ANNUAL REPORT

JULY 2019 – DECEMBER 2020

MOBERG PHARMA

CONTENTS

ABOUT MOBERG PHARMA

Moberg Pharma is a specialist pharmaceutical company focused on the commercialization of proprietary drugs based on proven substances. The goal is to take the company's main product, MOB-015, to a world-leading position in the treatment of nail fungus. The company intends to repeat the journey that was made with Kerasal Nail®, the company's first generation nail fungus product, combining direct sales in the U.S. with strategic collaborations in a number of major regions. The most important markets for MOB-015 are expected to be the U.S., EU, Japan, Canada and China, all with approved patent protection through 2032.

The results from clinical Phase 3 studies with 800+ patients indicate that MOB-015 has the potential to become the future market leader in the treatment of nail fungus. MOB 015 is developed based on Moberg Pharma's patented formulation technology, which facilitates the delivery of high concentrations of the proven antifungal substance terbinafine through the nail.

A total of four agreements with commercial partners are in place for MOB-015: Cipher Pharmaceuticals for Canada; Taisho Pharmaceutical Co., Ltd in Japan; DongKoo Bio & Pharma Co., Ltd, the market leader in dermatology in the Republic of Korea; and Bayer AG, the world leader in OTC fungal treatments under the brand Canesten, for Europe. The agreements give these partners exclusive rights to market and sell MOB-015 in their respective markets, while Moberg Pharma has production and supply responsibility. Within the framework of the agreements, Moberg Pharma could receive milestone payments of up to a total of USD 120 million upon successful development and commercialization, in addition to compensation for delivered products.

The company's aim is to submit a registration application in the second half of 2021 in Europe, which could mean possible approval in the first half of 2023 and launch in Europe by the end of 2023. We estimate the market potential at USD 250–500 million, with a large part of sales expected to come from the high-priced U.S. prescription drug market.

DIVESTMENTS CAPTURE THE VALUE IN MOBERG PHARMA

In March 2019, Moberg Pharma divested its former OTC business to RoundTable Healthcare Partners and Signet Healthcare Partners in favor of a more focused pipeline strategy, and MOB-015 in particular, while allowing shareholders to recognize a compelling value. The divested operations comprised the marketing and distribution of OTC brands, mainly in the U.S. Each of the three key brands, Kerasal Nail®, New Skin® and Dermoplast®, were market leaders in their respective niches. The OTC business was sold for cash consideration of SEK 1.4 billion adjusted for working capital, which resulted in a capital gain of approximately SEK 500 million and multiples of 3.3x sales and 11.6x EBITDA and facilitated a distribution of SEK 46.50 per share in November 2019.

In December 2020, the BUPI project was transferred to the subsidiary OncoZenge AB, which was then distributed to Moberg Pharma's shareholders and separately listed on Nasdaq First North Growth Market in February 2021. For every ten ordinary shares in Moberg Pharma on the record date of the distribution, shareholders were entitled to one share in OncoZenge.

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MILLION PATIENTS IN THE EU AND THE U.S. SUFFER FROM ONYCHOMYCOSIS

70–84%

OF PATIENTS WERE FUNGUS FREE IN THE PHASE 3 FOR MOB-015

USD 120 million

PARTNER AGREEMENTS WITH USD 120 MILLION IN POTENTIAL MILESTONE PAYMENTS

CEO COMMENTARY

The two clinical studies in Phase 3 program for MOB-015 were completed in the fiscal year. Both the North American and European studies met the primary endpoint and no serious adverse events 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 become the future market leader in the treatment of nail fungus.

The strategy going forward is clear with the submission of a registration application in Europe in the second half of 2021 and potential launch of MOB-015 in Europe by the end of 2023. The company is well-equipped for the next step to commercialization, with partners in place in the most important markets beyond the U.S., where we want to build our own market presence, and recently finalized financing that facilitates both registration activities and clinical work for MOB-015.

In the last 18 months, we have also captured the value of other assets in the company. First through the divestment of the OTC business for SEK 1.4 billion, which enabled the repayment of all loans and an extra distribution of SEK 46.50 per share in November 2019, and now most recently through the distribution of BUPI to shareholders through the subsidiary OncoZenge, which was listed on Nasdaq First Growth Market in February 2021.

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 and 37–46 percent already at 3 months.

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 administered by tablet over three months. Before the recently completed clinical Phase 3 studies 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 a large majority 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), we 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 our 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. 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 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, the company is aiming for approval in the first half of 2023 and launch in Europe by the end of 2023. After the European meetings, the intention is to discuss next steps for the U.S. market in an advice meeting with the FDA.

AGREEMENTS WITH COMMERCIAL PARTNERS FOR KEY MARKETS

In September 2019, Moberg Pharma entered into a license agreement granting Taisho Pharmaceutical exclusive rights to MOB-015 in Japan, a market that in 2018 amounted to USD 290 million. Moberg Pharma will provide know-how and documentation from the international development program for MOB-015 and be responsible for production upon completion of registration, while Taisho will fund development and registration in Japan and be responsible for marketing, distribution and sales. Moberg Pharma is eligible to receive milestones of up to USD 50 million, including USD 5 million paid at signing. The majority of the milestone payments are contingent on sales targets, with the balance contingent on development and regulatory milestones. This is in addition to royalties and supply fees.

In October 2019, a distribution agreement for MOB-015 was signed with DongKoo, the leader in the dermatology prescription market in Korea, with excellent coverage of dermatology clinics. The Korean market for market for topical drugs for onychomycosis amounts to USD 40 million, and over 90 percent of prescriptions are from clinics. Under the agreement, DongKoo is granted exclusive rights to market and sell MOB-015 in the Republic of Korea and Moberg Pharma assumes production and supply responsibility.

As a result, two more agreements for MOB-015 are now in place to complement previous agreements with Cipher Pharmaceuticals for Canada and the Consumer Health division of Bayer AG, a world leader in OTC fungus treatments with the brand Canesten, for Europe.

CEO Anna Ljung

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 regions. 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.

SPIN-OFF OF BUPI AND IPO OF THE COMPANY ONCOZENGE

Since Moberg Pharma divested its OTC business at the start of 2019, the company has focused on the development of MOB-015 for treatment of onychomycosis. To facilitate financing of the further development of BUPI and capture the value in the project, Moberg Pharma distributed BUPI to Moberg Pharma's shareholders through the subsidiary OncoZenge AB. The OncoZenge share was then listed separately on Nasdaq First North Growth Market and began trading on February 12, 2021.

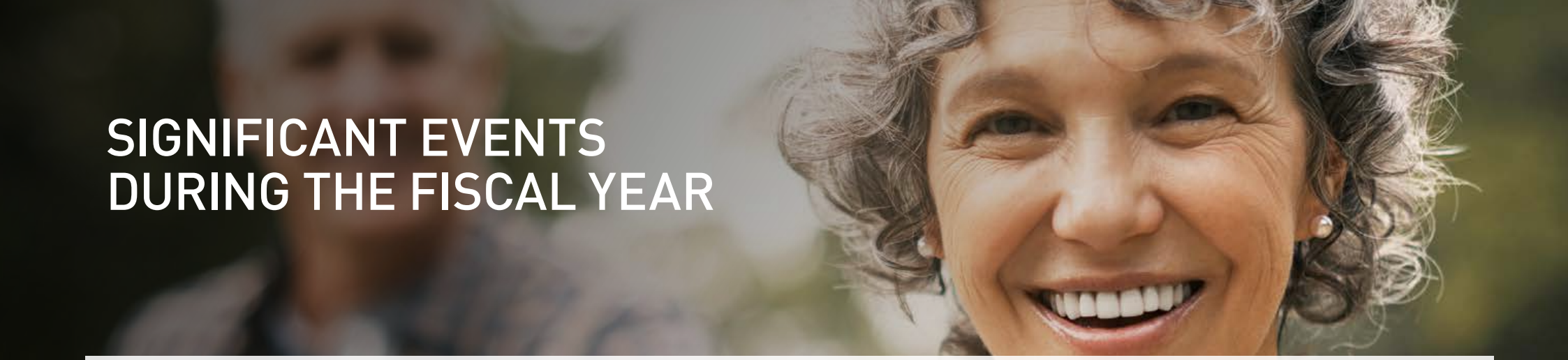
In connection with the spin-off, OncoZenge secured approximately SEK 70 million in financing by broadening the shareholder base, which includes John Fällström, Linc AB and Moberg Pharma's largest shareholder, Östersjöstiftelsen. The next step for BUPI is a clinical Phase 3 study that can serve as the basis for registration in the European market as well as additional markets. The study is expected to commence early in 2022 with results expected in 2023. There are at present no effective treatments for oral mucositis, which is one of the most debilitating side effects of cancer treatment and annually affects around one million patients in the U.S. and Europe.

SEK 150 MILLION IN FINANCING FOR MOB-015 VIA FULLY SUBSCRIBED RIGHTS ISSUE

IIn December 2020, Moberg Pharma carried out a rights issue of new ordinary shares and warrants of approximately SEK 150 million before transaction costs. The issue was fully subscribed and no issue guarantees had to be used. The proceeds will be used for registration activities and clinical work for MOB-015. After the rights issue was completed, the company terminated the convertible note agreement from March 2020.

Thanks to the rights issue, the company is now well financed for the next step in the commercialization plans. In the near term, the focus is now on registration preparations for MOB-015 with the goal of submitting a registration application in the second half of 2021 in Europe. We then intend 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. Moberg Pharma remains fully dedicated to the goal of creating the future market leader in the treatment of nail fungus.

Anna Ljung,
CEO of Moberg Pharma



SIGNIFICANT EVENTS DURING THE FISCAL YEAR

- **September 2019:** License agreement with Taisho for development, registration and commercialization of MOB-015 in Japan. Under the agreement, Moberg Pharma is eligible to receive milestones of up to USD 50 million contingent on development and commercial success, as well as royalties and supply fees.
- **October 2019:** Distribution agreement signed with DongKoo, the leader in the dermatology prescription market in the Republic of Korea, for MOB-015 in the Republic of Korea.
- **October 2019:** The Annual General Meeting resolved, in accordance with the proposal of the Board of Directors, to pay shareholders SEK 46.50 per share through an automatic redemption procedure. Payment was issued in November.
- **October 2019:** Mark Beveridge, VP Finance, reassumed responsibility for the finance function and replaced Sarah Hellerfelt, who left her position as CFO of the company.
- **December 2019:** The results of the Phase 3 study in North America were presented. MOB-015 met both the primary endpoint and key secondary endpoints. No serious adverse events were identified in the study.
- **January 2020:** Expert evaluation confirmed the validity of the results from the Phase 3 study in North America, including:
  - i) Treatment with MOB-015 results in a mycological cure rate that compares favorably to oral antifungal drugs with the added advantage of an earlier onset of action;
  - ii) The formulation technology increases the hydration and permeability of the nail plate, which enables efficient terbinafine delivery, but at the same time confounds the assessment of clinical cure and complete cure;
  - iii) A shorter dosing regimen could potentially deliver a significantly higher percentage of patients with a complete cure assessment at 52 weeks.
- **January 2020:** The Swedish Tax Agency decided that for the redemption of shares in Moberg Pharma for cash proceeds of SEK 46.50 per share, 60 percent will represent the acquisition cost of the ordinary shares and 40 percent the remaining ordinary shares.
- **March 2020:** All patients in the European MOB-015 study completed their last study visit. Data collection was completed without any negative impact from COVID-19.
- **March 2020:** Moberg Pharma entered into a convertible note agreement with Nice & Green S.A. on up to SEK 216 million for further investment in MOB-015. The agreement was terminated in December 2020 after the company completed a rights issue.
- **May 2020:** The Extraordinary General Meeting resolved on among other things to authorize the Board of Directors to decide to issue convertibles and to introduce a long-term incentive program.
- **June 2020:** The results from the Phase 3 study in Europe were presented. As in the previously published North American study, MOB-015 met the primary endpoint and no serious adverse events were identified. The EU study showed that treatment with MOB-015 is non-inferior to treatment with ciclopirox.
- **July 2020:** Dr. Cindy Wong was appointed Chief Medical Officer and joined the management team. Dr. Wong comes from a previous position as Vice President and Head of Global Clinical Development at Metz Pharmaceuticals.
- **October 2020:** Moberg Pharma announced its intention to submit a registration application for MOB-015 in Europe in 2021. With a normal processing time of about 1.5 years, approval is expected in early 2023 with a launch in Europe by the end of 2023.
- **November 2020:** In November, the Board of Directors decided on a fully guaranteed rights issue of approximately SEK 150 million for continued financing of MOB-015. The rights issue was approved by the Extraordinary General Meeting in December and was fully subscribed without having to use issue guarantees. The issue provided Moberg Pharma with proceeds of approximately SEK 150 million before deducting transaction costs.
- **December 2020:** The BUPI project was transferred to the subsidiary OncoZenge AB, which was then distributed to Moberg Pharma's shareholders and listed separately on Nasdaq First North Growth Market in February 2021.

BUSINESS MODEL

GOAL

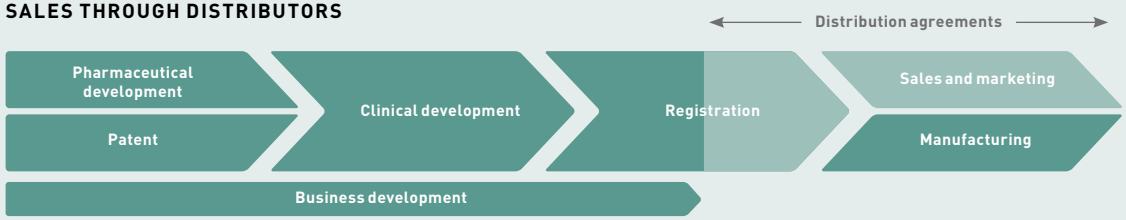
Moberg Pharma's goal is to make MOB-015 the leading treatment alternative for nail fungus globally and to build a specialist pharmaceutical company with its own sales in the U.S. and sales through partners in other markets. With MOB-015 as an anchor, the company intends to expand its product portfolio with more proprietary and acquired products in related areas.

