Extended fiscal year July 2019 - December 2020

Interim report July – September 2020

Moberg Pharma AB (Publ)

Q1

Q2

Q3

Q4

Q5

Q6

REGISTRATION PREPARATIONS IN EUROPE, FINANCING FOR MOB-015 SECURED AND SPIN-OFF OF BUPI

"With two Phase 3 studies for MOB-015 that have met the primary endpoint, we are now taking the next step to market in Europe. Registration preparations are underway whilst BUPI will be spun off into the company OncoZenge AB with a new share listing planned in Q1 2021," says Anna Ljung, CEO of Moberg Pharma.

PERIOD (JUL 2019-SEP 2020)

- Net revenue SEK 50.5 million (15.6) *
- EBITDA SEK 24.4 million (-3.0) *
- Operating profit (EBIT) SEK 21.2 million (-4.2) *
- Profit after tax SEK 15.4 million (-4.7) *
- Total comprehensive income SEK 15.4 million (499.4)
- Diluted earnings per share SEK 0.81 (-0.27) *
- Cash and cash equivalents amounted to SEK 30.0 million (919.1)

Comparative figures for the period refer to January 2019 - June 2019 (Note: 15 months vs. 6 months due to shortened fiscal year)

FIFTH QUARTER (JUL-SEP 2020)

- Net revenue SEK 0.0 million (15.6) *
- EBITDA SEK -4.6 million (5.6) *
- Operating profit (EBIT) SEK -5.2 million (5.0) *
- Profit after tax SEK -4.7 million (2.9) *
- Total comprehensive income SEK -4.7 million (504.5)
- Diluted earnings per share SEK -0.25 (0.26) *
- Cash and cash equivalents amounted to SEK 30.0 million (1,596.9)

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

* *All comparative figures refer to continuing operations*

SIGNIFICANT EVENTS IN THE FIFTH QUARTER (JUL-SEP 2020)

- 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.
- To date, Moberg Pharma's operations have not been materially affected by COVID-19.

SIGNIFICANT EVENTS AFTER THE END OF THE FIFTH QUARTER

- Moberg Pharma intends to submit a registration application in Europe in 2021. With a normal processing time of about 1.5 years, approval is expected in early 2023 and launch in Europe by the end of 2023.
- In November, the company's Board of Directors resolved to carry out a fully guaranteed rights issue of approximately SEK 150 million for further financing of MOB-015. When the rights issue is completed, the company intends to terminate the current convertible note agreement. The rights issue requires the approval of an extraordinary general meeting, which will be held on December 1, 2020.
- The BUPI project has been transferred to the subsidiary OncoZenge AB, whose shares shall in turn be distributed to Moberg Pharma's shareholders and listed separately on Nasdaq First North Growth Martket in Q1 2021.

Conference call – November 10, 2020 at 3:00 p.m. CET

CEO Anna Ljung will present the report at a telephone conference on November 10, 2020 at 3:00 p.m. CET.

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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 with the North American study, the European the study met the primary endpoint and no serious side effects were identified. The high mycological cure rate for MOB-015 has now been demonstrated in two pivotal studies, strengthening our conviction that MOB-015 has the potential to be the future market leader in the treatment of nail fungus. After dialogue with our partners, we have a clear path forward, targeting to submit a marketing authorization application in Europe in the second half of 2021. We are carrying out a fully guaranteed rights issue in Moberg Pharma and are also preparing to spin off and separately list the BUPI project through the subsidiary OncoZenge AB.

Moberg Pharma's primary asset is MOB-015, where preparations are underway for registration in Europe, based on two large Phase 3 studies totaling more than 800 patients. Since the primary endpoint was met in the North American and European studies, both studies are expected to be used as a basis for product registration in Europe. We have chosen a registration route that could provide valuable data exclusivity for up to 10 years after market approval. This sets the timetable for our plan to submit a registration application in Europe in the second half of 2021. We expect the application to be approved within 18 months, indicating that MOB-015 could be launched in Europe by the end of 2023.

For the U.S., we intend to discuss the next step in an advice meeting with the FDA after presubmission meetings have been completed with regulatory authorities in the EU, with the assumption that an additional study may be needed for registration in the U.S.

