemption procedure	-943			-836,458	-837,401
Bonus issue	943	-943			-
Employee stock options		588			588
CLOSING BALANCE MARCH 31, 2020	**1,867**	**578,400**	**-**	**-248,494**	**332,630**
January 1 - March 31, 2019					
Opening balance January 1, 2019	**1,744**	**528,122**	**59,394**	**4,758**	**594,018**
Total income					
Profit for the period				563,905	563,905
Other comprehensive income – translation differences on translation of foreign operations			-59,394		-53,394
Transactions with shareholders					
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**
Total income					
Profit for the period				558,815	558,815
Other comprehensive income – translation differences on translation of foreign operations			-59,394		-59,394
Transactions with shareholders					
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**

[10] New share issue after exercise of employee stock warrants after the OTC divestment.

KEY RATIOS FOR THE GROUP

(SEK thousand)	Jan-Mar 2020	Jan-Mar 2019	Jul 2019 - Mar 2020	Jan-Jun 2019
Net revenue*	0	15,554	50,488	15,554
EBITDA*	-3,584	7,303	34,647	-2,950
Operating profit (EBIT)*	-4,213	4,952	32,749	-4,219
Profit after tax	-3,403	563,905	25,258	558,816
Cash and cash equivalents	51,616	1,596,943	51,616	919,134
Balance sheet total	369,282	1,864,852	369,282	1,209,972
Equity/assets ratio	90%	59%	90%	93%
Return on equity	neg	51%	8%	50%
Diluted earnings per share, SEK	-0.18	31.95	1.35	31.35
Equity per share, SEK	17.82	63.05	17.82	61.66
Basic average number of shares	18,668,764	17,440,762	18,614,441	17,662,347
Diluted average number of shares	18,760,770	17,649,066	18,731,273	17,825,800
Number of shares at the end of the period excluding repurchased own shares	18,668,764	17,440,762	18,668,764	18,179,859
Share price on balance sheet date, SEK	11.90	65.90	11.90	65.90
Market capitalization balance date, SEK million	222	1,149	222	1,198

**continuing operations*

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
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 2020	Jan-Mar 2019	Jul 2019 - Mar 2020	Jan-Jun 2019
Net revenue	-	42,848	50,488	42,848
Cost of goods sold	-	-2,503	-	-2,477
Gross profit	**-**	**40,345**	**50,488**	**40,371**
Selling expenses	-158	-11,228	-451	-11,450
Business development and administrative expenses	-5,309	-48,397	-18,188	-56,908
Research and development costs	-1,148	-4,259	-5,975	-7,860
Other operating income	2,402	991	6,875	4,208
Other operating expenses	-	-	-	-
Operating profit	**-4,213**	**-22,548**	**32,749**	**-31,639**
Capital gain from divested subsidiary and similar income	-	641,484	-	646,606
Interest expenses	-47	-38,633	-805	-42,445
Profit after financial items	**-4,260**	**580,303**	**31,944**	**572,522**
Tax on profit for the period	857	3,862	-6,686	6,553
PROFIT	**-3,403**	**584,165**	**25,258**	**579,075**

PARENT COMPANY BALANCE SHEET SUMMARY

(SEK thousand)	2020-03-31	2019-03-31	2019-06-30
Assets			
Intangible assets	296,295	242,253	255,654
Property, plant and equipment	33	97	80
Right-of-use assets	8,642	11,111	10,493
Non-current financial assets	150	150	150
Deferred tax asset	4,931	8,927	11,617
Total non-current assets	**310,051**	**262,538**	**277,994**
Trade receivables and other receivables	7,765	5,522	12,994
Cash and cash equivalents	51,567	1,596,893	919,084
Total current assets	**59,332**	**1,602,415**	**932,078**
TOTAL ASSETS	**369,383**	**1,864,953**	**1,210,072**
Equity and liabilities			
Equity	332,631	1,099,677	1,121,030
Non-current interest-bearing liabilities	-	23,205	23,642
Non-current lease liabilities	6,456	8,949	8,331
Non-current non-interest-bearing liabilities	65	65	65
Total non-current liabilities	**6,521**	**32,219**	**32,038**
Current interest-bearing liabilities	-	623,629	-
Liabilities to Group companies	2,493	2,265	2,366
Current lease liabilities	99	99	99
Current non-interest-bearing liabilities	27,639	107,064	54,539
Total current liabilities	**30,231**	**733,057**	**57,004**
TOTAL EQUITY AND LIABILITIES	**369,383**	**1,864,953**	**1,210,072**

PARENT COMPANY CASH FLOW STATEMENT SUMMARY

(SEK thousand)	Jan-Mar 2020	Jan-Mar 2019	Jul 2019 - Mar 2020	Jan-Jun 2019
Operating activities				
Operating profit before financial items	-4,213	-22,548	32,749	-31,639
Financial items, received and paid	-47	-9,427	-1,258	-42,288
Adjustments:				
Depreciation/amortization and capital gains	629	8,457	1,898	9,092
Employee share-based adjustments to equity	203	834	589	1,362
Cash flow before changes in working capital	**-3,428**	**-22,684**	**33,978**	**-63,473**
Change in working capital				
Increase (-)/Decrease (+) in inventories	0	728	0	443
Increase (-)/Decrease (+) in operating receivables	-3,598	68,747	2,499	5,309
Increase (+)/Decrease (-) in operating liabilities	-1,095	-4,459	-30,291	36,696
OPERATING CASH FLOW	**-8,121**	**42,332**	**6,186**	**-21,025**
Investing activities				
Net investments in intangible assets	-4,353	-18,664	-32,989	-32,065
Net investments in subsidiaries	0	1,432,816	-3,760	1,432,766
CASH FLOW FROM INVESTING ACTIVITIES	**-4,353**	**1,414,152**	**-36,749**	**1,400,701**
Financing activities				
Issue of loans	-	23,205	-	23,205
Repayment of loans	-	-	-23,642	-600,000
Repayment of leases	-616	-	-1,748	-1,031
Payment in the form of redemption procedure	-	-	-837,401	-
Issue of new shares less transaction costs	-	23,206	25,837	23,236
CASH FLOW FROM FINANCING ACTIVITIES	**-616**	**46,411**	**-836,954**	**-554,590**
Change in cash and cash equivalents	**-13,090**	**1,502,895**	**-867,517**	**825,086**
Cash and cash equivalents at the beginning of the period	64,657	93,998	919,084	93,998
Cash and cash equivalents at the end of the period	51,567	1,596,893	51,567	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 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)	Jan-Mar 2020	Jan-Mar 2019	Jul 2019 - Mar 2020	Jan-Jun 2019
Net 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	-	5,150	-	5,651
Post-tax profit 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	-	-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 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)	2020-03-31	2019-03-31	2019-06-30
Capitalized expenditure for MOB-015	274,885	221,161	234,417
Capitalized expenditure for BUPI	14,560	14,242	14,387
TOTAL CAPITALIZED EXPENDITURE FOR DEVELOPMENT WORK	**289,445**	**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 – June 2020	August 11, 2020
Interim report for July 2019 – September 2020	November 10, 2020

FOR FURTHER INFORMATION, PLEASE CONTACT

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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 12, 2020

Peter Wolpert *Chairman of the Board*	Fredrik Granström *Board member*	Andrew B. Hochman *Board member*
Mattias Klintemar *Board member*	Anna Ljung *CEO*	