BUSINESS MODEL

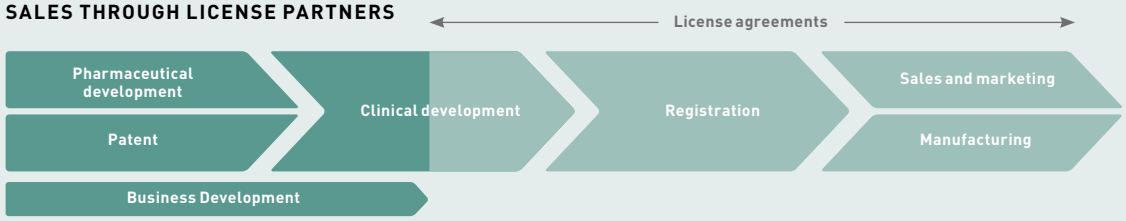
Moberg Pharma's business model includes direct sales and sales through distributors and partners. Product development is based on proven compounds, reducing time to market, development costs and risk compared with conventional drug development. Phase II trials for our projects are fairly quickly initiated to evaluate the product in a limited number of patients. The selection of regulatory route is important – Moberg Pharma has experience with products that can be registered as pharmaceuticals, medical devices or cosmetics. The business and marketing team at Moberg Pharma has solid experience in global product development and commercialization. The organization is supplemented with external expertise in areas including clinical development, production and commercialization. This work is underpinned by valuable experience from the commercialization of Kerasal Nail®, the company's first generation nail fungus product.

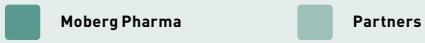
DIRECT SALES

SALES THROUGH DISTRIBUTORS



SALES THROUGH LICENSE PARTNERS





NAIL FUNGUS

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

ESTIMATED ANNUAL SALES POTENTIAL: USD 250-500 MILLION

PHASE 3 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.

PATENT PROTECTION UNTIL 2032

- Patent granted in large markets incl. U.S., Canada, EU, China and Japan.
- Patents include new topical formulations of allyl-amines (including terbinafine), and treatment methods for nail fungus using the new formulations.

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.

MOB-015

MOB-015 is a next-generation nail fungus treatment aimed at both over-the-counter (OTC) and prescription markets around the world. The company's patented formulation technology enables the delivery of high concentrations of a proven antifungal substance (terbinafine) into and through the nail, and this also has emollient and keratolytic properties that contribute to rapid improvement. With an annual market potential of USD 250-500 million[1], the company is confident that MOB-015 has the potential to be the future market leader in the treatment of nail fungus.

Nail fungus is very common and affects around 10% of the general population[2]. There are a number of topical treatments on the market, both OTC and prescription. While the most effective treatment at present is oral, based on the same antifungal substance as MOB-015 (terbinafine), oral treatment is also associated side effects such as interactions with other medications and liver damage, which are avoided with topical treatment[3]. Dermatologists around the world agree on the great need for better topical treatments without the risk of liver damage and systemic side effects. There is therefore great interest in MOB-015, which meets this need by administering terbinafine locally. The product is patent protected until 2032 in most major markets, including the U.S., EU, Japan and China.

Around five million nail fungus treatments are prescribed annually in the American market[4], with underlying growth of a couple of percent per year, which is driven by an aging population. The majority of patients, however, are untreated or do not complete treatment for various reasons, including unsatisfactory outcomes from existing products. Previous launches show that the market is highly receptive to new products and that the patient base increases when a new product is launched. With 30–40 million Americans affected by nail fungus, there is significant opportunity to grow the market with a new, effective treatment.[5]

A survey conducted in 2017 of 90 US physicians (podiatrists and dermatologists) concluded that there is high demand for better topical treatments without the safety issues associated with oral treatments. Seven of ten stated that they avoid prescribing oral terbinafine due to the risk of liver damage. Six of ten stated that they would prefer a topical treatment with MOB-015's profile to other topical treatments available on the market today, compared with just 6-15% who would continue to prescribe existing treatments. In a follow-up question for the physicians who prescribe oral treatment, 65% said they would prefer a topical treatment with MOB-015's profile, alone or in combination with oral terbinafine, to avoid the risk of liver damage.

Market conditions vary from one region to the next, with prescription treatments, high list prices (more than USD 500/month) and extensive discount systems in the US, Japan and Canada among other countries, and lower-priced OTC treatments (about USD 15-40/package) in other regions such as the EU, Russia and Asia. Assuming an 8-12% market share in the U.S. and industry standard discounts, the potential revenue for MOB-015 in the U.S. alone is USD 200–300 million and USD 50–100 million each in Japan/Canada and the EU/rest of the world, respectively.

Over the years with the OTC business, Moberg Pharma has gathered valuable knowledge and experience ahead of the commercialization through Kerasal Nail®, where we have been involved in, or responsible for, marketing in a large number of regions, including the U.S. In the U.S., the emphasis this time is on the considerably larger prescription market for nail fungus treatments. The company sees a very interesting opportunity to build our own commercial platform in the U.S. to target podiatrists with MOB-015 as the main product, and which will be complemented going forward by additional niche products. Moberg Pharma also intends to collaborate with a U.S. partner that has an established sales force targeting dermatologists.

1) With a market share between 8-12% and gross-to-net (GtN) discount between 40-60%.
2) PLoS Pathog, 2014 Jun, 10(6):e1004105.
3) See https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4047123/ concerning oral treatments.
4) Market data – filled prescriptions.
5) Based on 10% of the population

The **Canadian market** for OTC nail fungus drugs is steadily growing and amounted to CDN 58 million in 2017, with topical drugs accounting for 72%.[1]

The **European market** for OTC nail fungus drugs > SEK 200 million annually.

The **Korean market** for topical nail fungus drugs was SEK 40 million on an annual basis as of June 2019.

The **Japanese market** for nail fungus drugs was SEK 290 million in 2018, with annual growth > 8%.

For the commercialization of MOB-015 we see great value in having Moberg Pharma market MOB-015 in the **U.S. – the largest and most important market** - and being able to share best practices with partners. We know this market well after having taken Kerasal Nail® from launch to a leading position with 30% market share in the U.S. With Kerasal Nail®, we reached out widely; with a compact organization we sold at more than 30,000 sales locations in the U.S. thanks to effective consumer marketing and excellent partners in logistics and sales support.

PARTNERS ARE IN PLACE FOR MARKETS VALUED AT OVER

USD 600 MILLION

1) Market data - filled prescriptions

CLINICAL DEVELOPMENT AND RESULTS

PHASE 3 STUDY NORTH AMERICA

In December 2019, the results from the Phase 3 study in North America were presented. MOB-015 met both the primary endpoint and key secondary endpoints in the study. The study included 365 patients with mild to moderate onychomycosis who received daily treatment. By week 52, significantly more MOB-015 patients had achieved complete cure compared with the vehicle (p=0.019). The primary endpoint, the proportion of patients who achieved complete cure of their target toenail at 52 weeks, was achieved in 4.5 percent of patients for MOB-015, but in none of the patients who received the vehicle. Complete cure is a composite measure of efficacy that requires both a completely clear nail and mycological cure. Mycological cure was achieved in 70 percent of the patients (p<0.0001). Mycological cure in combination with completely or almost completely cured toenail was achieved in 15.4 percent of the patients (p=0.0018). A clear majority (83 percent) of the patients completing the study reported visible improvement from MOB-015 as early as 12 weeks after starting treatment, and at week 52, 33 percent reported that their treated toenails were cured or almost completely cured. No safety issues were identified in the trial and no serious adverse events related to MOB-015 were reported. The low proportion reporting complete cure found in an expert analysis was due to temporary whitening caused by an elevated water content in the nail. The experts concluded that this can remedied by adjusting to a shorter daily treatment period followed by a maintenance period.

PHASE 3 STUDY EUROPE

In June 2020, the results from the Phase 3 study in Europe were presented. As in the previously published North American study, MOB-015 achieved the primary treatment goal and no seriousadvere events were reported. The EU study showed that treatment with MOB-015 is just as effective (non-inferior) as treatment with ciclopirox. The primary endpoint, the proportion of patients achieving complete cure of their target toenail at 52 weeks, was achieved in 1.8 percent of patients receiving MOB-015 and 1.6 percent of patients receiving ciclopirox. Mycological cure was achieved in 84 percent of patients who received MOB-015, significantly better than 42 percent for ciclopirox. Combination with completely or almost completely healed nail was achieved in 21.9 percent of patients with MOB-015 compared with 18.9 percent with ciclopirox. The study confirms the rapid onset of the antifungal effect of MOB-015 seen in the North American study, with 46 percent fungus-free patients as early as after 12 weeks of treatment. The same pattern as in the North American Phase 3 study with low complete cure despite high mycological cure was found in the European Phase 3 study.

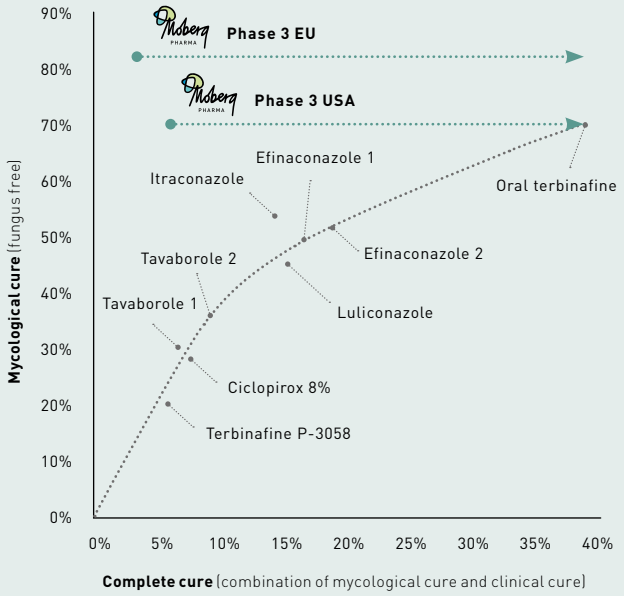
PHASE 2 STUDY EUROPE

A previous clinical Phase 2 study observed that MOB-015 delivers high microgram levels of terbinafine to the nail and to the nail bed, 40 times higher than with oral treatment. Plasma levels of terbinafine after MOB-015 treatment were significantly lower than with tablet treatment (1000 times lower), which reduces the risk of liver damage and other systemic side effects associated with tablet treatment. Although patients with more widespread nail fungus were included, an average of 60 percent of the nails were affected, 54 percent of patients reached the primary treatment goal of mycological cure.

NEW PHASE 3 STUDY IN THE U.S.

The company expects an additional Phase 3 study to be needed for market approval in the U.S. The company intends to design such a study to achieve a high level of complete cure while maintaining a high level of mycological cure. This is expected to be achieved through a shorter treatment period followed by maintenance treatment, which increases the attractiveness of the product profile for MOB-015.

ORAL AND TOPICAL TREATMENTS OF NAIL FUNGUS



Source: U.S. prescribing numbers for each drug; for P-3058, clinicaltrialsregister.eu/ctr-search/trial/2015-000561-31/results.

COMPETING PHARMACEUTICALS

The competitors to MOB-015 are both systemic treatment (tablet form) and other topical (external) treatments. In the U.S., generic tablet treatments dominate, above all terbinafine and itrakonazol in tablet form followed by generic topical ciclopirox. The cost of tablet treatment is low with a treatment period of 12 weeks. The disadvantages are the risk of serious side effects, including liver damage and interactions with other drugs. In the OTC markets, e.g. in Europe, topical treatments dominate, mainly ciclopirox and amorolfine.

The topical treatments Jublia and Kerydin were approved in 2014 in the U.S. and have a low market share in terms of number of prescriptions[1] , but a higher share of the value due to a significantly higher price. MOB-015 is expected to be priced at a similar level as these preparations but with advantages such as higher medical benefits and higher degree of cure as well as a shorter treatment period.

1) Market data published on prescriptions in the U.S.

BUPI

BUPI meets a large demand for pain relief for patients with oral mucositis, a serious complication following cancer treatment that prevents patients from completing treatment. The product is in a late clinical phase and has the potential to become the leading treatment in the field according to a survey of U.S. physicians.

In December 2020, the BUPI project was transferred to the subsidiary company OncoZenge AB ahead of a separate listing Nasdaq First North Growth Market with the first day for trading on February 12, 2021. The spin-off of BUPI into a separate company ensures focus and offers an opportunity to develop the product's full potential and create significant value for our shareholders. OncoZenge completed a directed issue in December which secured the working capital requirement for 2021 and bolstered the shareholder base with respected shareholders such as John Fällström and Linc AB. In addition, a new patent was recently granted which substantially broadens intellectual property rights for BUPI in Europe, where it protects the use of BUPI within all relevant indications for oral pain relief. In February 2021, Moberg Pharma's shares in OncoZenge were distributed to Moberg Pharma's shareholders according to Lex ASEA, where shareholders who owned shares on February 5 received one share in OncoZenge for every ten ordinary shares they owned in Moberg Pharma.

PAIN RELIEF ORAL MUCOSITIS
- Lozenge with bupivacaine.
- Target profile: Better and longer pain relief vs existing products.

ESTIMATED ANNUAL SALES POTENTIAL: USD 200 -400 MILLION GLOBALLY

PREPERATIONS FOR PHASE 3 ONGOING
- A Phase 3 study is expected to commence early in 2022 with the results obtained in 2023.
- Advisory meetings held with agencies in Sweden and Germany.

PATENT PROTECTION UNTIL 2032-2033
- Patent granted in EU, Canada och U.S.
- Patents include lozenges and other formulations with a local anasthetic, including bupivacaine, for pain relief in the mouth or throat.

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)

GLOBAL TEAM

The ability to attract, motivate and retain the right people is fundamental to Moberg Pharma's growth strategy. We look for experienced people with drive, commitment and integrity, and in return we offer a stimulating, supportive teamwork environment and an entrepreneurial culture.

PEOPLE

Moberg Pharma employs people with a variety of specialties and extensive experience in the pharmaceutical industry. In addition, the company has a number of external suppliers, partners and consultants around the world, offering services within manufacturing, clinical development and sales.

The ability to attract, motivate and retain the right people is fundamental to the company's growth strategy. Moberg Pharma aspires to recruit the best employees and partners globally within our focus areas. We look for experienced people with drive, commitment and integrity. We believe that a diverse workforce benefits the business and enables us to think outside the box. In return, we offer a stimulating, supportive teamwork environment and an entrepreneurial culture that emphasizes the importance of individual contributions. These values are also incorporated into our compensation programs, which include both short-and long-term incentives for all employees. Moberg Pharma encourages innovation and initiative and rewards performance at an individual, team and company level.

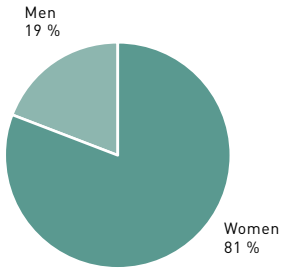
ORGANIZATION

Up until the divestment of the OTC business in February 2019, the company employed around 40 people based in Stockholm, Sweden and New Jersey, in the U.S. As of April 1, 2019, the US OTC business has been transferred to the new owners, while around 15 employees and long term consultants in the remaining operations in Stockholm are focusing on clinical development, business development, commercialization, finance and administration.