Since a clear strategy to take MOB-015 to market has been agreed upon with our partners, we can now choose a suitable financing solution. The secured rights issue announced in November means that long-term financing is secured for MOB-015. We intend to capture the potential in BUPI and create value for our shareholders by spinning off and listing the project in the subsidiary OncoZenge AB, with Erik Penser Bank as advisor. When this is in place, BUPI can progress at full speed with a dedicated team and its own financing, under the leadership of OncoZenge's CEO, Pirkko Tamsen. OncoZenge's focus is to carry out a clinical Phase 3 study for BUPI, which is expected to be used as a basis for product registration in Europe as well as additional markets and create attractive commercial opportunities.

The secured financing facilitates not only the registration application for MOB-015 in Europe, but also an additional clinical study for the U.S. to capture the product's full potential. The need for treatment alternatives that truly can cure the fungal infection is high, which means that MOB-015 can achieve a unique market position through its high antifungal effect.

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 for 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 which indicate 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 in the U.S. alone.

	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 in the U.S. alone**
	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, which is administered by tablet over three months. Before the recently completed clinical Phase 3 study with MOB-015, it appeared unrealistic that a topical treatment would achieve a mycological cure rate of 70 percent. 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.

EU LAUNCH MAY COME AS SOON AS 2023

In October 2020, the company announced that it had decided to request pre-submission meetings with regulatory authorities, with the goal of submitting a registration application in the second half of 2021 in Europe. With an expected processing time of about 1.5 years, this means possible approval in early 2023 and launch in Europe by the end of 2023. After the European meetings, Moberg Pharma also intends to discuss next steps for the U.S. market in an advice meeting with the FDA.

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 that was taken with Kerasal Nail®, where Moberg Pharma 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.

FULLY GUARANTEED FINANCING FOR MOB-015

In November, the company's Board of Directors resolved to carry out a fully guaranteed issue of new ordinary shares and warrants ("Units") with preferential rights for existing shareholders of approximately SEK 150 million before transaction costs. The proceeds will be used for registration activities and clinical work for MOB-015. When the rights issue is completed, the company intends to terminate the current convertible note agreement.

Preliminary timetable:

November 27, 2020	Final terms for the rights issue are announced.
December 1, 2020	Extraordinary General Meeting to approve the rights issue.
December 2, 2020	First day of trading in the Moberg Pharma share, excluding the right to subscribe for Units by exercising unit rights.
December 3, 2020	Record date for the right to subscribe for Units by exercising rights.
December 7 – 21, 2020	Subscription period.
December 7 – 17, 2020	Trading in unit rights.

Complete terms and conditions as well as instructions for the rights issue as well as other information on the company will be provided in the prospectus released before the commencement of the subscription period.

SPIN-OFF AND LISTING OF BUPI IN THE COMPANY ONCOZENGE IS PLANNED FOR Q1 2021

In November, it was announced that the BUPI project has been transferred to a subsidiary (name to be changed to OncoZenge AB), which, is planned to be distributed to Moberg Pharma's shareholders and listed separately on Nasdaq First North Growth Market in Q1 2021. Erik Penser Bank has been engaged as financial advisor.

Since Moberg Pharma divested its OTC business at the start of 2019, the company has focused on the development of MOB-15 for treatment of onychomycosis. To facilitate financing of the further development of BUPI and capture the value in the project, the Board of Directors of Moberg Pharma has decided to propose that BUPI be distributed to Moberg Pharma's shareholders through shares in the subsidiary OncoZenge.

The next step for BupiZenge® is a clinical Phase 3 study that can serve as the basis for registration in the European market as well as additional markets. A Phase 3 study is expected to commence early in 2022 with the results obtained in 2023. To finance the clinical study as well as OncoZenge's other operations until clinical data can be reported, around SEK 60 million in financing is needed.

Oral mucositis is one of the most debilitating side effects of cancer treatment. Around one million patients suffer annually in the U.S. and Europe and there are currently no effective treatments for oral mucositis.

The Board of Directors of Moberg Pharma is proposing that 90 per cent of the shares in OncoZenge be distributed to Moberg Pharma's shareholders according to Lex ASEA, and the remaining shares will be held by management, the innovators behind the project and a number of key persons. As a consequence of this, Moberg Pharma's obligation to pay royalty payments under the previous acquisition agreement regarding BUPI related assets ceases, and the founders and innovators of BUPI will instead become shareholders in OncoZenge. The CEO of OncoZenge is Pirkko Tamsen, with extensive experience as CEO of drug development companies as well as experience from Astra and Kabi.

