Extended fiscal year July 2019 - December 2020

Interim report April – June 2020

Moberg Pharma AB (Publ)

Q1

Q2

Q3

Q4

Q5

Q6

THE PRIMARY ENDPOINT WAS MET IN THE EUROPEAN PHASE 3 STUDY

"We now have two Phase 3 studies for MOB-015 that have met the primary endpoint and can serve as the basis for EU registration. Our outcome, with low complete cure and unprecedented antifungal effect, is unusual. We will discuss with partners and regulatory agencies before deciding on the next steps," says Anna Ljung, CEO of Moberg Pharma.

TWELVE MONTH PERIOD (JUL 2019-JUN 2020)

- Net revenue SEK 50.5 million (15.6) *
- EBITDA SEK 29.0 million (-3.0) *
- Operating profit (EBIT) SEK 26.4 million (-4.2) *
- Profit after tax SEK 20.0 million (-4.7) *
- Total comprehensive income SEK 20.0 million (499.4)
- Diluted earnings per share SEK 1.06 (-0.27) *
- Cash and cash equivalents amounted to SEK 36.3 million (919.1)

Comparative figures for the period refer to January 2019 - June 2019 (Note: 12 months vs. 6 months due to shortened fiscal year)

FOURTH QUARTER (APR-JUN 2020)

- Net revenue SEK 0.0 million (0.0) *
- EBITDA SEK -5.7 million (-8.5) *
- Operating profit (EBIT) SEK -6.3 million (-9.2) *
- Profit after tax SEK -5.2 million (-7.6) *
- Total comprehensive income SEK -5.2 million (-5.1)
- Diluted earnings per share SEK -0.28 (-0.42) *
- Cash and cash equivalents amounted to SEK 36.3 million (919.1)

Comparative figures for the fourth quarter refer to April 2019 - June 2019

** All comparative figures refer to continuing operations*

SIGNIFICANT EVENTS IN THE FOURTH QUARTER (APR-JUN 2020)

- In June, the results were presented from the European Phase 3 study. As in the previously published North American study, MOB-015 met the primary endpoint and no serious adverse effects were identified. The EU study showed that treatment with MOB-015 is non-inferior to treatment with ciclopirox. Mycological cure was achieved in 84 percent of patients, which is unprecedented for a topical treatment and even higher than reported for oral treatments. The pattern is consistent with the results from the North American Phase 3 study, with low complete cure despite the high mycologically cure.
- An Extraordinary General Meeting on May 28 resolved, among other things, to authorize the Board of Directors to issue convertibles and to introduce a long-term incentive program.
- To date, Moberg Pharma's operations have not been materially affected by COVID-19.

SIGNIFICANT EVENTS AFTER THE END OF THE FOURTH QUARTER

- Dr Cindy Wong was appointed Chief Medical Officer and a member of the Executive Management. Dr Wong comes most recently from Metz Pharmaceuticals, where she was Vice President and Head of Global Clinical Development.

Conference call – August 11, 2020 at 3:00 p.m. CET

CEO Anna Ljung will present the report at a telephone conference on August 11, 2020, at 3:00 p.m. CET.
Dial-in: SE: +46 8 505 583 50, US: +1 833 526 8382

STATEMENT FROM THE CEO

In June, the results were presented from the second of two clinical studies in the Phase 3 program for MOB-015. As in the North American study, the European study met the primary endpoint and no serious adverse effects were identified. The superior mycological cure rate for MOB-015 has now been confirmed in two pivotal studies, strengthening our conviction that MOB-015 has the potential to become the future market leader in onychomycosis. We now look forward to finding the best path to approval in dialogue with our partners and regulatory agencies.

The European study was conducted at sites in Germany, the UK and Poland and included 452 patients with mild to moderate distal subungual onychomycosis (DSO) affecting 20-60 percent of the great toenail. Patients were randomized to daily treatment for 48 weeks, either with MOB-015 or 8 percent ciclopirox, the most widely used topical drug for onychomycosis.