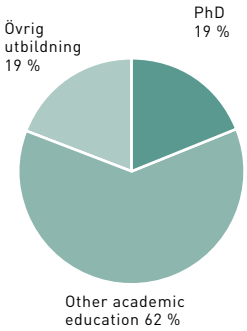
MANUFACTURING

Moberg Pharma works with partners and consultants to find the best solutions to develop, manufacture and distribute products with the smallest possible impact on the environment and the highest ethical standards. The company's internal department for sourcing and quality assurance is responsible for the network of contract manufacturers, which are fully integrated in the supply chain. Moberg Pharma adheres to the ISO13485 international quality control standard, as well as other international laws and regulations that govern our commercial operations.

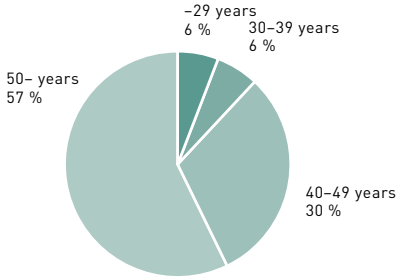
GENDER BREAKDOWN*



EDUCATION LEVEL*



AGE STRUCTURE*



*Based on 16 employees and long term consultants

FINANCIAL INFORMATION

DIRECTORS' REPORT

The Board of Directors and Chief Executive Officer of Moberg Pharma AB (publ), Corp. Reg. No. 556697-7426, hereby present the Annual Report and the Consolidated Financial Statements for the fiscal year July 1, 2019 to December 31, 2020.

Amounts are expressed in TSEK (thousands of Swedish kronor) unless otherwise stated. Amounts and figures in parentheses are comparative figures from the previous financial year.

COMPANY INFORMATION

The Group operates as a limited liability company headquartered in Stockholm, Sweden. The address of the head office is Gustavslundsvägen 42, 5th floor, SE-167 51 Bromma. The Group consists of the parent company, Moberg Pharma AB (publ), corp. reg. no. 556697-7426, the wholly owned subsidiary Moberg Derma Incentives AB, corp. reg. no. 556750-1589, and the partly owned (75%) subsidiary OncoZenge AB (publ), corp. reg. no. 559261-9968. The sole business conducted by Moberg Derma Incentives AB is administration of Moberg Pharma's employee stock option program. OncoZenge AB (publ), which contains the BUPI project, was distributed to the shareholders of Moberg Pharma in 2021.

OPERATIONS

Moberg Pharma AB (publ) was formed in 2006 and is a rapidly growing Swedish pharmaceutical company which develops and commercializes medical products that relieve pain and skin conditions, especially nail fungus.

The company has two projects in the late stages of clinical development: MOB-015 and BUPI. 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), a serious complication of cancer treatment. Both drug candidates 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, which through the subsidiary OncoZenge AB (publ) was distributed to Moberg Pharma's shareholders after the end of the fiscal year and was listed separately on Nasdaq First North Growth Market with trading commencing on February 12, 2021.

Moberg Pharma has its headquarters in Stockholm and its shares are traded in the Small Cap segment of NASDAQ OMX Nordic Exchange Stockholm (OMX: MOB).

WORKFORCE

As of December 31, 2020, Moberg Pharma had 11 employees (16), of whom 91% (94) were women; 11 (16) people were employed in the parent company, of whom 91% (94) were women. See Note 7 for more information on employees and personnel costs.

PROFIT/LOSS AND FINANCIAL POSITION

Revenue and profit/loss

Net sales 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.

The business consists of research and development, business development and administrative functions. The majority of development expenses is directly attributable to the clinical Phase 3 studies in the development project MOB-015, which are capitalized. The largest expense items in profit for the period from continuing operations consist of business development and administration costs of SEK 15.3 million (15.3), followed by research and development costs of SEK 7.2 million (7.2).

The revenues and expenses related to the BUPI project and the divestment of the OTC business are listed as a separate item in the Group's income statement. An income statement for the divested business is presented in Note 14.

INVESTMENTS

Net investments in intangible assets in 2020 mainly related to:

- capitalized expenditure for development work (mainly the MOB-015 project) of SEK 62.1 million (32,4).

LIABILITIES

As of December 31, 2010, the Group has a liability to shareholders related to the distribution of the subsidiary OncoZenge of SEK 45 million. Moberg Pharma has no other interest-bearing liabilities (except leasing liabilities).

LIQUIDITY AND FINANCIAL POSITION

Moberg Pharma's strategy means that the Company will continue to invest considerable resources in research and development as well as business development. These investments are covered at present by available cash and cash equivalents and Moberg Pharma has a good financial position. Moberg Pharma is in an expansion phase and is engaged in development-intensive operations with investments aimed at securing future revenues. If opportunities for faster growth arise, for example, through acquisitions, Moberg Pharma may need to raise additional capital through share issues or additional borrowing.

Cash flow from operating activities was SEK -16 million (-38). Cash flow from investing activities amounted to SEK -66 million (1,400). Investing activities also include capitalized expenditure for intangible non-current assets, which mainly consists of capitalized expenditure for development work of SEK -62 million (-32). Cash flow from financing operations was SEK 808 million (555) due to a disbursement in the form of a redemption procedure of SEK -837 million. Total change in cash and cash equivalents was SEK -890 million (808).

Cash and cash equivalents in the Group amounted to SEK 29 million (919 million) at the end of the period.

INSURANCE

In addition to corporate insurance, Moberg Pharma's insurance coverage includes special insurance for patients who participate in clinical studies and product liability insurance for products under development and products in the market. The insurance coverage is subject to continuous review. The Board deems the insurance coverage to be well-suited to the current scope of the business.

ENVIRONMENT AND LIABILITY

Moberg Pharma's operations do not entail special environmental risks and do not require any special environmental permits or decisions from authorities. Moberg Pharma is of the opinion that the Company conducts its operations in accordance with applicable health and safety regulations and offers its employees a safe and healthy working environment.

DISPUTES

Moberg Pharma is not, and has never been, party to any legal or arbitration proceedings which have or have had a material impact on Moberg Pharma's financial position or profitability at any time.

WORK OF THE BOARD IN 2019/2020

The Annual General Meeting for the abbreviated fiscal year 2019 elected four members for the period until the next Annual General Meeting. The members' areas of competence include drug development, medical research, marketing, finance and strategy. The Board of Directors held 35 meetings at which minutes were kept during the fiscal year, of which 20 by telephone. Reports were mainly presented by the CEO, but also by other members of the management team.

The focus of the Board's work in 2019-2020 was on strategic issues, particularly product development, business development, acquisitions and divestments, as well as further development of the Company's business plan. The work of the Board follows the established rules of procedure, which regulate areas such as the division of responsibilities, number of mandatory meetings, the form of summons, supporting documents and minutes, disqualifications, mandatory matters which the CEO must submit to the Board, and company signatories. The Board of Directors deals with ongoing issues such as business conditions, interim audits, the budget, strategies and external information. All issues have been dealt with by the Board in its entirety.

For personal information on the Board members, see page 66.

NOMINATION COMMITTEE

The Nomination Committee for the Annual General Meeting for the extended fiscal year July 2019 – December 2020 consists of four members: Peter Wolpert, Chairman of the Board; Gillis Cullin, appointed by the Baltic Sea Foundation (Östersjöstiftelsen); Anders Lundmark; and Konrad Ziobro, appointed by Swedish Association of the Visually Impaired (SRF). The Nomination Committee submits proposals for the election of the Chairman and other members of the Board, as well as proposals for fees and other remuneration to the Board members. The Nomination Committee also submits proposals for election and remuneration of the auditor.

CORPORATE GOVERNANCE

Moberg Pharma has applied the Swedish Corporate Governance Code since May 26, 2011, the date when Moberg Pharma's shares were listed on NASDAQ OMX Nordic Exchange Stockholm. See page 59 for the Corporate governance report.

INFORMATION DISCLOSURE

Moberg Pharma strives to uphold good communication with shareholders. Company information must be correct, clear, factual, credible and timely. Communication from Moberg Pharma must also be characterized by openness, with regular interim and annual reports published in Swedish and English. Events considered to influence the value of the share are announced in a press release.

PROPOSAL FOR THE COMPANY'S ANNUAL GENERAL MEETING 2021 - BOARD OF DIRECTORS PROPOSAL FOR GUIDELINES REMUNERATION OF SENIOR EXECUTIVES

The Board propose that the Annual General Meeting resolve the following guidelines for remuneration to senior executives. "Senior executives" refers to the CEO, Deputy CEO & Senior Vice President R&D, Senior Director Regulatory Affairs, Vice President Finance and Chief Medical Officer. The guidelines for remuneration also apply to board members to the extent that they receive remuneration outside of duties of the Board. The guidelines apply to remuneration that is decided, and changes to the remuneration already decided, after the guidelines have been approved by the 2021 Annual General Meeting. The guidelines do not apply to remuneration decided or approved by the Annual General Meeting.

Promoting Moberg Pharma's business strategy, long-term interests and sustainability

Moberg Pharma's business strategy includes in-house sales combined with sales through distributors and partners. Product development is based on proven substances, which reduces time to market, development costs and risk compared with traditional drug development.

A successful implementation of Moberg Pharma's business strategy and long-term interests, including its sustainability, assumes that Moberg Pharma can continue to recruit and retain qualified employees. This requires that the remuneration system for senior executives and other employees is market-based and competitive. These guidelines enable senior executives to be offered a competitive total remuneration.

Moberg Pharma has outstanding long-term incentive programs that have been decided by the Annual General Meeting and are therefore not covered by these guidelines. The performance requirements used to assess the outcome of Moberg Pharma's long-term incentive program have a clear connection to long-term value creation, including its sustainability. The Board's proposal for LTIP 2021, which will be presented at the 2021 Annual General Meeting, has performance requirements linked to the Company's operations and goals. The programs also set requirements for a vesting period of three years. For more information about these programs, see Note 19.

The forms of compensation, etc.

Remuneration to senior executives may consist of a fixed salary, variable remuneration, pension and other customary benefits. The Annual General Meeting may in addition - and independently of these guidelines - decide on, for example, share and share price-related remuneration.

Fixed salary

The fixed salary must be market-based and determined individually and based on each individual's role, performance, results and responsibilities. As a general rule, a fixed salary must be reconsidered once a year.

Variable remuneration

The variable remuneration must take into account the individual's level of responsibility and accountability. The variable remuneration is based on results for the Company in relation to goals set by the Board. These goals must be designed so that they contribute to promoting Moberg Pharma's business strategy and long-term interests, including sustainability. Pensionable salary consists only of basic salary. The variable remuneration may not, as a rule, exceed 25–50% of the annual basic salary for each executive. The evaluation of whether goal fulfillment has taken place shall be made at the end of the measurement period and is based on established financial basis for the relevant period. Variable cash compensation can be paid after the end of the measurement period or be subject to deferred payment.

Pension and other benefits

The Chief Executive Officer has a set pension contribution of 25% of basic salary.

Other senior executives have a set pension contribution of 17-30% of basic salary.

Other benefits may, for example, consist of health insurance, telephone benefits, meal benefits and shall be paid to the extent that it is considered to be market-based.

Termination

The notice period shall be at least three months in the event of termination on the initiative of the senior executive and in the event of termination by the Company between three and twelve months. Severance pay can be paid, however, the total compensation and severance pay can never exceed twelve months' salary.

Consultancy fees to board members

In cases where board members perform work in addition to the usual board work, the board must in special circumstances be able to decide on additional remuneration in the form of consulting fees.

Salary and terms of employment for employees

In preparing the Board's proposal for these remuneration guidelines, salaries and terms of employment for the Company's employees have been taken into account in that information on employees' total remuneration, remuneration components and the increase and rate of remuneration over time has formed part of the remuneration committee's and Board's decision resulting from these.

Remuneration Committee

The Board's Remuneration Committee, which consists of all Board members, including the Chairman of the Board and also the Chairman of the Remuneration Committee, deals with and prepares remuneration issues concerning the senior executives. The Remuneration Committee prepares and prepares proposals for decisions regarding remuneration and terms of employment for the CEO, which are submitted to the Board for decision. The board annually evaluates the work that the CEO performs. Regarding the remuneration and terms of employment of other senior executives, the CEO decides on the basis of the guidelines for remuneration for senior executives that have been approved by the Annual General Meeting.

The tasks of the Remuneration Committee also include preparing the Board's decisions on proposals for guidelines for remuneration to senior executives. The Board shall prepare proposals for new guidelines at least every four years and submit the proposal for resolution at the Annual General Meeting. The guidelines shall apply until new guidelines have been adopted by the Annual General Meeting. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration as well as current remuneration structures and remuneration levels in Moberg Pharma. The CEO or other persons on the company's management are not present at the Board's consideration of and decisions in remuneration - related matters, insofar as they are affected by the issues.

Deviation from the guidelines

The Board of Directors shall have the right to temporarily deviate from these guidelines if there are special reasons in an individual case and a deviation is necessary to meet Moberg Pharma's long-term interests, including its sustainability, or to ensure Moberg Pharma's financial viability, such as additional variable remuneration. special achievements.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

See Note 30 for further information on events after the balance sheet date.

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 pre-submission meetings have been completed with regulatory authorities in the EU, 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.

PARENT COMPANY MOBERG PHARMA AB (PUBL)

Moberg Pharma AB (publ), org. No. 556697–7426, is the parent company of the Group. The Group's operations are conducted primarily in the parent company and consist of research and development, sales and marketing and administrative functions.

PROPOSED DISTRIBUTION OF APPROPRIATED PROFIT (TSEK)

On January 1, 2016, a change was introduced in the Swedish Annual Accounts Act meaning that, in order to capitalize internally generated development expenditure, the company must recognize the corresponding amount in a restricted reserve under equity, "Reserve for development expenditure." Moberg Pharma had a capitalized internally generated development expenditure of SEK 62 million in 2020 and thereby recognized a total of SEK 291 million in the reserve for development expenditure.