The Lex Asea distribution of shares in OncoZenge is planned after the rights issue in Moberg Pharma is completed. The Board of Directors propose that ten ordinary shares in Moberg Pharma shall entitle the holder to receive one share in OncoZenge.

ORGANIZATION

Dr. Cindy Wong is since October 1, 2020 the new Chief Medical Officer and a member of the Executive Management at Moberg Pharma. Dr. Wong brings extensive international experience. She has many years of experience in clinical research and development within several medical disciplines, 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.

FINANCIAL OVERVIEW

REVENUES AND PROFIT

Fifth quarter (July-September 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 4.1 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 0.1 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.

Period (July 2019 - September 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

Fifth quarter (July-September 2020)

Cash flow from operating activities was SEK -6.1 million (25.5). Cash flow from investing activities was SEK -8.6 million (1,413.9, the high amount is due to the divestment of the OTC business) and relates to capitalized expenses for development work. Cash flow from financing activities was SEK 8.5 million, which relates to the financing agreement with Nice & Green less amortization of lease liabilities. The total change in cash and cash equivalents in the quarter was SEK -6.3 million (1,485.8). Cash and cash equivalents amounted to SEK 30.0 million (1,596.9) at the end of the period.

Period (July 2019 - September 2020)

Cash flow from operating activities was SEK -2 million (-38). Cash flow from investing activities was SEK -64 million (1,400), of which SEK -60 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 -823 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 period was SEK -889 million (808).

INVESTMENTS

Investments in intangible assets in the third quarter relate to capitalized expenses for development work of SEK 8.6 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)	Jul-Sep 2020	Jan-Mar 2019	Jul 2019 - Sep 2020	Jan-Jun 2019
R&D expenses (in statement of comprehensive income)	**-1,143**	**-3,563**	**-7,880**	**-7,165**
Capitalized R&D investments	-8,584	-18,597	-59,841	-31,998
Depreciation/amortization booked to R&D expenses	378	367	1,994	852
Change in R&D investments (in statement of financial position)	**-8,206**	**-18,230**	**-57,847**	**-31,146**
Total R&D expenditure	**-9,349**	**-21,793**	**-65,727**	**-38,311**

LIABILITIES

Moberg Pharma has SEK 5.8 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 1,985,838, where the total number of shares outstanding was 19,858,375 ordinary shares and zero series B shares with a quotient value of SEK 0.10. Moberg Pharma holds 554,746 repurchased ordinary 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 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.

In September 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 600,435 ordinary shares.

The above events increased the number of shares and votes by 1,493,770 during the interim period, from 18,364,605 to 19,858,375 as of today, November 10.

SHAREHOLDER INFORMATION

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

Shareholders	Number of shares	% of votes and capital
FÖRSÄKRINGSAKTIEBOLAGET AVANZA PENSION[1]	2,424,202	12.21
ÖSTERSJÖSTIFTELSEN[2]	1,620,572	8.16
BANQUE CANTONALE VAUDOISE W8IMY	1,081,562	5.45
U.S. BANK NATIONAL ASSOCIATION W9	660,843	3.33
NORDNET PENSIONSFÖRSÄKRING AB	653,475	3.29
MOBERG PHARMA AB (PUBL) [3]	554,746	2.79
BNY MELLON NA (FORMER MELLON) W9	372,347	1.88
LUNDMARK SVEN ANDERS	363,000	1.83
FUTUR PENSION	272,050	1.37
SWEDBANK FÖRSÄKRING	206,658	1.04
SYNSKADADES STIFTELSE	172,201	0.87
GAR-BO FÖRSÄKRING AB	169,300	0.85
GUNNARSSON MIKAEL	157,000	0.79
SKANDIA FÖRSÄKRINGS	156,486	0.79
PLAIN CAPITAL BRONX	142,300	0.72
CLEARSTREAM BANKING S.A. W8IMY	128,413	0.65
CLASSON JAN-ÅKE	115,000	0.58
ATTERKVIST STELLAN	110,000	0.55
PERSSON JAN CHRISTER	103,236	0.52
HEDLUND HENRIK	100,000	0.5
TOTAL, 20 LARGEST SHAREHOLDERS	**9,563,391**	**48.2**
Other shareholders	10,294,984	51.8
TOTAL	**19,858,375**	**100**

SHARE-BASED COMPENSATION PLANS

As of September 30, 2020, the number of outstanding instruments was 104,482 employee stock warrants and 382,408 performance share units[4]. If all employee stock warrants were exercised, the total number of shares would increase by 104,482. 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.[5] For detailed information on the incentive programs, see the 2019 Annual Report. Detailed information on the incentive program LTI 2020 can be found in the notice of the Extraordinary General Meeting on April 28, 2020, which was then approved as noted in minutes from 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 which were lent to Nice & Green S.A. to facilitate the financing agreement. Östersjöstiftelsen's total shareholding is unchanged at 2,274,179 shares.