Mycological cure was achieved in 84 percent of patients, which is unprecedented for a topical treatment and even higher than reported for oral treatments. The pattern is consistent with the results from the North American Phase 3 study, with a low complete cure rate despite the high mycological cure rate. The primary endpoint was met in the EU study as MOB-015 showed non-inferiority versus ciclopirox in achieving a complete cure at 52 weeks. The study results validate the previously presented conclusions: i) MOB-015 delivers a very high mycological cure rate, comparing favorably to oral antifungal drugs with the advantage of earlier onset of action; and ii) the vehicle enables efficient terbinafine delivery but also causes transient whitening/discoloration in nails, which contributes to the low complete cure rate reported.

With the primary endpoint achieved in both the North American study and the European study, the two studies can serve as a basis for product registration in Europe. For market approval in the U.S., the FDA normally requires two studies that show superiority (statistically superior to the comparator) for the primary endpoint. Consequently, an additional study is likely needed for U.S. registration.

This is an unusual situation that requires further dialogue with regulatory agencies and partners, since the outcomes of clinical studies normally are more uniform. In this case, the results for the two main parameters – complete cure and mycological cure – are fundamentally different. The very high mycological cure (ability to kill the fungus) is unprecedented but does not lead to a high complete cure rate, probably due to the observed transient whitening and discoloration of the nail, which complicates the assessment of clinical and complete cure. All experts engaged by Moberg Pharma agree that the high antifungal effect is extremely compelling, and that the product should over time be able to achieve a high rate of complete cure. We are therefore now discussing next steps for MOB-015 with our partners and regulatory agencies.

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 clinical results indicating that they have the potential to become market leaders in their respective niches. MOB-015 has recently completed two parallel Phase 3 studies with more than 800 patients. Moberg Pharma has signed license agreements for Europe, Japan, Canada and The Republic of Korea for MOB-015 and estimates 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 studies completed • Studies completed in North America, n=365, and Europe, n=452 • Primary endpoint met, unprecedented antifungal effect shown, and no serious adverse events	**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
	Superior antifungal effect for a topical treatment • 70 - 84% 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 TWO PHASE 3 STUDIES PROVIDE 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, followed by the results of the European study in June 2020. Both studies met the primary endpoint, complete cure at 52 weeks. Mycological cure (eradicating the fungal infection) was achieved in 70 percent of the patients in the North American study and 84 percent of the patients in the European study, 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 55–78 percent mycological cure at 6 months (vs 40 percent for oral terbinafine) and 37–46 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. Before the recently completed clinical Phase 3 study with MOB-015, it appeared unrealistic that a topical treatment would achieve 70 – 84 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 75 percent of the patients reported visible nail improvement by the first follow-up visit, complete cure was seen in only a few 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 key opinion leaders (KOLs), the company has reviewed in detail the data and individual photos from the studies 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 is expected to 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 52 weeks. The conclusions are based on available clinical data from the Phase 3 studies as well as previous studies conducted by Moberg Pharma.

The primary endpoint was met in both studies and both can therefore be used as a basis for product registration in Europe. The European study, where MOB-015 was compared to an approved drug for onychomycosis, showed that MOB-015 was just as effective as the approved drug in achieving a complete cure at 52 weeks. For market approval in the U.S., the FDA normally requires two studies that show superiority (statistically superior to the comparable treatment) for the primary endpoint. Consequently, an additional study is likely needed for U.S. registration.

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. To date, Moberg Pharma has utilized SEK 9 million of the agreement. This financing can cover the costs of an additional U.S. study.

ORGANIZATION

Dr Cindy Wong has been named the new Chief Medical Officer at Moberg Pharma. Dr Wong brings extensive international experience in clinical development and registration of new products in a number of treatment areas including Dermatology. She has held positions as Vice President and Head of Global Clinical Development at Metz Pharmaceuticals GmbH and Chief Medical Officer at Q-Med/Galderma, as well as senior positions at regulatory authorities in both Sweden and Australia. She starts her new post this autumn and will join the Executive Management.

FINANCIAL OVERVIEW

REVENUES AND PROFIT

Fourth quarter (April-June 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 therefore consist of business development and administration expenses of SEK 5.5 million (8.5), followed by research and development expenses of SEK 0.8 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 0.3 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.