The amount available for appropriation at the Annual General Meeting comprises the following unrestricted reserves, profit carried forward and the profit for the year in the parent company:

Share premium reserve	609,739,100
Profit carried forward	-464,974,098
Profit for the year	9,274,739
	154,039,741

The Board of Directors proposes that profit for the year be carried forward. Following the distribution, unrestricted equity amounts to:

Share premium reserve	609,739,100
Profit carried forward	-455,699,359
	154,039,741

RISK FACTORS

Moberg Pharma's business is associated with risk. Risks are understood by Moberg Pharma to mean events that could lead to business interruptions, damages or losses with a substantial adverse impact on the prospect of achieving the Group's objectives. How risks are managed is of fundamental importance to Moberg Pharma's success. In order to manage risks in a well-balanced way, they must be identified and assessed. Moberg Pharma conducts risk management work where risks are evaluated systematically. The risk factors that are considered to be of particular importance to the Group's future development are indicated below. The risk factors are not listed by priority and do not purport to be exhaustive. There is no guarantee Moberg Pharma can successfully manage the following or other risks.

RISK MANAGEMENT AND CONTROL STRATEGIES

The Company's Board of Directors conducts continuous and systematic risk assessments in order to identify risks and mitigate them. The Company applies a risk management policy designed to identify and assess risks, and to develop a risk management plan. Both the policy and the plan are updated at least annually and approved by the Board. The internal control environment mainly comprises the following five components: control environment, risk assessment, control activities, information and communication, and monitoring.

For every identified risk of a material nature, a risk management strategy and an action plan are formulated. The planning involves world-leading external expertise in, for example, regulatory matters or the design of clinical studies.

OVERVIEW OF MOBERG PHARMA'S RISKS, RISK MANAGEMENT AND CONTROL STRATEGIES

RISKS RELATED TO OPERATIONS					RISKS RELATED TO THE SECURITIES
Risks associated with pharmaceutical development	**Risks associated with the Company's operations**	**Risks associated with the market**	**Risks associated with regulatory compliance**	**Financial risks**	
• Development of new pharmaceutical and medical products. • Decisions and authorisations issued by authorities. • Dependency on third parties. • Side effects.	• Protection of intellectual property rights. • Trade secrets and internal intelligence. • Partners and distributors. • Security leaks. • Depreciation of intangible fixed assets. • Key persons. • Aquisitions. • Incentive programmes. • Spin-off of the pharmaceutical project BUPI.	• Expected results. • Competition from other pharmaceutical companies and parallel imports. • COVID-19.	• Regulatory compliance. • Product liability and insurance.	• Refinancing risk and future capital recruitments. • Foreign exchange risk. • Depreciaton of intangible assets. • Interest rate risk and liquidity risk. • Credit and counterparty risk. • Tax. • Tax losses carried forward. • Non-sustainable sources of income. • Goodwill and other intangible assets. • Financial obligations.	• Volatile share price. • Dividend. • Future issues. • Controlling interest of large shareholders. • Risks associated with foreign shareholders and capacity to participate in the rights issue.

RISK MANAGEMENT AND CONTROL STRATEGIES	
• Policy documents, manuals and recommendations • Internal control activities, either preventive or detective • Analyses • Quality control in accordance with ISO13485	• Regulatory documentation prepared in parallel with clinical studies • Reduced reliance of partners through own sales organisation in the USA • Product liability insurance • Cooperation with reputable patent agents • Structured investment decisions aided by Innovation Engine

RISKS ASSOCIATED WITH PHARMACEUTICAL DEVELOPMENT

DEVELOPMENT OF NEW PHARMACEUTICAL AND MEDICAL PRODUCTS

Preclinical and clinical studies

Moberg Pharma conducts development of new pharmaceutical and other medical products. In order to obtain permission from authorities to commence sales, Moberg Pharma – or its partners, if any – must show the efficacy and safety of potential pharmaceutical products on each specified indication. The scope of the required preclinical and clinical studies varies depending on the product candidate's classification, indication, previously published data, and the regulatory requirements that apply to the specific product candidate. However, there is a risk that ongoing or future clinical studies cannot demonstrate sufficient efficacy and safety to obtain the necessary regulatory approvals or that they fail to lead to products that can be sold on the market.

Preclinical and clinical development our time-consuming and costly activities affected by a number of factors including factors that are beyond Moberg Pharma's control, for example, the results of stability studies or slower-than-expected patient recruitment. Due to the current spread of COVID-19, there may be delays and difficulties in recruiting patients for clinical studies, which may delay possible market approval in territories where further clinical studies are required for market approval.

MOB-015 has completed two Phase 3 clinical studies in Europe and North America that met the primary treatment goal and there were no serious adverse reactions related to MOB-015 reported in either study. These studies are expected to be used as a basis for product registration in Europe. For market approval in the United States, an additional study is expected to be needed to secure registration in the U.S. market. Because the U.S. market is of material importance to MOB-15's predicted market potential, the Company would lose large sales revenues if such a study were not conducted or if it failed, which would have a material adverse effect on the Company's expected earnings and thus the Company's future prospects.

Decisions and authorizations by authorities

Moberg Pharma develops and commercializes medical products and is, like other companies in the industry, dependent on assessments and decisions by relevant authorities, such as the Medical Products Agency in Sweden, the Food and Drug Administration ("FDA") in the United States or the European Medicines Agency ("EMA") in the EU. Such assessments precede decisions on, among other things, authorizations for conducting clinical studies and authorizations for marketing and selling pharmaceutical or medical products. However, there is a risk that Moberg Pharma will not obtain the necessary decisions by authorities to develop commercially and financially valuable products on the market.

An application for market approval requires extensive documentation on, among other things, clinical results, quality assurance and production that meet national and international requirements. Although the Company prepares a large part of this documentation parallel to the clinical studies, there is a risk that unforeseen circumstances will cause delays. Since pharmaceutical authorities may request supplemental filings or have other reservations concerning the application, the time and costs of potential market approval are associated with uncertainty.

Furthermore, the Company is affected by the decisions of authorities regarding, for example, changes in customs duties or taxes, conditions for prescribing medicines, pricing of medicines covered by reimbursement systems and discounts on pharmaceutical products. There is a risk that the regulatory conditions in the market will change so that the Company's ability to develop and manufacture commercially valuable products will be impaired. Such decisions may result in increased costs for the Company or higher pricing of the Company's pharmaceutical products, which may lead to lower margins on products sold as well as lower sales, resulting in the Company's profit being worse than expected.

Dependency on third parties

Moberg Pharma uses consultants and contract research organizations ("CRO's") in the development of pharmaceuticals and other medical products. There is a risk that such third parties will not fulfill their obligations to Moberg Pharma or that Moberg Pharma will be unable to monitor their work adequately, which may give rise to delays, higher costs, quality problems or other deficiencies in the development work. There is also a risk that Moberg Pharma will be unable to procure such consultants or CRO's with sufficient qualifications, at a favorable price or at all. Any deficiencies or delays in the implementation of the Company's development program may reduce or delay Moberg Pharma's ability to commercialize existing product candidates, which may result in significant costs. Difficulties with supplementing the project portfolio with new product candidates would have a material adverse effect on the Company's expected results due to the Company's loss of revenue.

Side effects

Since the Company's main area of activity is the sale and development of pharmaceuticals and medical products, there is a risk that patients who use the Company's products, participate in clinical studies with the Company's products or otherwise come into contact with the Company's products experience side effects, even if the Company primarily works with topical preparations based on proven substances with well-documented side effect profiles. If side effects are detected in future studies or the sale of the Company's products, there is a risk that the Company would suffer consequences. Such consequences may include injured patients, delays or interruptions during the continued product development, and the restriction or prevention of the product's commercial use. If the Company were compelled to stop selling its product, it would have a material adverse effect on the Company's revenues, which are strongly dependent on the sale of the pharmaceutical. Another possible consequence is that patients who suffer from side effects may claim damages or bring legal actions against the Company, whereby the Company may incur significant legal costs, received negative publicity and become liable for damages.

RISKS ASSOCIATED WITH THE COMPANY'S OPERATIONS

PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

In the type of business that Moberg Pharma conducts, there is always a risk that the Company's patents, trademarks or other intellectual property rights will not provide adequate protection for the Company, that registration applications will not be granted or that the Company's rights cannot be enforced. Furthermore, patents or trademarks may be infringed, which can result in costly disputes. For the losing party, disputes over intellectual property can lead to lost protection, an injunction against the continued exercise of the relevant right or an obligation to pay damages. For the Company's products under development, patent applications have been submitted and granted in certain

but not all markets. There is a risk that outstanding patent applications or data exclusivity will not be granted or that copies of the Company's products will begin to be sold on adjacent markets where the Company's product has not been granted a patent. For the Company's product candidates, future expiration of patent protection, the termination of data exclusivity and the entry of generic products on the market may adversely affect the Company's sales. If copies of the Company's products begin to be sold in the same markets as the Company's products, or customers turn to nearby markets that have alternative, cheaper products, there is a risk that the Company's expected sales will decrease.

Trade secrets and internal intelligence

Moberg Pharma relies to some extent on unpatented trade secrets, know-how and continued technological innovation in order to develop and maintain its position in the market. If the Company were to be unsuccessful in protecting its trade secrets, know-how and technology, there is a risk that the Company's market position will deteriorate and that the value of the Company's commercialized products, technology and product candidates may be adversely affected. If the value of the Company's products were to decrease, the Company will need to adjust its pricing, which will affect expected sales revenues as a result of lower margins on products sold.

Partners and distributors

Moberg Pharma is dependent on its relationships with other companies for sales, marketing and commercialization of the Company's product candidates in certain markets. There is a risk that such agreements cannot be concluded on favorable terms, that collaborations will be unsatisfactory or that counterparties will not fulfill their obligations under concluded agreements. In addition, there is a risk that future launches and sales may not achieve results comparable to the results achieved historically. In addition, there is a risk that Moberg Pharma will end up in disputes with these companies or that the Company's relationship with other companies will deteriorate.

Moberg Pharma uses contract manufacturers for production, which means that the Company is dependent on external deliveries to meet agreed terms regarding, inter alia, quantity, quality and delivery time or in terms of special materials. There is a risk that Moberg Pharma may suffer from delayed or absent deliveries from these contract manufacturers, which may delay the Company's sales of its product candidates and adversely affect the Company's liquidity. If these risks materialize, it could have a material adverse effect on the Company's financial position.

Security leaks

The IT systems of the Company and the Company's consultants and partners are exposed to the risk of being subject to computer viruses, unauthorized intrusions, natural disasters, terrorism, war and breakdowns in telecommunications or the electricity grid. Such events could cause disruptions to the Company's operations, such as loss of data from future clinical studies on the Company's product candidates. Leakage of unregistered intellectual property rights may impair the Company's market position, which may lead to a lower market share for the Company and consequently a decrease in sales. Such events could also cause delays in the development of products and submission of applications for approval to the regulatory authorities and increase the Company's costs.

Key persons

Moberg Pharma is dependent on the Company's senior executives and other key persons, for instance, in order to conduct qualitative marketing, business and product development, and related activities. If the Company were to lose any of its key employees, there is a risk of delays and interruptions in development programs, licensing or commercialization of the Company's product candidates. Such delays or interruptions may have a negative impact on the Company's expansion and growth. There is a risk that Moberg Pharma will not be able to recruit the number of newly qualified employees that the business requires.

In addition to internal key personnel, Moberg Pharma is also dependent on certain executives of sales and distribution organizations, contract manufacturers and other subcontractors. There is a risk that these relationships will not be able to be maintained over time, for example, due to the termination of their respective positions.

Acquisitions

Moberg Pharma's operations have historically included acquisitions of new assets. The Company may also evaluate acquisition opportunities in the future. Implementing an acquisition entails risks. There is a risk that the Company will not be able to complete acquisitions at attractive prices, or at all. In addition, there is a risk that the acquired trademarks or patents will be challenged by competing companies that question Moberg Pharma's right to these trademarks or patents. Furthermore, Moberg Pharma bears a risk that the value of these assets decreases due to unforeseen events.

In addition to company-specific risks, the acquired company's relationships with customers, suppliers and key persons may be negatively impacted by an acquisition. Integration processes in connection with future acquisitions may become more costly or time-consuming than projected and expected synergies may be completely or partially absent. Establishment of manufacturing of acquired products by new contract manufacturers may fail or become more costly or time-consuming than expected. The difficulties in combining operations may include coordination of geographically dispersed operations and facilities from an operational, financial and legal perspective.

Incentive programs

Moberg Pharma has introduced a number of share-based incentive programs in the form of employee stock options, warrants and so-called performance share units. The purpose of the programs is to motivate and reward key employees by making them co-owners of the Company and thereby promoting the Company's long-term interests. However, there is a risk that these aims are not achieved, which may result in the Company's employees performing their work less effectively than expected. Share-based incentive programs also entail a tax risk, as the Company's assessment of applicable tax legislation may prove to be incorrect, which can result in an increased future tax burden and the imposition of tax-related penalties on the Company. In addition, share-related incentive programs in the form of warrants and performance share units involve a dilution for existing shareholders when the warrants are exercised or when shares that will be assigned to holders of performance share units are issued.

SPIN-OFF OF THE PHARMACEUTICAL PROJECT BUPI

At the Extraordinary General Meeting on December 1, 2020, Moberg Pharma resolved to distribute its holding in the subsidiary OncoZenge AB to the shareholders in Moberg Pharma, in a so-called Lex ASEA distribution. At the time of the distribution, OncoZenge will hold the pharmaceutical project BUPI and related assets, including the BupiZenge® brand and other BUPI-related intellectual property rights. The distribution of the shares in OncoZenge is within the Company's distributable space. The assets will be allocated at book value, which entails a risk that the Company will lose value in the event that the book value falls below the market value of the assets. Therefore, there is a risk that the distribution have a negative impact on the Company's operations and earnings.

RISKS ASSOCIATED WITH THE MARKET

EXPECTED RESULTS

There are difficulties associated with estimating the commercial potential of product candidates due to several important factors, such as safety and efficacy compared to other available treatment methods (including generic alternatives), changing treatment standards, changes in third party remuneration standards for pharmaceutical products, patient and doctor preferences, and changes in the classification of the pharmaceutical product.

The Company's main value consists of the pharmaceutical project's future revenues. The Company has entered into agreements for the distribution of MOB-015 with four commercialization partners. The agreements give the partner's exclusive rights to market and sell MOB-015 in their respective markets. Within the framework of the agreements, the Company may receive milestone revenue from successful development and commercialization, as well as remuneration for delivered products. There is a risk that the development and commercialization of MOB-015 will not be successful and that the Company will lose milestone payments, and that the products will not generate the expected revenues.