[3] Repurchased own shares held to satisfy performance share units

[4] 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

[5] 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

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	104,482	104,482	104,482
Number of shares allocated by performance share units	127,727	167,373	405,181	399,488
Theoretical dilution	**0.7%**	**1.4%**	**2.5%**	**2.5%**
Company's market capitalization, SEK million	197	396	587	783
Gain for instrument holders[6], SEK million	1.5	2.9	4.6	6.3
Actual dilution [7]	**0.7%**	**1.1%**	**2.4%**	**2.4%**

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 September 2020, the Parent Company's net revenue totaled SEK 50.0 million (42.8). Operating profit amounted to SEK 21.2 million (-31.6), while profit after financial items was SEK 19.7 million (572.5). Cash and cash equivalents amounted to SEK 29.5 million at the end of the period.

OTHER INFORMATION

ORGANIZATION

Per September 30, 2020, Moberg Pharma had 11 employees, of whom 91% 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 that has given rise to COVID-19 should be mentioned. The pandemic could have a negative impact on the company by causing delays and interruptions in operations, clinical studies and project development, labor shortages, and travel and freight disruptions. Moberg Pharma may incur expenses or suffer from delays related to such events beyond its control, which could have a negative impact on the company's operations and results. To date, Moberg Pharma's operations have not been materially affected 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 the near term, the focus is on registration preparations for MOB-015 with the goal of submitting a registration application in the second half of 2021 in Europe. With an expected processing time of about 1.5 years, this means possible approval in early 2023 and launch in Europe by the end of 2023. Moberg Pharma also intends, after the European meetings, to discuss the next step for the U.S. market in an advice meeting with the FDA. In parallel with the registration preparations, commercialization preparations are underway to maximize value and create future growth.

[6] Total pretax gain for warrant holders

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(SEK thousand)	Jul-Sep 2020	Jan-Mar 2019	Jul 2019 - Sep 2020	Jan-Jun 2019
Continuing operations				
Net revenue	-	15,554	50,488	15,554
Cost of goods sold	-	-	-	-
Gross profit	**-**	**15,554**	**50,488**	**15,554**
Selling expenses	-22	-566	-468	-788
Business development and administrative expenses	-4,138	-6,823	-27,828	-15,334
Research and development costs	-1,143	-3,563	-7,880	-7,165
Other operating income	113	350	6,935	3,514
Other operating expenses	-	-	-	-
Operating profit (EBIT)	**-5,190**	**4,952**	**21,247**	**-4,219**
Interest income and similar items	-	29	23	121
Interest expenses and similar items	-522	-255	-1,553	-966
Profit after financial items from continuing operations (EBT)	**-5,712**	**4,726**	**19,717**	**-5,064**
Tax on profit for the period	1,046	-1,853	-4,358	336
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	**-4,666**	**2,873**	**15,359**	**-4,728**
Discontinued operations				
Profit after tax for the period from discontinued operations (see Note 2)	-	561,032	-	563,544
PROFIT FOR THE PERIOD	**-4,666**	**563,905**	**15,359**	**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	**-4,666**	**504,511**	**15,359**	**499,422**
Whereof total profit from continuing operations	-4,666	2,873	15,359	-4,728
Whereof total profit from discontinued operations (see Note 2)	-	501,638	-	504,150
Profit for the period attributable to parent company shareholders	-4,666	563,905	15,359	558,816
Total profit attributable to parent company shareholders	-4,666	504,511	15,359	499,422
Basic earnings per share	**-0.25**	**32.33**	**0.82**	**31.64**
Diluted earnings per share [8]	**-0.25**	**31.95**	**0.81**	**31.35**
Basic earnings from continuing operations per share	**-0.25**	**0.26**	**0.82**	**-0.27**
Diluted earnings from continuing operations per share [7]	**-0.25**	**0.26**	**0.81**	**-0.27**
EBITDA FROM CONTINUING OPERATIONS	**-4,559**	**5,587**	**24,405**	**-2,950**
Depreciation/amortization	-631	-635	-3,158	-1,269
Operating profit (EBIT)	**-5,190**	**4,952**	**21,247**	**-4,219**