Twelve-month period (July 2019 - June 2020)

Net revenue amounted to SEK 50.5 million (15.6) in the twelve-month 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

Fourth quarter (April-June 2020)

Cash flow from operating activities was SEK -2.2 million (-63.9). Cash flow from investing activities was SEK -18.3 million (-13.5) 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 5.2 million (comparative figures of -600.5 was related to a bond repayment), which relates to the new financing agreement with Nice & Green less the impact of leasing. The total change in cash and cash equivalents in the quarter was SEK -15.3 million (-677.8). Cash and cash equivalents amounted to SEK 36.3 million (919.1) at the end of the period.

Twelve-month period (July 2019 - June 2020)

Cash flow from operating activities was SEK 4 (-38) million. Cash flow from investing activities was SEK -55 million (1,400), of which SEK -51 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 -832 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 twelve-month period was SEK -883 million (808).

INVESTMENTS

Investments in intangible assets in the fourth quarter relate to capitalized expenses for research and development work of SEK 10.6 million (13.4). 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)	Apr-Jun 2020	Apr-Jun 2019	Jul 2019 - Jun 2020	Jan-Jun 2019
R&D expenses (in statement of comprehensive income)	**-762**	**-3,602**	**-6,737**	**-7,165**
Capitalized R&D investments	-10,616	-13,401	-51,257	-31,998
Depreciation/amortization booked to R&D expenses	377	485	1,616	852
Change in R&D investments (in statement of financial position)	**-10,239**	**-12,916**	**-49,641**	**-31,146**
Total R&D expenditure	**-11,001**	**-16,518**	**-56,378**	**-38,311**

LIABILITIES

Moberg Pharma has SEK 5.5 million in outstanding convertible notes tied to the agreement with Nice & Green S.A., which are reported as current 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. The loan was repaid on October 31, 2019.

CHANGES IN EQUITY

SHARES

Share capital at the end of the period was SEK 1,925,794, where the total number of shares outstanding was 19,257,940 ordinary shares and zero series B shares with a quotient value of SEK 0.10. Moberg Pharma holds 554,746 repurchased shares at the end of the period.

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).

A reclassification in November 2019 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 May 2020, 370,000 class C shares were issued to secure the company's commitments under the long-term incentive program (LTI 2020) resolved by the Extraordinary General Meeting on April 28, 2020. The issue is shown as the acquisition of own shares. The shares are intended to hedge the commitments under the incentive program and are owned by Moberg Pharma.

In June 2020, the number of shares and votes increased due to the Board's decision to approve Nice & Green S.A.'s request to convert a number of convertible notes to a total of 34,430 ordinary shares.

The above events increased the number of shares and votes by 893,335 during the interim period, from 18,364,605 to 19,257,940 as of today, August 11.

SHAREHOLDER INFORMATION

The company's largest shareholders per June 30, 2020:

Shareholder	Number of shares	% of votes and capital
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION[1]	2,425,050	12.59
ÖSTERSJÖSTIFTELSEN[2]	1,620,572	8.42
JAZZ HOLDCO, INC	660,843	3.43
NORDNET PENSIONSFÖRSÄKRING AB	614,654	3.19
MOBERG PHARMA AB (PUBL)	554,746	2.88
BANQUE CANTONALE VAUDOISE, W8IMY	550,380	2.86
BNY MELLON NA (FORMER MELLON), W9	410,826	2.13
LUNDMARK, SVEN ANDERS	363,000	1.88
FUTUR PENSION	288,200	1.5
SWEDBANK FÖRSÄKRING	196,112	1.02
SYNSKADADES STIFTELSE	172,201	0.89
GAR-BO FÖRSÄKRING AB	169,300	0.88
GUNNARSSON, MIKAEL	157,000	0.82
PLAIN CAPITAL BRONX	142,300	0.74
CLEARSTREAM BANKING S.A., W8IMY	131,848	0.68
SKANDIA, FÖRSÄKRINGS	115,486	0.6
ATTERKVIST, STELLAN	110,000	0.57
ML, PIERCE, FENNER & SMITH INC	106,242	0.55
HEDLUND, HENRIK	100,000	0.52
PERSSON, NILS-ROBERT	100,000	0.52
TOTAL, 20 LARGEST SHAREHOLDERS	**8,988,760**	**46.7**
Other shareholders	10,269,180	53.3
TOTAL	**19,257,940**	**100**

SHARE-BASED COMPENSATION PLANS

As of June 30, 2020, the number of outstanding instruments was 108,246 employee stock warrants and 385,218 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. Detailed information on the LTI 2020 incentive program can be found in the notice of the Extraordinary General Meeting on April 28, 2020, which approved the proposal, as noted in the meetings of the meeting.