COMPETITION FROM OTHER PHARMACEUTICAL COMPANIES AND PARALLEL IMPORTS

The pharmaceutical industry is highly competitive. Within the framework of most pharmaceuticals, a number of companies compete to develop new, improved products in order to achieve a high market share and favorable prices. There is a risk that Moberg Pharma's products will not be preferred on the market over other existing or future products. There is also a risk that differences in price in the markets in which the Company or its partners operate may lead to an increase in parallel imports, meaning that the Company's products may be purchased at a more favorable price in certain markets and then compete with the Company's sales in other markets.

The price pressure on pharmaceutical products within Moberg Pharma's indication area is high and is expected to stay high in the future. Future products under development by other companies will result in increased competition and it may result in decreased opportunities for Moberg Pharma to achieve or maintain an attractive market share and an attractive price for the Company's products. Should the Company need to set a lower price on its products than intended, in order to compete with companies that offer similar products, the Company's the margins would decrease.

COVID-19

The outbreak of the coronavirus which causes COVID-19 is a global pandemic, resulting in macroeconomic effects and constituting a global health hazard. COVID-19 may have a negative impact on the Company's operations, including the Company's future clinical studies. There is a risk that the pandemic will cause delays and disruptions in operations, project development and freight operations, leading to a shortage of manpower or that regulatory authorities will de-prioritize the processing, or completely or partly fail to process, cases concerning pharmaceuticals for indications other than COVID-19. If such risks were to materialize, Moberg Pharma may incur higher costs as a result of it having to make use of alternative solutions, which may be costly. There is also a risk than events beyond the Company's control could cause delays and costs, which would affect the launch of the company's products.

COMPLIANCE RISKS

REGULATORY COMPLIANCE

Moberg Pharma operates in a strictly regulated market. If the Company or its partners do not comply with the rules and case law established for the Company's operations, the Company's pharmaceutical development, sales activities, etc., the Company may be required to use financial assets to deal with regulatory violations in the form of disputes, sanctions, fines, seizure of products, criminal sanctions, or at worst, be forced to cease all or part of the business. In its pharmaceutical studies Moberg Pharma processes sensitive personal data. The Data Protection Regulation, Regulation (2016/679) of the European Parliament and of the Council (the "GDPR"), applies in all EU member states and entails high demands on the Company's processing of personal data. If the Company's compliance with GDPR is incorrect or insufficient, there is a risk that the Company will be subject to sanctions with high fees, fines or criminal sanctions. There is also a risk that the Company's reputation would be damaged by such non-compliance.

Product liability and insurance

Moberg Pharma's operations include clinical studies and pharmaceutical sales, which entail risks associated with product liability. In addition to corporate insurance, Moberg Pharma's insurance coverage includes special insurance for patients who participate in clinical studies and product liability insurance for products under development and products in the market. There is a risk that the insurance does not provide sufficient protection against claims for damages caused by the company's products or product candidates. Moberg Pharma may fail to obtain or maintain insurance coverage on acceptable terms in the future.

Moberg Pharma has conducted, and may in the future continue to conduct, business in the United States, where lawsuits and legal processes are much more common than, for example, in Europe and often involve significant sums. It may be more difficult therefore to obtain adequate insurance coverage in the United States, and the costs to obtain such coverage would increase.

FINANCIAL RISKS

For information on financial risk factors, see Note 27.

RISKS RELATED TO THE COMPANY'S SHARES

Share performance and liquidity

Investing in shares is by its nature associated with the risk that the value of the investment may fall. There is no guarantee how the Company's shares will perform. The price of the Moberg Pharma share has been volatile since the Company's share was listed on NASDAQ Nordic Exchange Stockholm and the share's liquidity has varied. It is impossible to anticipate the extent to which investor interest in Moberg Pharma will lead to active trading in the shares or how trading in the shares will develop in the future. The ability of shareholders to sell their shares, whether at all or without a negative impact on the market price, assumes constantly active and liquid trading.

Dividend

To date, the Company has never paid a dividend beyond the extraordinary distribution in 2019 and the Lex ASEA distribution of the shares in OncoZenge in 2021. Since Moberg Pharma is expected in the coming years to be in a development phase of its organization and portfolio of brands, products and projects, any surplus will be reinvested in the business. The Board of Directors reviews the dividend policy on an annual basis. There is a risk that future cash flows will not exceed the Company's capital requirements and that the Annual General Meeting will not decide to pay any dividends in the future.

FUTURE ISSUES

The Company may in the future need additional capital to finance its operations. Such financing may require obtaining funds by issuing financial instruments. There is a risk that future financing needs cannot be met on acceptable terms. There is also a risk that future share issues will be dilute share ownership and affect the price of shareholders' holdings.

Shareholders with significant influence

If the principal owners are in agreement, they will have a significant influence on the Company and on most of the decisions that require the approval of the Company's shareholders. This concentration of ownership may be detrimental to the other shareholders if their interests differ from those of the principal owners.

Shareholders in other jurisdictions prevented from participating in any future rights issues

If Moberg Pharma issues new shares in a preferential rights issue, existing shareholders as a rule have a preferential right to subscribe for new shares relative to their shareholding at the time of the issue. However, shareholders in certain other countries may be subject to restrictions that prevent them from participating in such issues, or their participation may otherwise be hampered or restricted.

THE MOBERG PHARMA SHARE

The Moberg Pharma share has been listed on NASDAQ OMX Nordic Exchange Stockholm, main list, since May 26, 2011 under the ticker symbol MOB.

SHARE PRICE MOVEMENT

The closing price on December 30, 2020 was SEK 7.205, which gave Moberg Pharma a market capitalization of SEK 143 million.

The highest price recorded for the Moberg Pharma share during the fiscal year July 2019 - December 2020 was SEK 24.07 and the lowest price was SEK 6.35.

In total, 60.7 million Moberg Pharma shares were traded during the fiscal year July 2019 - December 2020. On average, 160,187 shares were traded per day. At year-end, Moberg Pharma had a total of 6,219 shareholders, with the 20 largest shareholders holding 43.2 % of the shares in Moberg Pharma.

OWNERSHIP STRUCTURE

	No. of shares	%	No. of shareholders[1]
1 - 500	562,260	2.8%	3,785
501 - 1,000	702,281	3.4%	849
1,001 - 5,000	2,736,437	13.4%	1,108
5,001 - 10,000	1,757,758	8.6%	229
10,001 - 15,000	1,062,166	5.2%	85
15,001 - 20,000	801,917	3.9%	45
20,001 -	12,796,707	62.7%	118
TOTAL	**20,419,526**	**100%**	**6,219**

[1] Excluding individuals holding nominee registered shares, e.g., via Avanza Pension

SHAREHOLDERS AT 2020-12-31

Shareholders	No. of shares	% of votes and capital
ÖSTERSJÖSTIFTELSEN[2]	2,274,179	11.14
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION[3]	1,821,858	8.92
BANQUE CANTONALE VAUDOISE, W8IMY[4]	984,779	4.82
U.S. BANK NATIONAL ASSOCIATION, W9	660,843	3.24
MOBERG PHARMA AB (PUBL)[5]	554,746	2.72
LUNDMARK, SVEN ANDERS	363,000	1.78
FUTUR PENSION	262,050	1.28
NORDNET PENSIONSFÖRSÄKRING AB	182,764	0.9
SYNSKADADES STIFTELSE	172,201	0.84
GAR-BO FÖRSÄKRING AB	169,300	0.83
SKANDIA, FÖRSÄKRINGS	168,696	0.83
BNY MELLON NA (FORMER MELLON), W9	162,741	0.8
SWEDBANK FÖRSÄKRING	159,365	0.78
GUNNARSSON, MIKAEL	157,000	0.77
CLASSON, JAN-ÅKE	150,000	0.73
ATTERKVIST, STELLAN	136,000	0.67
CLEARSTREAM BANKING S.A., W8IMY	128,513	0.63
PERSSON, JAN CHRISTER	103,236	0.51
JS ERHVERVS CONSULT APS	101,036	0.49
PERSSON, NILS-ROBERT	100,000	0.49
TOTAL, 20 LARGEST SHAREHOLDERS	**8,812,307**	**43.2**
Other shareholders	11,607,219	56.8
TOTAL	**20,419,526**	**100**

[2] Östersjöstiftelsen's holding in the table includes 653,607 shares lent to Nice & Green S.A. to facilitate the financing agreement.

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

[4] 1,006,323 shares to Nice & Green S.A. were registered in January 2021 but reported in December 2020 and are not included in this table.

[5] Repurchased own shares held to satisfy performance share units.

DISTRIBUTION OF OWNERSHIP

	No. of shares	Share capital %	No. of shareholders[6]
Physical entities	9,846,462	48.2%	5,742
Legal entities	10,573,064	51.8%	477
TOTAL	**20,419,526**	**100.0%**	**6,219**
- of whom, residing in Sweden	16,133,824	79.0%	5,850

GEOGRAPHIC BREAKDOWN

	No. of shares	Share capital %	No. of shareholders[6]
Sweden	16,133,824	79.0%	5,850
Switzerland	1,717,177	8.4%	8
United States	866,935	4.2%	9
Denmark	772,213	3.8%	207
Luxembourg	275,513	1.4%	6
Other countries	653,864	3.21%	139
TOTAL	**20,419,526**	**100%**	**6,219**

[6] Excluding individuals holding nominee registered shares, e.g., via Avanza Pension

NEW ISSUES DURING THE YEAR AND CHANGES IN SHARE CAPITAL

Share capital at the end of the period was SEK 2,142,585 and the total number of shares outstanding was 21,425,849 ordinary shares and zero Series B shares with a quotient value of SEK 0.10. Moberg Pharma held 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 remained 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, September, November and December 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: 34,430 ordinary shares in June, 600,435 ordinary shares in September, 561,152 ordinary shares in November and 1,006,323 ordinary shares in December. The share capital for the December conversion was registered in January 2021.

A rights issue was approved by the Extraordinary General Meeting on December 1, 2020. The rights issue was fully subscribed and no issue guarantees had to be used. In January 2021, Moberg Pharma thereby received approximately SEK 150 million before deducting transaction costs. The rights issue was registered in January 2021 and the number of shares and votes then increased by 23,175,576.

The above events increased the number of shares and votes by 26,236,820, from 18,364,605 to 44,601,425 as of the date of the annual report's publication. As of balance sheet date, December 31, 2020, the number of registered shares was 20,419,526 (with 24,181,899 shares subsequently registered by the Swedish Companies Registration Office in January 2021).

DIVIDEND AND DIVIDEND POLICY

Moberg Pharma is in an expansion phase. To date, the company has never paid a dividend beyond the extraordinary distribution in 2019 and the Lex ASEA distribution of the shares in OncoZenge in February 2021. The Board is therefore of the opinion that the company's earnings are best used to finance the further development and expansion of the business. The Board does not intend to propose a recurring shareholder dividend until such a time when it is warranted by Moberg Pharma's earnings, financial position and capital requirements.

INCENTIVE PROGRAM

The Annual General Meeting of Moberg Pharma AB resolved on October 30, 2019 to authorize the Board of Directors to resolve to implement a directed share issue of not more than 370,000 Series C shares to cover the company's commitments according to incentive program LTI 2020. The Board resolved to exercise its authorization and issued 370,000 Series C shares to Nordea Bank. These shares were repurchased at a quota value of SEK 0.10 per share and converted to ordinary shares in November 2020.

As of December 31, 2020, there were a total of 85,854 outstanding employee stock options and 351,404 performance share units.

For further information on the warrant programs, see Note 7 and Note 19.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(TSEK)	Note	Jul 2019–Dec 2020	Jan–June 2019
Continuing operations			**RESTATED**
Net revenue	2	50,488	15,554
Gross profit		**50,488**	**15,554**
Selling expenses		-472	-783
Business development and administrative expenses		-32,672	-14,744
Research and development costs		-8,304	-6,555
Other operating income	4	6,968	3,514
Operating profit/loss (EBIT)	5-9	**16,008**	**-3,014**
Interest income and similar items	10	23	121
Interest expenses and similar items	10	-2,598	-966
Profit/loss before tax (EBT)		**13,433**	**-3,859**
Tax on profit for the period	11	-3,219	88
Profit for the period from continuing operations		**10,214**	**-3,771**
Discontinued operations			
Profit/loss after tax for the period from discontinued operations	12	-1,575	562,587
Profit for the period		**8,639**	**558,815**
Attributable to			
Equity holders of Moberg Pharma AB		8 798	558 815
Non controlling interests		-159	-
		8 639	**558 815**
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 RESULT FOR THE YEAR		**8,639**	**499,421**
Attributable to:			
Equity holders of Moberg PHarma AB		8,798	449,421
Non controlling interests		-159	-
		8,639	**499,421**
Basic earnings per share	13	**0.47**	**31.64**
Diluted earnings per share	13	**0.46**	**31.35**
Basic earnings per share continuing operations	13	0.54	-0.21
Diluted earnings per share	13	0.54	-0.21
Average number of shares before dilution		18,810,496	17,662,347
Average number of shares after dilution		18,922,135	17,825,850
Number of shares at year-end		19,864,781	18,179,859

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (TSEK)	Note	**2020-12-31**	**2019-06-30**
Non-current assets			
Intangible non-current assets			
Capitalized development	14	295,733	248,804
Patents, licenses and similar rights	14	-	6,850
Total intangible non-current assets		*295,733*	*255,654*
Tangible non-current assets			
Property, plant and equipment	*15*	*1*	*80*
Financial and other non-current assets			
Right-of-use assets		7,102	10,493
Deferred tax asset	11	10,930	11,617
Total other non-current assets		*18,032*	*22,110*
Total non-current assets		**313,766**	**277,844**
Current assets			
Current receivables			
Trade receivables	16	-	81
Other receivables	16	2,159	11,349
Unregistered share capital		111,735	-
Assets held for distribution		32,782	-
Prepaid expenses and accrued income	17	851	1,564
Total current receivables		*147,527*	*12,994*
Cash and cash equivalents	*18*	*19,286*	*919,134*
Total current assets		**166,813**	**932,128**
TOTAL ASSETS		**480,579**	**1,209,972**