[8] 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)	2020-09-30	2019-03 31	2019-06-30
Assets			
Intangible assets	315,495	242,253	255,654
Capitalized Development[9]	308,645	235,403	248,804
Patents	6,850	6,850	6,850
Property, plant and equipment	9	97	80
Right-of-use assets	7,407	11,111	10,493
Deferred tax asset	7,259	8,927	11,617
Total non-current assets	**330,170**	**262,388**	**277,844**
Trade receivables and other receivables	3,884	5,521	12,994
Cash and cash equivalents	30,006	1,596,943	919,134
Total current assets	**33,890**	**1,602,464**	**932,128**
TOTAL ASSETS	**364,060**	**1,864,852**	**1,209,972**
Equity and liabilities			
Equity (attributable to parent company's shareholders)	332,422	1,099,676	1,121,030
Non-current interest-bearing liabilities	0	23,205	23,642
Non-current leasing liabilities	5,190	8,949	8,331
Non-current non-interest-bearing liabilities	65	65	65
Total non-current liabilities	**5,255**	**32,219**	**32,038**
Current interest-bearing liabilities	5,837	623,629	-
Current leasing liabilities	2,518	2,265	2,366
Current non-interest-bearing liabilities	18,028	107,063	54,538
Total current liabilities	**26,383**	**732,957**	**56,905**
TOTAL EQUITY AND LIABILITIES	**364,060**	**1,864,852**	**1,209,972**

[9] For further details, see note 3

CONSOLIDATED STATEMENT OF CASH FLOWS IN BRIEF

(SEK thousand)	Jul-Sep 2020	Jan-Mar 2019	Jul 2019 - Sep 2020	Jan-Jun 2019
Operating activities				
Operating profit before financial items from continuing operations	-5,190	4,952	21,247	-4,220
Operating profit before financial items from discontinued operations	-	594,260	-	599,371
Operating profit before financial items	-5,190	599,212	21,247	595,152
Financial items, received and paid	-523	-9,427	-1,952	-42,288
Taxes paid	-	-15	-	-15
Adjustments:				
Depreciation/amortization and capital gains	631	9,883	3,158	10,518
Capital gains	-	-619,874	-	-624,905
Employee share-based adjustments to equity[10]	324	1,147	1,232	1,675
Cash flow before changes in working capital	**-4,758**	**-19,073**	**23,685**	**-59,863**
Change in working capital				
Increase (-)/Decrease (+) in inventories	-	-3,197	-	-3,481
Increase (-)/Decrease (+) in operating receivables	2,862	41,280	6,380	19,050
Increase (+)/Decrease (-) in operating liabilities	-4,240	6,494	-32,249	6,441
OPERATING CASH FLOW	**-6,136**	**25,504**	**-2,184**	**-37,853**
Investing activities				
Net investments in intangible assets	-8,584	-18,995	-59,841	-32,396
Net investments in subsidiaries	-	1,432,866	-3,760	1,432,816
CASH FLOW FROM INVESTING ACTIVITIES	**-8,584**	**1,413,871**	**-63,601**	**1,400,420**
Financing activities				
Issue of loans	712	23,205	5,805	23,205
Repayment of loans	-	-	-23,642	-600,000
Repayment of leases	-623	-	-2,989	-1,031
Payment in the form of redemption procedure	-	-	-837,401	-
Issue of new shares less transaction costs	8,363	23,206	34,884	23,236
CASH FLOW FROM FINANCING ACTIVITIES	**8,452**	**46,411**	**-823,343**	**-554,590**
Change in cash and cash equivalents	**-6,268**	**1,485,786**	**-889,128**	**807,977**
Cash and cash equivalents at beginning of period	36,274	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	30,006	1,596,943	30,006	919,134