[1] Includes 435,399 shares owned by the company's Chairman, Peter Wolpert, through an endowment insurance policy.
[2] Östersjöstiftelsen also holds 653,607 shares that were lent to Nice & Green S.A. to facilitate the financing agreement. Östersjöstiftelsen's total holding is unchanged at 2,274,179 shares.
[3] The number of performance share units for program 2018:1 is recalculated upon execution to adjust for the payment of SEK 46.50 per share in November 2019.
[4] Note that the redemption prices for program 2018:1 have been recalculated in accordance with the terms of the respective incentive program after payment of SEK 46.50 per share in November 2019.

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	171,799	409,068	403,106
Theoretical dilution	**0.8%**	**1.4%**	**2.6%**	**2.6%**
Company's market capitalization, SEK million	191	384	569	759
Gain for instrument holders [5], SEK million	1.5	4.4	14.3	19.3
Actual dilution [6]	**0.8%**	**1.1%**	**2.5%**	**2.5%**

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 2019 to June 2020, the parent company's net revenue totaled SEK 50.0 million (42.8). Operating profit was SEK 26.4 million (-31.6), while profit after financial items was SEK 25.2 million (572.5). Cash and cash equivalents amounted to SEK 36.2 million at the end of the period.

OTHER INFORMATION

ORGANIZATION

Per June 30, 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 novel 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 materially impacted by COVID-19.

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 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 costs of an additional U.S. study.

[5] Total pretax gain for warrant holders

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(SEK thousand)	Apr-Jun 2020	Apr-Jun 2019	Jul 2019 - Jun 2020	Jan-Jun 2019
Continuing operations				
Net revenue	-	-	50,488	15,554
Cost of goods sold	-	-	-	-
Gross profit	**-**	**-**	**50,488**	**15,554**
Selling expenses	5	-222	-446	-788
Business development and administrative expenses	-5,502	-8,511	-23,690	-15,334
Research and development costs	-762	-3,602	-6,737	-7,165
Other operating income	-53	3,164	6,822	3,514
Other operating expenses	-	-	-	-
Operating profit (EBIT)	**-6,312**	**-9,171**	**26,437**	**-4,219**
Interest income and similar items	23	92	23	121
Interest expenses and similar items	-226	-711	-1,031	-966
Profit after financial items from continuing operations (EBT)	**-6,515**	**-9,790**	**25,429**	**-5,064**
Tax on profit for the period	1,282	2,189	-5,404	336
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	**-5,233**	**-7,601**	**20,025**	**-4,728**
Discontinued operations				
Profit after tax for the period from discontinued operations (see Note 2)	-	2,512	-	563,544
PROFIT FOR THE PERIOD	**-5,233**	**-5,089**	**20,025**	**558,816**
Items that will be reclassified to profit				
Translation differences of foreign operations	-	-	-	8,855
Reclassification of translation differences to profit from sale of discontinued operations	-	-	-	-68,249
Other comprehensive income	**-**	**-**	**-**	**-59,394**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**-5,233**	**-5,089**	**20,025**	**499,422**
Whereof total comprehensive income from continuing operations	-5,233	-7,601	20,025	-4,728
Whereof total comprehensive income from discontinued operations (see Note 2)	-	2,512	-	504,150
Profit for the period attributable to parent company shareholders	-5,233	-5,089	20,025	558,816
Total comprehensive income attributable to parent company shareholders	-5,233	-5,089	20,025	499,422
Basic earnings per share	**-0.28**	**-0.28**	**1.07**	**31.64**
Diluted earnings per share [7]	**-0.28**	**-0.28**	**1.06**	**31.35**
Basic earnings from continuing operations per share	**-0.28**	**-0.43**	**1.07**	**-0.27**
Diluted earnings from continuing operations per share [7]	**-0.28**	**-0.43**	**1.06**	**-0.27**
EBITDA FROM CONTINUING OPERATIONS	**-5,683**	**-8,536**	**28,964**	**-2,950**
Depreciation expenses	-629	-635	-2,527	-1,269
Operating profit (EBIT)	**-6,312**	**-9,171**	**26,437**	**-4,219**