EQUITY AND LIABILITIES (TSEK)	Note	**2020-12-31**	**2019-06-30**
Equity	19		
Equity attributable to parent company's shareholders			
Share capital		2,087	1,818
Unregistered share capital		1,727	-
Other capital contributions		693,278	555,639
Translation reserve		-	-
Retained Earnings		-309 221	563 573
Total equity attributable to parent company's shareholders		*387,870*	*1,121,030*
Equity attributable to non-controlling interests		7,707	-
Total equity		**395,577**	**1,121,030**
Liabilities			
Non-current liabilities			
Non-current interest-bearing liabilities	20	-	23,642
Non-current leasing liabilities		4,753	8,331
Other non-current liabilities		65	65
Total non-current liabilities		*4,818*	*32,038*
Current liabilities			
Trade payables		2,950	7,569
Current leasing liabilities		2,642	2,366
Other current liabilities	21	802	37,231
Liabilities related to assets held for distribution		2,218	-
Distribution to fair value		45,125	-
Accrued expenses and deferred income	22	26,447	9,739
Total current liabilities		*80,184*	*56,905*
Total liabilities		**85,002**	**88,943**
TOTAL EQUITY AND LIABILITIES		**480,579**	**1,209,973**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to parent company's shareholders				
(TSEK)	Share capital	Other capital contributions	Translation reserve	Retained Earnings	Total equity
Opening equity, January 1, 2019				**4,758**	**594,018**
Profit for the year				558,815	558,815
Other comprehensive income – translation differences on translation of foreign operations			-59,394		-59,394
Total comprehensive income for the year		**-**	**-59,394**	**558,815**	**499,421**
New shares issued	66	23,169			23,235
Employee stock options	8	4,348			4,356
Closing equity, June 30, 2019	**1,818**	**555,639**	**-**	**563,573**	**1,121,030**

	Equity attributable to parent company's shareholders					
(TSEK)	Share capital	Unregistered share capital	Other capital contributions	Retained Earnings	Non-controlling interests	Total equity
Opening equity, July 1, 2019	**1,818**	**-**	**555,639**	**563,573**	**-**	**1,121,030**
Total comprehensive income				8,798	-159	8,639
Profit for the period						
New shares issued	306		43,815		10,050	54,171
Ongoing share issue		1,727	110,008			111,735
Transaction costs			-18,959		-2,750	-21,709
Tax effect transaction costs			2,289		566	2,855
Payment in the form of redemption procedure	-934			-836,468		-837,402
Liability for distribution of shares in OncoZenge				-45,125		-45,125
Bonus issue	934		-934			-
Repurchased own shares	-37					-37
Employee stock options			1,420			1,420
Closing equity, December 31, 2020	**2,087**	**1,727**	**693,278**	**-309,222**	**7,707**	**395,577**

CONSOLIDATED STATEMENT OF CASH FLOWS

(TSEK)	Note	Jul 2019-Dec 2020	Jan - Dec 2019
Operating activities			
Operating earnings before financial items - continuing operations		16,008	-3,013
Operating earnings before financial items - discontinued operations		-1,983	598,165
Operating profit before financial items		**14,025**	**595,152**
Financial items, received and paid		-3,027	-42,288
Taxes paid		-	-15
Adjustments for items not affecting cash flow:			
Depreciation and other adjustments	9, 28	3,782	10,518
Capital gains		-	-624,905
Employee share-based adjustments to equity		1,420	1,675
Cash flow before change in working capital		16,200	-59,863
Change in working capital			
Increase (-)/Decrease (+) in inventories		-	-3,481
Increase (-)/Decrease (+) in operating receivables		-4,180	19,050
Increase (+)/Decrease (-) in operating liabilities		-27,638	6,441
Cash flow from operating activities		**-15,618**	**-37,853**
Investing activities			
Net investments in intangible assets	14, 29	-62,130	-32,396
Net investments in subsidiaries		-3,760	1,432,816
Cash flow from investing activities		**-65,890**	**1,400,420**
Financing activities			
Borrowings		-	23,205
Amortized loans		-23,642	-600,000
Repaid leasing liabilities		-3,614	-1,031
New shares issued		56,317	23,236
Payment in the form of redemption procedure		-837,402	-
Cash flow from financing activities		**-808,341**	**-554,590**
CHANGE IN CASH AND CASH EQUIVALENTS		**-889,849**	**807,977**
Cash and cash equivalents at beginning of period		919,134	110,785
Exchange rate differences in cash and cash equivalents		-	372
Cash and cash equivalents at the end of period	18	29,285	919,134
Supplemental disclosure to statement of cash flows			
Paid interest			
Interest received		72	71
Interest paid		-3,099	-42,359

PARENT COMPANY INCOME STATEMENT

(TSEK)	Note	Jul 2019-Dec 2020	Jan-June 2019
Net revenue	2	50,488	42,848
Cost of goods sold		-	-2,477
Gross profit		**50,488**	**40,371**
Selling expenses		-472	-11,450
Business development and administrative expenses		-34,136	-56,908
Research and development costs		-8,605	-7,860
Other operating income	4	7,551	4,208
Other operating expenses		-	-
Operating profit/loss (EBIT)	5-9, 26	**14,826**	**-31,639**
Capital gain on divested subsidiary and similar income	10	23	646,606
Interest expenses and similar items	10	-2,598	-42,445
Profit/loss before tax (EBT)		**12,251**	**572,522**
Tax on profit for the period	11	-2,976	6,553
PROFIT		**9,275**	**579,075**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

(TSEK)	Note	Jul 2019-Dec 2020	Jan-June 2019
Profit for the year		**9,275**	**579,075**
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**9,275**	**579,075**

PARENT COMPANY BALANCE SHEET

ASSETS (TSEK)	Note	**2020-12-31**	**2019-06-30**
Non-current assets			
Intangible non-current assets			-
Capitalized development	14	295,733	248,804
Patents, licenses and similar rights	14	-	6,850
Total intangible non-current assets		*295,733*	*255,654*
Tangible non-current assets			
Property, plant and equipment	15	1	80
Financial and other non-current assets			
Right-of-use assets		7,102	10,493
Shares in Group companies	25	22,151	150
Deferred tax asset	11	10,930	11,617
Total other non-current assets		*40,183*	*22,260*
Total non-current assets		**335,917**	**277,994**
Current assets			
Current receivables			
Other receivables	16	-	81
Receivables from Group companies	16	6,214	-
Other receivables	16	1,284	11,349
Current financial assets		149,946	-
Prepaid expenses and accrued income	17	1,433	1,564
Total current receivables		*158,877*	*12,994*
Cash and cash equivalents	18	*19,286*	*919,084*
Total current assets		**178,163**	**932,078**
TOTAL ASSETS		**514,080**	**1,210,072**

EQUITY AND LIABILITIES (TSEK)	Note	**2020-12-31**	**2019-06-30**
Equity	19		
Restricted equity			
Share capital		2,087	1,818
Unregistered capital		2,318	-
Reserve for development expenditure		291,187	257,886
Total restricted equity		*295,592*	*259,704*
Unrestricted equity			
Share premium reserve		609,739	434,479
Accumulated profit/loss		-465,907	,-152,228
Profit for the year		9,275	579,075
Total unrestricted equity		*154,040*	*861,326*
Total equity		**449,632**	**1,121,030**
Liabilities			
Non-current liabilities			
Non-current interest-bearing liabilities	20	-	23,642
Non-current leasing liabilities		4,753	8,331
Other non-current liabilities		65	65
Total non-current liabilities		*4,818*	*32,038*
Current liabilities			
Trade payables		2,950	7,569
Liabilities to Group companies		99	99
Current leasing liabilities		2,642	2,366
Other current liabilities	21	5,440	37,231
Dividend payable at fair value		22,052	-
Accrued expenses and deferred income	22	26,447	9,740
Total current liabilities		*59,630*	*57,005*
Total liabilities		**64,448**	**89,043**
TOTAL EQUITY AND LIABILITIES		**514,080**	**1,210,072**

CHANGES IN EQUITY FOR THE PARENT COMPANY

	Restricted equity			Unrestricted equity		
(TSEK)	Share capital	Unregistered share capital	Reserve for development expenditure	Share premium reserve	Other unrestricted equity	Total equity
Opening equity, January 1, 2019	**1,744**	**-**	**225,888**	**406,962**	**-120,230**	**514,364**
Profit for the period					579,075	579,075
Reclassification to reserve for development expenditure			18,370		-18,370	-
New shares issued	66			23,169		23,235
Employee stock option program	8			4,348		4,356
Closing equity, June 30, 2019	**1,818**	**-**	**244,258**	**434,479**	**440,475**	**1,121,030**
Opening equity, July 1, 2019	**1,818**	**-**	**244,258**	**434,479**	**440,475**	**1,121,030**
Profit for the period					9,275	9,275
Reclassification to reserve for development expenditure			46,929		-46,929	-
Earnings distribution according to AGM resolution				-933	-836,468	-837,401
Distribution BUPI project					-22,052	-22,052
New shares issued	306			43,815		44,084
New shares issued - unregistered		2,318		147,628		149,946
Transaction costs				-18,959		-18,959
Tax effect transaction costs				2,289		2,289
Repurchased own shares	-37					-37
Employee stock option program				1,420		1,420
Closing equity, December 31, 2020	**2,087**	**2,318**	**291,187**	**609,739**	**-455,699**	**449,632**

PARENT COMPANY CASH FLOW STATEMENT

(TSEK)	Note	Jul 2019 - Dec 2020	Jan–June 2019
Operating activities			
Operating earnings before financial items		14,826	-31,639
Financial items, received and paid		-3,027	-42,288
Adjustments for items not affecting cash flow:			
Depreciation and other adjustments	9, 28	3,782	9,092
Employee share-based adjustments to equity		1,420	1,362
Cash flow before change in working capital		17,001	-63,473
Change in working capital			
Increase (-)/Decrease (+) in inventories		-	443
Increase (-)/Decrease (+) in operating receivables		1,333	5,309
Increase (+)/Decrease (-) in operating liabilities		-33,951	36,696
Cash flow from operating activities		**-15,617**	**-21,025**
Investing activities			
Net investments in intangible assets	14, 29	-62,130	-32,065
Net investments in subsidiaries		-3,710	1,432,766
Cash flow from investing activities		**-65,840**	**1,400,701**
Financing activities			
Borrowings		-	23,205
Amortized loans		-23,642	-600,000
Repaid leasing liabilities		-3,614	-1,031
New shares issued		46,314	23,236
Payment in the form of redemption procedure		-837,401	-
Cash flow from financing activities		**-818,341**	**-554,590**
CHANGE IN CASH AND CASH EQUIVALENTS		**-899,798**	**825,086**
Cash and cash equivalents on January 1		919,084	93,998
Cash and cash equivalents on December 31	18	19,286	919,084
Supplemental disclosure to statement of cash flows			
Paid interest			
Interest received		72	71
Interest paid		-3,099	-42,359

NOTES

Information in the notes pertains to both the parent company and the Group unless otherwise stated. If only one set of values is stated in a note, with no reference to the Group or parent company, the values for the Group and parent company are identical in this note.

NOTE 1. ACCOUNTING POLICIES

Company information
The Annual Report for Moberg Pharma AB was approved for publication by decision of the Board on April 19, 2021. The Annual Report will be submitted to the Annual General Meeting (AGM) for adoption on May 18, 2021. Moberg Pharma AB, corporate registration number 556697-7426, is a limited liability company registered in Bromma, Sweden.

Moberg Pharma AB (publ) is a Swedish pharmaceutical company focused on the commercialization of proprietary pharmaceuticals based on proven substances. The company's main asset is MOB-015 – a novel topical treatment for onychomycosis (nail fungus) – with recently completed Phase 3 studies with more than 800 patients. The pipeline also includes the BUPI project for pain relief in association with oral mucositis, which was spun off into the separate company OncoZenge and was distributed to the company's shareholders after the end of the fiscal year. Clinical data for both drug candidates indicate that they have the potential to become market leaders in their respective niches.

Basis of preparation and IFRS
The following accounting and valuation principles pertain to both the consolidated financial statements and the parent company's annual accounts unless otherwise specified.

The consolidated financial statements have been prepared in accordance with international accounting standards, the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as well as interpretations from the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Commission for application in the EU.

The consolidated financial statements have also been prepared in accordance with Swedish law (the Annual Accounts Act) by application of Recommendation RFR 1 of the Swedish Financial Reporting Board.

The parent company's Annual Report has been prepared in accordance with the Swedish Annual Accounts Act (ÅRL) by application of Recommendation RFR 2 of the Swedish Financial Reporting Board. This means that, as the main rule, the IFRS valuation and disclosure rules, as applied in the consolidated financial statements, also apply to the parent company.

Translation of foreign currency
Functional currency and reporting value
Items included in the financial statements of the various Group companies are measured in the currency used in the economic environment in which the particular companies are active (functional currency). Moberg Pharma AB's functional currency is Swedish kronor (SEK), which also represents the reporting currency of the parent company and the Group. Consequently, the company's financial reports 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.

Transactions and balance-sheet items
Transactions in foreign currency are translated to the functional currency based on the exchange rates on the transaction date. Monetary assets and liabilities in foreign currency are translated to the functional currency at the exchange rate on the balance sheet date. Exchange-rate differences arising from translation are recognized in net financial items in the income statement. Non-monetary assets and liabilities are normally recognized at historical cost and are translated at the exchange rate on the transaction date.

Translation of foreign subsidiaries
Assets and liabilities in foreign operations, including goodwill and other surplus and deficit value, are translated to SEK using the exchange rate on the balance sheet date. Revenues and costs in foreign operations are translated to SEK at the average exchange rate that represents an approximation of the exchange rates prevailing on the transaction date. Translation differences arising from translation of foreign operations are recognized directly in the statement of comprehensive income as a translation difference.

Basis of valuation
Moberg Pharma uses cost to recognize balance-sheet items unless stated otherwise.

Consolidation principles
Subsidiaries are consolidated in accordance with the acquisition method. The cost of an acquisition comprises the fair value of assets provided as payment, issued equity instruments and the liabilities incurred or taken over at the date of transfer. Identifiable acquired assets, assumed liabilities and contingent liabilities arising from a corporate acquisition are initially measured at fair value on the acquisition date. The surplus represented by the difference between cost and the fair value of the Group's share of identifiable acquired net assets is recognized as goodwill.

Intra-Group transactions and balance-sheet items, as well as unrealized gains on transactions between Group companies, are eliminated in their entirety..

R evenue
Two types of income are included in net revenue: product sales and milestone payments. All revenues are recognized at the fair value of what has been received or will be received less deductions for discounts, VAT and after elimination of intra-group transactions and are recorded as follows:

- Product sales are reported as revenue when control of the goods has been transferred to the customer, which is on delivery taking into account the current shipping conditions.
- Milestone payments are recognized when all conditions of eligibility for milestone payment under the agreement are met.

Other income
Government grants and research grants are recognized in the income statement as other income in the same period as the expenses that the grants are intended to offset.