[10] 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 – September 30, 2020					
Opening balance July 1,2019	**1,818**	**555,639**	**-**	**563,573**	**1,121,030**
Total income					
Profit for the period				15,359	15,359
Transactions with shareholders					
New share issue[11]	150	32,090			32,240
Payment in the form of redemption procedure	-934			-836,488	-837,402
Bonus issue	934	-934			-
Repurchase own shares	-37				-37
Employee stock options		1,232			1,232
CLOSING BALANCE SEPTEMBER 30, 2020	**1,931**	**588,027**	**-**	**-257,536**	**332,422**
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**

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

KEY RATIOS FOR THE GROUP

(SEK thousand)	Jul-Sep 2020	Jan-Mar 2019	Jul 2019 - Sep 2020	Jan-Jun 2019
Net revenue *	0	15,554	50,488	15,554
EBITDA *	-4,559	7,303	24,405	-2,950
Operating profit (EBIT) *	-5,190	4,952	21,247	-4,219
Profit after tax	-4,666	563,905	15,359	558,816
Cash and cash equivalents	30,006	1,596,943	30,006	919,134
Balance sheet total	364,060	1,864,852	364,060	1,209,972
Equity/assets ratio	91%	59%	91%	93%
Return on equity	neg	51%	5%	50%
Diluted earnings per share, SEK	-0.25	31.95	0.81	31.35
Equity per share, SEK	17.22	63.05	17.22	61.66
Basic average number of shares	18,749,895	17,440,762	18,655,754	17,662,347
Diluted average number of shares	18,887,987	17,649,066	18,867,048	17,825,800
Number of shares at the end of the period excluding repurchased own shares	19,303,629	17,440,762	19,303,629	18,179,859
Share price on balance sheet date, SEK	13.52	65.90	13.52	65.90
Market capitalization balance date, SEK million	261	1,149	261	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.

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)	Jul-Sep 2020	Jan-Mar 2019	Jul 2019 - Sep 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	-22	-11,228	-468	-11,450
Business development and administrative expenses	-4,138	-48,397	-27,828	-56,908
Research and development costs	-1,143	-4,259	-7,880	-7,860
Other operating income	113	991	6,935	4,208
Other operating expenses	-	-	-	-
Operating profit	**-5,190**	**-22,548**	**21,247**	**-31,639**
Capital gain from divested subsidiary and similar income	-	641,484	23	646,606
Interest expenses	-522	-38,633	-1,553	-42,445
Profit after financial items	**-5,712**	**580,303**	**19,717**	**572,522**
Tax on profit for the period	1,046	3,862	-4,358	6,553
PROFIT	**-4,666**	**584,165**	**15,359**	**579,075**

PARENT COMPANY BALANCE SHEET SUMMARY

(SEK thousand)	2020-09-30	2019-03 31	2019-06-30
Assets			
Intangible assets	315,495	242,253	255,654
Property, plant and equipment	9	97	80
Right-of-use assets	7,407	11,111	10,493
Non-current financial assets	650	150	150
Deferred tax asset	7,259	8,927	11,617
Total non-current assets	**330,820**	**262,538**	**277,994**
Trade receivables and other receivables	3,884	5,522	12,994
Cash and cash equivalents	29,456	1,596,893	919,084
Total current assets	**33,340**	**1,602,415**	**932,078**
TOTAL ASSETS	**364,160**	**1,864,953**	**1,210,072**
Equity and liabilities			
Equity	332,423	1,099,677	1,121,030
Non-current interest-bearing liabilities	0	23,205	23,642
Non-current leasing liabilities	5,190	8,949	8,331
Non-current non-interest-bearing liabilities	65	65	65
Total non-current liabilities	**5,255**	**32,219**	**32,038**
Current interest-bearing liabilities	5,837	623,629	-
Liabilities to Group companies	2,518	2,265	2,366
Current leasing liabilities	99	99	99
Current non-interest-bearing liabilities	18,028	107,064	54,539
Total current liabilities	**26,482**	**733,057**	**57,004**
TOTAL EQUITY AND LIABILITIES	**364,160**	**1,864,953**	**1,210,072**