[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)	2020-06-30	2019-06-30
Assets		
Intangible assets	306,911	255,654
Capitalized Development[8]	300,061	248,804
Patents	6,850	6,850
Property, plant and equipment	21	80
Right-of-use assets	8,025	10,493
Deferred tax asset	6,213	11,617
Total non-current assets	**321,170**	**277,844**
Trade receivables and other receivables	6,747	12,994
Cash and cash equivalents	36,274	919,134
Total current assets	**43,020**	**932,128**
TOTAL ASSETS	**364,191**	**1,209,972**
Equity and liabilities		
Equity (attributable to parent company's shareholders)	328,401	1,121,030
Non-current interest-bearing liabilities	-	23,642
Non-current leasing liabilities	5,825	8,331
Non-current non-interest-bearing liabilities	65	65
Total non-current liabilities	**5,890**	**32,038**
Current interest-bearing liabilities	5,125	-
Current leasing liabilities	2,506	2,366
Current non-interest-bearing liabilities	22,269	54,538
Total current liabilities	**29,900**	**56,904**
TOTAL EQUITY AND LIABILITIES	**364,191**	**1,209,972**

[8] For further details, see note 3

CONSOLIDATED STATEMENT OF CASH FLOWS IN BRIEF

(SEK thousand)	Apr-Jun 2020	Apr-Jun 2019	Jul 2019 - Jun 2020	Jan-Jun 2019
Operating activities				
Operating profit before financial items from continuing operations	-6,312	-9,172	26,437	-4,220
Operating profit before financial items from discontinued operations	-	5,111	-	599,371
Operating profit before financial items	-6,312	-4,060	26,437	595,152
Financial items, received and paid	-171	-32,862	-1,429	-42,288
Taxes paid	-	-	-	-15
Adjustments:				
Depreciation/amortization and capital gains	629	635	2,527	10,518
Capital gains	-	-5,031	-	-624,905
Employee share-based adjustments to equity[9]	320	528	908	1,675
Cash flow before changes in working capital	**-5,534**	**-40,790**	**28,443**	**-59,863**
Change in working capital				
Increase (-)/Decrease (+) in inventories	-	-284	-	-3,481
Increase (-)/Decrease (+) in operating receivables	1,019	-22,230	3,518	19,050
Increase (+)/Decrease (-) in operating liabilities	2,282	-570	-28,009	6,441
OPERATING CASH FLOW	**-2,233**	**-63,874**	**3,952**	**-37,853**
Investing activities				
Net investments in intangible assets	-18,268	-13,401	-51,257	-32,396
Net investments in subsidiaries	-	-50	-3,760	1,432,816
CASH FLOW FROM INVESTING ACTIVITIES	**-18,268**	**-13,451**	**-55,017**	**1,400,420**
Financing activities				
Issue of loans	5,093	-	5,093	23,205
Repayment of loans	-	-600,000	-23,642	-600,000
Repayment of leases	-618	-514	-2,366	-1,031
Payment in the form of redemption procedure	-	-	-837,401	-
Issue of new shares less transaction costs	684	30	26,521	23,236
CASH FLOW FROM FINANCING ACTIVITIES	**5,159**	**-600,484**	**-831,795**	**-554,590**
Change in cash and cash equivalents	**-15,342**	**-677,809**	**-882,860**	**807,977**
Cash and cash equivalents at beginning of period	51,616	1,596,943	919,134	110,785
Exchange rate differences in cash and cash equivalents	-	-	-	372
Cash and cash equivalents at the end of period	36,274	919,134	36,274	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 – June 30, 2020					
Opening balance July 1, 2019	**1,818**	**555,639**	**-**	**563,573**	**1,121,030**
Total comprehensive income					
Profit for the period				20,205	20,205
Transactions with shareholders					
New share issue[10]	89	23,788			23,877
Repurchased own shares	-37				-37
Payment in the form of redemption procedure	-934			-836,468	-837,402
Bonus issue	934	-934			-
Employee stock options		908			908
CLOSING BALANCE JUNE 30, 2020	**1,870**	**579,401**	**-**	**-252-870**	**328,401**
January 1 – June 30, 2019					
Opening balance January 1, 2019	**1,744**	**528,122**	**59,394**	**4,758**	**594,018**
Total comprehensive 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 shares issued	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 and financing agreement with Nice & Green.