Leasing
Assets and liabilities associated with a lease agreement are initially measured at present value. The lease payments are discounted by the interest rate implicit in the lease. If this rate cannot be easily established, which is usually the case with property leases, the lessee's incremental borrowing rate is used, which is the rate that the individual lessee would have to pay to borrow the funds needed to obtain an asset of similar value in a similar economic environment with similar terms.
Lease payments are divided between amortization and financing costs. The financing cost is expensed over the lease term to produce a constant periodic rate on the remaining liability in each period. The liability will be increased by the rate on the lease liability, but reduced by paid leasing fees. The valuation of the liability will also reflect changes in the leasing fees.

Right-of-use assets are measured at cost, which comprises the amount of the initial valuation of the lease liability. Right-of-use assets are depreciated over the shorter asset's useful life and the lease term on a straight-line basis. After the commencement date, the lessee measures the right of use at cost after deducting accumulated depreciation and any accumulated impairment. The valuation also takes into account any revaluation of the lease liability.

Payments associated with short-term equipment leases and all leases with low value assets are expensed on a straight-line basis in the income statement. Short-term leases are leases with a term not exceeding 12 months. Low value assets consist of IT equipment and office furniture.

Goodwill
Goodwill comprises the amount by which cost exceeds the fair value of the Group's share of the acquired subsidiary's identifiable net assets on the acquisition date. Goodwill arising from acquisitions of subsidiaries is recognized as an intangible asset. Goodwill is tested annually to identify any impairment need and is recognized at cost less accumulated impairment losses.

Product rights
Product rights are recognized at cost. Product rights have a limited useful life and are recognized at cost less accumulated amortization and, where appropriate, impairment losses. The value of product rights is impairment tested regularly.

Non-current assets
Non-current assets are recognized at cost less accumulated depreciation or amortization and any impairment loss. Depreciation and amortization are applied according to plan over the asset's estimated useful life from the time of an acquisition.

Depreciation/amortization periods
The following useful lives are applied for different types of assets:

Patents	useful life of the patent
Capitalized expenditure for research and development work	anticipated useful life
Capitalized software development charges	5 years
Equipment	5 years

Amortization of patents commences from the time of commercialization. Once commercialization has commenced, patents are amortized over the term of the patent or on a straight-line basis over the anticipated useful life of the patent if this is less than the term of the patent. Amortization of product rights is applied straight line over the anticipated useful life.

Research and development costs
Research costs are expensed as incurred.
Expenditure relating to internally generated development projects is capitalized as intangible assets in accordance with IAS 38 Intangible Assets insofar as this expenditure is expected to generate future economic benefits. The cost of such intangible assets is amortized over the asset's estimated useful life. Other development costs are expensed as incurred. Moberg Pharma's assessment of this policy for ongoing development projects is presented on page 38 (Significant estimates and assessments). Expenditure arising before the time when all capitalization criteria have been fulfilled will continue to be expensed. Direct expenses of completing the product, such as those for patents, registration applications and product testing, including employee benefits, are recognized in cost. Depreciation/amortization will be applied using the straight-line method to distribute development expenses on the basis of estimated useful life.

The useful life is based on the term of the underlying patent; amortization is applied on a straight-line basis from the date of commercialization until the end of the patent, or on a straight-line basis across the anticipated useful life if this is less than the term of the underlying patent. Accordingly, the amortization period for capitalized development expenditure will exceed the five years that, according to the Annual Accounts Act, should normally be the amortization period in the parent company. The reason for the longer amortization period is that the products are expected to generate revenue throughout the entire term of the patents. Expenditure relating to acquired development projects is capitalized as intangible assets.

Impairment losses excluding goodwill
At each reporting date, the carrying amounts for intangible assets and property, plant and equipment are tested for impairment. If an indication of impairment exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of the fair value of the asset less selling expenses and the asset's value in use.

Value in use is determined by estimating and discounting future incoming and outgoing payments generated by the asset. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount. This impairment loss is recognized directly in the income statement.

Financial instruments
Financial instruments reported in the statement of financial position include, on the asset side, cash and cash equivalents, accounts receivable and financial receivables. Liabilities include accounts payable, other interest-bearing liabilities and contingent consideration.

Reporting in and removal from report on financial position
EA financial asset or liability is recognized in the statement of financial position when the company becomes a party according to the instrument's contractual terms. A claim is raised when the company has performed and there is a contractual obligation for the counterparty to pay, even if the invoice has not yet been sent. Accounts receivable are recognized in the statement of financial position when the invoice has been sent. Debt is raised when the counterparty has performed and there is a contractual obligation to pay, even if the invoice has not yet been received. Accounts payable are recognized when the invoice is received.

A financial asset is removed from the statement of financial position when the rights in the agreement are realized, expire or the company loses control over them. The same applies to part of a financial asset. A financial liability is removed from the statement of financial position when the obligation in the agreement is fulfilled or otherwise extinguished. The same applies to part of a financial debt. A financial asset and a financial liability are offset and reported with a net amount in the statement of financial position only when there is a legal right to offset the amounts and that there is an intention to settle the items with a net amount or to simultaneously realize the asset and settle the debt. Acquisitions and divestments of financial assets are reported on the business day. The business day is the day on which the company commits to acquire or dispose of the asset.

Classification and valuation of financial assets
Debt instruments: the classification of financial assets that are debt instruments is based on the Group's business model for managing the asset and the nature of the asset's contractual cash flows.

The instruments are classified into:

- accrued acquisition value
- fair value through other comprehensive income, or fair value through profit or loss.

The Group's assets in the form of debt instruments are classified at amortized cost. Financial assets classified at amortized cost are initially measured at fair value with the addition of transaction costs. Accounts receivable are initially recognized at the invoiced value. After the first accounting opportunity, the assets are valued according to the effective interest method. Assets classified at amortized cost are held according to the business model to collect contractual cash flows that are only payments of principal amounts and interest on the outstanding capital amount. The assets are covered by a loss reserve for expected loan losses.

Equity instruments are classified at fair value through profit or loss, with the exception if they are not held for trading, as an irrevocable choice can be made to classify them at fair value through other comprehensive income without subsequent reclassification to the result. The Group classifies equity instruments at fair value through profit or loss.

Classification and valuation of financial liabilities
Financial liabilities are classified at amortized cost, with the exception of contingent consideration and convertible loans. Financial liabilities recognized at amortized cost are initially measured at fair value including transaction costs. After the first accounting date, they are measured at accrued acquisition value according to the effective interest method.

Contingent consideration and convertible loans are recognized at fair value. For convertible loans, the liability is initially calculated by discounting the loan's future cash flows (principal amounts and interest) to the loan's fair value. Interest is recognized in the income statement, calculated based on the implicit interest rate on the loan's fair value, over the expected term of the loan. If the loan is converted to shares, the loan is re-measured taking into account the current share price and the number of shares in issue. If the loan is repaid, the loan is re-measured at the amount required to settle the liability..

Impairment of financial instruments
The Group's financial assets, other than those that are classified at fair value through profit or loss, are subject to write-downs for expected loan losses. The reserve for loan losses is calculated and reported initially based on twelve-month expected loan losses. If the credit risk has increased significantly since the financial asset was first recognized, the reserve for credit losses is calculated and reported based on expected loan losses for the entire remaining term of the asset. For accounts receivable and contract assets, a simplified method is applied and the reserve for credit losses is calculated and reported based on expected loan losses for the entire remaining term. The calculation of expected loan losses is mainly based on an individual assessment of the current receivable or the asset together with information on historical losses for similar assets and counterparties. The historical information is evaluated and adjusted continuously based on the current situation and the expectation of future events. The financial assets are reported in the balance sheet at amortized cost, i.e. net of gross value and loss reserve. Changes in the loss reserve are reported in the income statement.

Provisions
Provisions are recognized in the balance sheet when the Group has a legal or informal obligation arising from previous events and it is more probable than not that an outflow of resources will be required to settle the obligation and the amount can be reliably calculated.

Pensions and other committed post-employment benefits
Moberg Pharma has only defined contribution plans for its employees. Defined-contribution plans and other short-term benefits for employees are recognized as personnel expenses during the period that the employee performed the service associated with the remuneration. Prepaid fees are recognized as an asset to the extent that cash repayment or a reduction of future payments may benefit Moberg Pharma.

Equity
Transaction costs directly attributable to the issue of new shares are recognized in equity, net after tax, as a deduction from the issue proceeds.

Employee share based incentive programs
Share-based incentive programs are reported in accordance with IFRS 2. According to IFRS 2, the cost of share-based remuneration to employees is reported at fair value per grant date. The cost, together with a corresponding increase in equity, is reported during the period during which the performance and earnings conditions are met, up to and including the date on which the employees concerned are fully entitled to the compensation (vesting day). The accumulated cost recognized at each reporting date until the vesting date reflects the extent to which the vesting period has been harvested and Moberg Pharma's estimate of the number of equity-linked instruments that will ultimately be fully earned.

The company's employee stock option program constitutes a transaction that is regulated with equity instruments in accordance with IFRS 2, where the fair value of the allocated employee stock options is reported in the income statement as a personnel cost during the vesting period. The fair value of the employee stock options is determined at the time of allotment using the Black-Scholes option pricing model. Earnings terms are taken into account in assumptions about the number of employee stock options that are expected to be possible to utilize. This estimate is revised regularly. Moberg Pharma reports the possible effect of the revision of the original estimate in the income statement with a corresponding effect on equity during the remainder of the vesting period. Funds received on exercise of employee stock options, net of any directly attributable transaction costs, are added to equity.

Related-party transactions
Remuneration and benefits to senior executives are recognized in accordance with IAS 19 Employee Benefits and IFRS2 Share-based Payment. Other disclosures on related-party transactions are recognized in accordance with IAS 24 Related Party Disclosures and the Swedish Annual Accounts Act; see Note 31.

Tax
Current tax and changes in deferred tax are recognized as Moberg Pharma's tax expense or tax income. Current tax is calculated on the taxable results for the year in accordance with tax regulations. Current tax also includes adjustments from previous tax years.

Deferred tax is the tax calculated based on the taxable or deductible temporary differences between the carrying amount and tax value of assets and liabilities.

In accordance with the balance sheet method, deferred tax is recognized in its entirety on all temporary differences arising between the tax assessment value of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is calculated by applying the tax rates and laws that have been enacted or that have been enacted in principle on the balance sheet date and that are expected to apply when the deferred tax asset is realized, or the deferred tax liability is settled.

Deferred tax assets and liabilities pertaining to tax-deductible temporary differences and tax loss carryforwards are recognized only insofar as it is considered likely that they will be utilized and will result in lower tax payments in the future.

Distribution of OncoZenge AB
The obligation to pay a dividend is recognized when a dividend has been approved by the shareholders' meeting/Annual General Meeting. With respect to the distribution of shares in OncoZenge AB, this occurred at the Annual General Meeting in December 2020. In the Group, the liability is measured at the fair value of the assets that will be distributed. In the parent company, the liability is recognized at the book value of the shares in the subsidiary.

Parent company accounting policies
The parent company's accounting policies essentially comply with the accounting policies of the Group. For the parent company, an income statement and a statement of comprehensive income are presented, while for the Group, this is presented in a single report in the statement of comprehensive income. Furthermore, for the parent company, the terms balance sheet and cash flow statement are used for those statements that in the Group are called consolidated statement of financial position and consolidated statement of cash flows, respectively. The income statement and balance sheet for the parent company are drawn up according to the presentation stipulated in the Annual Accounts Act, while the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the Group are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows. The differences concerning the consolidated financial statements that are relevant to the parent company's income statements and balance sheets consist mostly of the recognition of equity. Starting from 2016, a special restricted reserve will be introduced within equity relating to the Group's own expenditure for development work. A sum equivalent to capitalized expenditure for the Group's own development work is to be transferred from unrestricted to restricted equity. The reserve for development expenditure will be released as amounts are amortized.

Shares in subsidiaries
Shares in subsidiaries are recognized at cost, less any impairment losses, in accordance with the Annual Accounts Act.

Significant estimates and assessments
Estimates and assessments are evaluated on an ongoing basis, based on historical experience and other factors as well as expectations of future events that are considered reasonable based on prevailing circumstances. Prospective estimates and assessments are made. Accounting estimates will, by definition, rarely match actual outcomes. Estimates and assumptions that involve a significant risk of material adjustments to carrying amounts during the coming fiscal year are discussed below.

Taxes
Deferred tax assets pertaining to tax-deductible temporary differences and tax losses carried forward are recognized only insofar as it is considered likely that they will be utilized and will result in lower tax payments in the future. The deferred tax asset has been calculated on the basis of the assessment made by management and the Board of Directors concerning the future utilization, in the foreseeable future, of tax deficits accumulated in the Group. A changed assessment of how losses carried forward can be recovered through future taxable surpluses could impact recognized taxes on earnings and on items in the balance sheet in forthcoming periods.

Internal development expenditure
Development costs are to be capitalized as intangible assets when it is probable that the project will succeed. Each development project is unique and must be assessed based on its particular merits. The earliest assessed timing for capitalization is during Phase 3 development or equivalent final development steps for types of products other than pharmaceuticals. But even after completion of such development steps, a number of uncertainty factors could remain so that the criteria for capitalization cannot be considered satisfied.

Given premature capitalization, there is a risk that a project will fail and that the costs offset will not be justified, but will have to be expensed directly. In turn, this would imply that previous and current year results would be misleading because of an excessively optimistic assessment of the likelihood of success.

Status reports on the development projects were presented to the Board of Directors on a number of occasions during the year. The Board has evaluated the development projects and determined that two ongoing development projects, MOB-015, and BUPI, fulfill all capitalization criteria as of December 31st, 2020. This assessment is made according to the criteria defined in IFRS:

It is technically feasible for the company to complete the product candidates

- Efficacy and safety have been proved in phase II studies as well as previous in vitro and ex vivo studies.
- The products are based on well-known and well documented substances. Significant parts of the regulatory dossier can be based on literature data when applying for market approval which may potentially lead to a shorter path to approval.
- Scientific advice meetings with regulatory agencies have been conducted to discuss the development program to market approval which indicates a high probability of obtaining a market approval.
- Moberg Pharma has been granted patents and has pending patent applications in major territories

Moberg Pharma has the intention to complete the product candidates

- The Board of Directors has approved the continued development plans
- The company has entered into several agreements with external parties on continued development

Moberg Pharma has the ambition and ability to sell the products

- Both via existing distributors and partners and through its own sales channels

The asset will generate significant future economic benefits

- Market research has shown significant potential for new products

Moberg Pharma has access to adequate technical, financial and other resources to complete development of the product candidates

- Moberg Pharma has secured the availability of all necessary resources

Impairment test of capitalized development expenditure

At each balance sheet date, impairment testing of capitalized development expenses is also carried out. This impairment test contains a number of estimates and assessments. For more on the impairment test, see Note 19.