PARENT COMPANY CASH FLOW STATEMENT SUMMARY

(SEK thousand)	Jul-Sep 2020	Jan-Mar 2019	Jul 2019 - Sep 2020	Jan-Jun 2019
Operating activities				
Operating profit before financial items	-5,190	-22,548	21,247	-31,639
Financial items, received and paid	-523	-9,427	-1,952	-42,288
Adjustments:				
Depreciation/amortization and capital gains	631	8,457	3,158	9,092
Employee share-based adjustments to equity	324	834	1,232	1,362
Cash flow before changes in working capital	**-4,758**	**-22,684**	**23,685**	**-63,473**
Change in working capital				
Increase (-)/Decrease (+) in inventories	0	728	0	443
Increase (-)/Decrease (+) in operating receivables	2,862	68,747	6,380	5,309
Increase (+)/Decrease (-) in operating liabilities	-4,240	-4,459	-32,249	36,696
OPERATING CASH FLOW	**-6,136**	**42,332**	**-2,184**	**-21,025**
Investing activities				
Net investments in intangible assets	-8,584	-18,664	-59,841	-32,065
Net investments in subsidiaries	-500	1,432,816	-4,260	1,432,766
CASH FLOW FROM INVESTING ACTIVITIES	**-9,084**	**1,414,152**	**-64,101**	**1,400,701**
Financing activities				
Issue of loans	712	23,205	5,805	23,205
Repayment of loans	0	-	-23,642	-600,000
Repayment of leases	-623	-	-2,989	-1,031
Payment in the form of redemption procedure	0	-	-837,401	-
Issue of new shares less transaction costs	8,363	23,206	34,884	23,236
CASH FLOW FROM FINANCING ACTIVITIES	**8,452**	**46,411**	**-823,343**	**-554,590**
Change in cash and cash equivalents	**-6,768**	**1,502,895**	**-889,628**	**825,086**
Cash and cash equivalents at the beginning of the period	36,224	93,998	919,084	93,998
Cash and cash equivalents at the end of the period	29,456	1,596,893	29,456	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 the convertible note, the debt is initially calculated by discounting the note's future cash flows (principal and interest) to the note's fair value. Interest is charged to the income statement, which is calculated on the basis of the implicit interest rate on the loan's fair value, during the period in which the loan is expected to expire. If the loan is converted to shares, the loan is revalued with reference to the share price and the number of shares in issue. If the loan is repaid, the loan is revalued at the amount required to settle the liability.

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

NOTE 2 DISCONTINUED OPERATIONS

On February 12, 2019, the company announced that it had entered into an agreement to divest its subsidiaries MPJ OTC AB and Moberg Pharma North America LLC. According to the terms of the agreement, the parent company's OTC business was transferred to the subsidiary MPJ OTC AB prior to the transaction. The divested business comprises the company's entire commercial operations and the transaction is thus reported as discontinued operations. The transaction was completed on March 29, 2019 for a total cash consideration of SEK 1,432.8 million, which resulted in a net gain of SEK 561 million after transaction costs. The effect from the divestment on the total profit was SEK 501 million.

INCOME STATEMENT DISCONTINUED OPERATIONS

(SEK thousand)	Jul-Sep 2020	Jan-Mar 2019	Jul 2019 - Sep 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/(expense)	-	5,150	-	5,651
Post-tax profit/(loss) of discontinued operations	**-**	**5,384**	**-**	**2,865**
Capital gain on sale of discontinued operations	-	619,874	-	624,905
Transaction costs on sale of discontinued operations	-	-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)	2020-09-30	2019-03 31	2019-06-30
Capitalized expenditure for MOB-015	293,443	221,161	234,417
Capitalized expenditure for BUPI	15,201	14,242	14,387
TOTAL CAPITALIZED EXPENDITURE FOR DEVELOPMENT WORK	**308,645**	**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.

Year-end report for the fiscal year 2020	February 9, 2021
Interim report for January–March 2021	May 11, 2021
Interim report for January–June 2021	August 10, 2021
Interim report for January–September 2021	November 9, 2021

The Annual General Meeting for Moberg Pharma will be held on May 18, 2021 at 4 p.m. CET at the company's premises. The last date for shareholders to request to have a matter brought before the Annual General Meeting is March 30, 2021.

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.

On November 6, 2020, the company announced a fully guaranteed rights issue. Due to the rights issue, the company will prepare a prospectus. The prospectus will, among other things, contain either audited or reviewed financial information for the financial period to which this interim report relates. The outcome of the review or audit performed will be announced when available by the company.

Given the process above, this interim report has not been reviewed by the company's auditors.

DECLARATION

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

Bromma, November 10, 2020

Peter Wolpert
Chairman of the Board

Fredrik Granström
Board member

Andrew B. Hochman
Board member

Mattias Klintemar
Board member

Anna Ljung
CEO