KEY RATIOS FOR THE GROUP

(SEK thousand)	Apr-Jun 2020	Apr-Jun 2019	Jul 2019 - Jun 2020	Jan-Jun 2019
Net revenue *	-	-	50,488	15,554
EBITDA *	-5,683	-8,536	28,964	-2,950
Operating profit (EBIT) *	-6,312	-9,171	26,437	-4,219
Profit after tax	-5,233	-5,089	20,025	558,816
Cash and cash equivalents	36,274	919,134	36,274	919,134
Balance sheet total	364,191	1,209,972	364,191	1,209,972
Equity/assets ratio	90%	93%	90%	93%
Return on equity	neg	neg	6%	50%
Diluted earnings per share, SEK	-0.28	-0.28	1.06	31.35
Equity per share, SEK	17.56	61.66	17.56	61.66
Basic average number of shares	18,671,824	17,883,932	18,628,883	17,662,347
Diluted average number of shares	18,811,380	18,080,898	18,857,340	17,825,800
Number of shares at the end of the period excluding repurchased own shares	18,703,194	18,179,859	18,703,194	18,179,859
Share price on balance sheet date, SEK	14.54	65.90	14.54	65.90
Market capitalization balance date, SEK million	272	1,198	272	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)	Apr-Jun 2020	Apr-Jun 2019	Jul 2019 - Jun 2020	Jan-Jun 2019
Net revenue	-	-	50,488	42,848
Cost of goods sold	-	26	-	-2,477
Gross profit	**-**	**26**	**50,488**	**40,371**
Selling expenses	5	-222	-446	-11,450
Business development and administrative expenses	-5,502	-8,511	-23,690	-56,908
Research and development costs	-762	-3,601	-6,737	-7,860
Other operating income	-53	3,217	6,822	4,208
Other operating expenses	-	-	-	-
Operating profit	**-6,312**	**-9,091**	**26,437**	**-31,639**
Capital gain from divested subsidiary and similar income	23	5,122	23	646,606
Interest expenses	-226	-3,812	-1,031	-42,445
Profit after financial items	**-6,515**	**-7,781**	**25,429**	**572,522**
Tax on profit for the period	1,282	2,691	-5,404	6,553
PROFIT	**-5,233**	**-5,090**	**20,025**	**579,075**

PARENT COMPANY BALANCE SHEET SUMMARY

(SEK thousand)	2020-06-30	2019-06-30
Assets		
Intangible assets	306,911	255,654
Property, plant and equipment	21	80
Right-of-use assets	8,025	10,493
Non-current financial assets	150	150
Deferred tax asset	6,213	11,617
Total non-current assets	**321,320**	**277,994**
Trade receivables and other receivables	6,747	12,994
Cash and cash equivalents	36,224	919,084
Total current assets	**42,970**	**932,078**
TOTAL ASSETS	**364,291**	**1,210,072**
Equity and liabilities		
Equity	328,402	1,121,030
Non-current interest-bearing liabilities	-	23,642
Non-current lease liabilities	5,825	8,331
Non-current non-interest-bearing liabilities	65	65
Total non-current liabilities	**5,890**	**32,038**
Current interest-bearing liabilities	5,125	-
Current lease liabilities	2,506	2,366
Liabilities to Group companies	99	99
Current non-interest-bearing liabilities	22,269	54,539
Total current liabilities	**29,999**	**57,004**
TOTAL EQUITY AND LIABILITIES	**364,291**	**1,210,072**

PARENT COMPANY CASH FLOW STATEMENT SUMMARY

(SEK thousand)	Apr-Jun 2020	Apr-Jun 2019	Jul 2019 - Jun 2020	Jan-Jun 2019
Operating activities				
Operating profit before financial items	-6,312	-9,091	26,437	-31,639
Financial items, received and paid	-171	-32,861	-1,429	-42,288
Adjustments:		,		
Depreciation/amortization and capital gains	629	635	2,527	9,092
Employee share-based adjustments to equity	319	528	908	1,362
Cash flow before changes in working capital	**-5,535**	**-40,789**	**28,443**	**-63,473**
		,		
Change in working capital		,		
Increase (-)/Decrease (+) in inventories	-	-285	-	443
Increase (-)/Decrease (+) in operating receivables	1,019	-63,438	3,518	5,309
Increase (+)/Decrease (-) in operating liabilities	2,282	41,155	-28,009	36,696
		,		
OPERATING CASH FLOW	**-2,234**	**-63,357**	**3,952**	**-21,025**
		,		
Investing activities		,		
Net investments in intangible assets	-18,268	-13,401	-51,257	-32,065
Net investments in subsidiaries	-	-50	-3,760	1,432,766
CASH FLOW FROM INVESTING ACTIVITIES	**-18,268**	**-13,451**	**-55,017**	**1,400,701**
		,		
Financing activities		,		
Issue of loans	5,093	-	5,093	23,205
Repayment of loans	-	-600,000	-23,642	-600,000
Repayment of leases	-618	-1,031	-2,366	-1,031
Payment in the form of redemption procedure	-	-	-837,401	-
Issue of new shares less transaction costs	684	30	26,521	23,236
CASH FLOW FROM FINANCING ACTIVITIES	**5,159**	**-601,001**	**-831,795**	**-554,590**
		,		
Change in cash and cash equivalents	**-15,343**	**-677,809**	**-882,860**	**825,086**
Cash and cash equivalents at the beginning of the period	51,567	1,596,893	919,084	93,998
Cash and cash equivalents at the end of the period	36,224	919,084	36,224	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.

For convertible loan instruments, the liability component is initially calculated by discounting the future cash flows of the loan (interest and principle) at the rate of a similar debt instrument without the conversion option. The value of the equity component is the difference between the present value of the liability component of the loan and the total proceeds from the loan. Interest is subsequently charged to the income statement based on the effective interest rate to the loan.

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. Accounting principles are unchanged from the previous annual accounts.

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 total comprehensive income was SEK 501 million.

INCOME STATEMENT DISCONTINUED OPERATIONS

(SEK thousand)	Apr-Jun 2020	Apr-Jun 2019	Jul 2019 - Jun 2020	Jan-Jun 2019
Net revenue	-	-	-	91,919
Cost of goods sold	-	26	-	-22,293
Gross profit	**-**	**26**	**-**	**69,626**
Selling expenses	-	-	-	-51,262
Business development and administration expenses	-	-	-	-3,255
Research and development expenses	-	-	-	-1,158
Other operating items	-	54	-	741
Operating profit	**-**	**80**	**-**	**14,692**
Finance costs	-	-3,100	-	-17,478
Tax benefit	-	501	-	5,651
Post-tax profit of discontinued operations	**-**	**-2,519**	**-**	**2,865**
Capital gain on sale of discontinued operations	-	5,031	-	624,905
Transaction costs on sale of discontinued operations	-	-	-	-40,226
Financial charges from sale of discontinued operations	-	-	-	-24,000
Post-tax gain on sale of discontinued operations	**-**	**5,031**	**-**	**560,679**
Profit after tax for the period from discontinued operations	**-**	**2,512**	**-**	**563,544**
Items that will be reclassified to profit				
Translation differences of foreign operations	-	-	-	8,855
Reclassification of translation differences to profit from sale of discontinued operations	-	-	-	-68,249
Other comprehensive income	**-**	**-**	**-**	**-59,394**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	2,512	-	504,150

NOTE 3 SPECIFICATION OF MAJOR INTANGIBLE NON-CURRENT ASSETS

(SEK thousand)	2020-06-30	2019-06-30
Capitalized expenditure for MOB-015	284,860	234,417
Capitalized expenditure for BUPI	15,201	14,387
TOTAL CAPITALIZED EXPENDITURE FOR DEVELOPMENT WORK	**300,061**	**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 EU's market abuse regulation and the Securities Market Act.

Interim report for July 2019 – September 2020 November 10, 2020

FÖR YTTERLIGARE INFORMATION, VÄNLIGEN KONTAKTA

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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, August 11, 2020

Peter Wolpert
Chairman of the Board

Fredrik Granström
Board member

Andrew B. Hochman
Board member

Mattias Klintemar
Board member

Anna Ljung
CEO