NOTE 2. REVENUE

	Parent company		Group	
Distribution of net revenue	**2020**	**2019**	**2020**	**2019**
Sales of products	-	26,775	-	-
Milestone payments	50,488	16,073	50,488	15,554
	50,488	**42,848**	**50,488**	**15,554**

	Parent company		Group	
Net revenue by geographical market	**2020**	**2019**	**2020**	**2019**
Europe	-	16,501	-	15,554
America	-	21,769	-	-
Rest of the world	50,488	4,578	50,488	,-
	50,488	**42,848**	**50,488**	**15,554**

Net revenue is based on the geographic market from which the product is sold.

	Parent company		Group	
Net revenue by sales channel	**2020**	**2019**	**2020**	**2019**
Direct sales	-	499	-	-
Distribution sales	-	5,026	-	-
License revenues	50,488	15,554	50,488	15,554
Transfer price adjustments	-	21,769	-	-
	50,488	**42,848**	**50,488**	**15,554**

	Parent company		Group	
Net revenue by product category	**2020**	**2019**	**2020**	**2019**
Nalox™/Kerasal Nail®	-	27,294	-	-
MOB-015	50,488	15,554	50,488	15,554
	50,488	**42,848**	**15,554**	**15,554**

NOTE 3. SEGMENT INFORMATION

Moberg Pharma's operations comprise only one area of operation, the development and commercialization of medical products. Since the operations are conducted in one area of operation, no separate segment information is presented.

NOTE 4. OTHER OPERATING INCOME

	Parent company		Group	
Other operating income	**2020**	**2019**	**2020**	**2019**
Exchange-rate gains	1,262	869	1,262	175
Invoice expenses	6,289	3,339	5,707	3,339
	7,551	**4,208**	**6,969**	**3,514**

NOTE 5. ANALYSIS OF EXPENSES BY COST CATEGORY

	Parent company		Group	
Operating expenses	**2020**	**2019**	**2020**	**2019**
Cost of goods sold	-	2,477	-	-
Personnel costs	15,097	13,494	15,097	9,910
Depreciation/amortization	3,782	9,092	3,782	1,269
R&D costs	709	1,683	445	1,227
Other expenses	23,625	51,949	22,124	10,880
	43,213	**78,695**	**41,448**	**23,287**

	Parent company		Group	
Depreciation/amortization by function	**2020**	**2019**	**2020**	**2019**
Research and development costs	2,357	1,347	2,357	852
Sales expenses	-	7,258	-	46
Business development and administrative expenses	1,425	487	1,425	371
	3,782	**9,092**	**3,782**	**1,269**

NOTE 6. LEASING

	Parent company		Group	
Operational leasing	**2020**	**2019**	**2020**	**2019**
Depreciation expenses – premises	3,704	1,235	3,704	1,235
Interest expenses	271	113	271	113
Administration expenses (low-value assets)	160	76	160	76

	Parent company		Group	
Right of use assets	**2020**	**2019**	**2020**	**2019**
Premesis	7,102	10,493	7,102	10,493

	Parent company		Group	
Leasing debts	**2020**	**2019**	**2020**	**2019**
Short term	2,642	2,366	2,642	2,366
Long term	4,753	8,331	4,753	8,331
	7,395	**10,697**	**7,395**	**10,697**

The Group rents office space. Leases are usually made over a fixed period of 5 years which is due to expire in September 2023. Until the financial year 2018, leasing agreements were classified as operating leases. As of January 1, 2019, lease agreements are reported as a right-of-use asset with a corresponding liability at the date the leased asset is available for use.

Assets and liabilities arising from a leasing agreement are initially calculated at present value. Rent payments are discounted with the interest rate implicit in the lease. If this interest rate cannot be easily determined, which is usually the case for leases in the group, the tenant's incremental borrowing rate is used, which is the interest rate the individual tenant would have to pay to borrow the funds required to obtain an asset of similar value to the right to use the asset in a similar economic environment with similar terms, security and terms.

Leasing payments are divided between amortization and financing costs. The financing cost is charged the result over the rental period to give a constant periodic interest on the remaining debt in each period.

Rights of use assets are valued at acquisition cost that includes the amount of the initial valuation of rent debt. Rights of use are depreciated over the shorter of the asset's useful life and the lease term linear. Payments associated with short-term rentals of equipment and all leases with low-value assets are reported on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term for a maximum of 12 months. Low-value assets consist of IT equipment and low value plant and equipment.

NOTE 7. EMPLOYEES

	2020				2019			
	Average number of employees			No. of employees on Dec 31	Average number of employees			No. of employees on 30 June
No. of employees	**Women**	**Men**	**Total**	**Total**	**Women**	**Men**	**Total**	**Total**
Sweden	10	1	11	10	17	3	20	16
USA	-	-	-	-	4	3	7	-
Total	**10**	**1**	**11**	**10**	**21**	**6**	**27**	**16**

Reporting of gender distribution of members of parent company senior management	2020		2019	
	Women	**Men**	**Women**	**Men**
Board of Directors	0	4	0	4
Managing Director and other senior executives	3	2	3	1

Reporting of gender distribution of members of Group senior management	2020		2019	
	Women	**Men**	**Women**	**Men**
Board of Directors	0	4	0	4
Managing Director and other senior executives[7]	3	2	3	1

[7] Management teams in the Group's operating companies. After the divestment of the OTC business, the management teams in the parent company and the Group are identical.

	Parent company		Group	
Total salaries, social security expenses and pensions	**2020**	**2019**	**2020**	**2019**
Salaries and other remuneration, including pension costs	18,121	12,246	18,121	20,180
Employee stock option costs	1,420	1,364	1,420	1,655
Social security costs	5,804	5,632	5,804	5,632
Other expenses	598	432	598	1,575
Total	**25,943**	**19,674**	**25,943**	**29,042**
Of which pension costs	2,217	1,115	2,217	1,115
Of which relates to discontinued operations			-	-12,952
Total wages, social costs and pensions continuing operations			25,943	16,090

Variable remuneration in the fiscal year 2020 totaled SEK 3.1 million (7.1) for the entire workforce, of which SEK 3.1 million (3.4) in the parent company. Variable remuneration represented approximately 12% (24) of the Group's total personnel costs for the fiscal year. In 2019, the proportion of variable remuneration in relation to the Group's total personnel costs was higher due to the divestment of the OTC operations. All permanent employees who have been employed for more than 6 months have the opportunity to receive a variable salary component in their annual salary.

Senior executive benefits

Board and committees

The Chairman of the Board and other Board members receive director's fees as resolved by the Shareholders' Meeting.

Chief Executive Officer

For the period July 1 to December 31, 2020, the company reported SEK 1.9 million (0.2) in base salary paid to CEO Anna Ljung as well as SEK 0.7 million (0.1) in variable remuneration.

The CEO has a defined contribution pension, whereby the company has no pension obligations over and above those stated here. Premium payments equivalent to 25% (25%) of base salary have been made. The notice period is six months in the event the CEO resigns and six months if terminated by the company.

Other senior executives

Remuneration to other senior executives consists of base salary, variable remuneration, other benefits and pensions. Other senior executives in the parent company refer to the three persons who together with the CEO constitute the management team. In addition to the CEO, the management team consisted of the following persons on December 31, 2020:

- Chief Medical Officer
- Senior Vice President Pharmaceutical Innovation and Development
- Vice President Finance
- Senior Director Regulatory Affairs

Remuneration to senior executives

At the AGM on October 30, 2019, the following guidelines were resolved for senior executives of Moberg Pharma: Moberg Pharma shall offer a market-aligned total remuneration package that facilitates the recruitment and retention of qualified senior executives. The remuneration paid to the Chief Executive Officer and other senior executives shall comprise base salary, variable remuneration, other benefits and pension benefits. The base salary serves as a basis for the total remuneration package and is proportionate to the executive's responsibilities and authority. Variable remuneration is generally capped at 25-50% of each executive's base annual salary. For the period of 2019-2020, however, the variable remuneration can amount to a maximum of 15 monthly salaries in total for the two years. Variable remuneration is based on results achieved in relation to in relation to goals set by the Board of Directors. Pensionable salary comprises only base salary. To the extent that Board members perform work for the company or any other Group company, in addition to work on the Board, a market-aligned consultancy fee may be payable.

In case of termination, the notice period is at least three months if initiated by the senior executive and between three and 12 months if the Company takes the initiative. Severance may apply, but total remuneration during termination including severance can never exceed 12 months' salary, other than what has been stated above regarding variable remuneration for 2019-2020. Any share- and share price-related programs must be adopted by a shareholders' meeting. Allocations by such programs are decided by the shareholders' meeting. With the exception of share-based remuneration that has been allocated and vested, and what is provided for under employment contracts as referred to above, senior executives are not entitled to any post-employment/assignment benefits. Furthermore, the Board of Directors shall have the option of allocating further variable non-recurring remuneration to senior executives when the Board deems it appropriate. The Board of Directors has the right to deviate from the aforementioned remuneration guidelines for senior executives if there are special reasons for doing so.

Remuneration and other benefits during July 2019 – December 2020 for the CEO and other senior executives in the Group

2020	Basic salary[8]	Variable remu-nera-tion[9]	Other benefits	Pension-costs	Share-based remune-ration[10]	Other remu-nera-tion	Total
CEO, Anna Ljung	1,851	748	-	505	278	-	3,382
Other executives (5 persons)	6,288	2,736	-	847	521	-	10,392
Total	**8,139**	**3,484**	**-**	**1,352**	**799**	**-**	**13,774**

Remuneration and other benefits during January - June 2019 for the CEO and other senior executives in the Group

2019	Basic salary[11]	Variable remu-nera-tion[12]	Other benefits	Pension-costs	Share-based remune-ration[10]	Other remu-nera-tion	Total
CEO, Anna Ljung (from 2019-05-16)	151	93	-	37	44	-	325
CEO, Peter Wolpert (to 2019-05-15)	853	1,219	1	281	206	-	2,560
Other Executives (4 persons)	4,495	3,703	-	292	733	-	9,224
Total	**5,499**	**5,016**	**1**	**609**	**984**	**-**	**12,109**

[8] Remuneration to Mark Beveridge has been paid in the form of consulting

[9] Variable remuneration is attributable to the financial year 2020 and is paid during 2020 and 2021.

[10] These costs do not involve payment and do not affect the company's cash flow. Estimated costs for social security contributions is not included in the reported values.

[11] Remuneration to Mark Beveridge and Shaw Sorooshian has been paid in the form of consulting fees

[12] Variable remuneration is attributable to the financial year 2019, but paid during 2020.

Long term incentive programs

Moberg Pharma has introduced share-based incentive programs in the form of employee stock options and performance units that are intended to promote the company's long-term interests by motivating and rewarding senior executives and other employees. All permanent employees with a term of employment exceeding 12 months on December 31st, 2020 are included in the company's incentive program. The number of shares and options held by Board members, the President and other senior executives is stated on the Board's information on page 57 and management on page 56. For further information on share-based payments, see Note 19.

Directors´ fees

	2020		2019	
	Directors´ fees	Other Remuneration	Directors´ fees	Other Remuneration
Peter Wolpert (Chairman) (from 2019-05-16)	540	1,098	60	122
Thomas Eklund (Chairman) (from 2019-05-15)	-	-	143	-
Board members:				
Fredrik Granström (from 2019-05-16)	255	-	28	-
Andrew B. Handman (from 2019-05-16)	255	-	28	-
Mattias Klintemar	255	-	108	-
Geert Cauwenbergh (through 2019-05-15)	-	-	57	-
Sara Brand (through 2019-05-15)	-	-	57	-
Anna Malm Bernsten (through 2019-05-15)	-	-	64	-
Total	**1,305**	**1,098**	**545**	**122**

NOTE 8. INFORMATION ON AUDITOR'S REMUNERATION

	Parent company		Group	
Ernst & Young	**2020**	**2019**	**2020**	**2019**
Audit assignment	1,128	564	1,128	564
Auditing in addition to the assignment	952	492	952	492
Tax advice	-	292	-	292
Other services	-	873	-	873
	2,079	**2,221**	**2,079**	**2,221**

Audit assignments are defined as the examination of the annual report and accounting records and of the Board of Directors and CEO's administration of the company, other tasks incumbent on the auditor, as well as advice and other assistance occasioned by observations made in the course of such examinations or the performance of such other tasks. Audit work in addition to the assignment comprises examinations of interim reports, prospectus, pro forma and issue-in-kind certificates and preparing other opinions in accordance with the Companies Act. Note that in 2020 the fifth interim report was audited in connection with a prospectus.

NOTE 9. DEPRECIATION/AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE NON-CURRENT ASSETS

	Parent company		Group	
Depreciation/amortization	**2020**	**2019**	**2020**	**2019**
Equipment and inventory	78	35	78	35
Rights of use	3,704	1,235	3,704	1,235
Intangible assets	-	7,822	-	-
	3,782	**9,092**	**3,782**	**1,270**

NOTE 10. FINANCIAL ITEMS

	Parent company		Group	
Interest income and similar items	**2020**	**2019**	**2020**	**2019**
Interest income	23	120	23	120
Sales subsidiaries	-	591,574	-	-
Dividend subsidiaries	-	54,912	-	-
Other financial income	-	-	-	1
	23	**646,606**	**23**	**121**

	Parent company		Group	
Interest income and similar items	**2020**	**2019**	**2020**	**2019**
Interest income	1,531	12,896	1,531	595
Exchange gains on liabilities	941	2,663	941	2,663
Other financial costs	126	24,000	126	371
	2,598	**42,445**	**2,598**	**996**

NOTE 11. TAXES

Income taxes	Parent company		Group	
Tax recognized in the income statement	**2020**	**2019**	**2020**	**2019**
Current tax	-	-	-	-
Deferred tax	-2,976	6,553	-3,219	88
	-2,976	**6,553**	**3,219**	**88**
Applicable tax rate in Sweden	20.6%	21.4%	20.6%	21.4%

	Parent company		Group	
Income taxes	**2020**	**2019**	**2020**	**2019**
Results of continuing operations			13,433	-3,858
Profit from discontinued operations			-1,983	556,687
Profit/loss before tax	12,251	572,522	11,450	552,829
Tax according to the applicable tax rate for the parent company	-2,524	-122,520	-2,359	-118,305
Effects of other tax rates for foreign subsidiaries	N/A	N/A	-	-162
Non-taxable income	-	138,348	-	133,730
Non-deductible expenses	-18	-9,275	-18	-9,276
Effect of change in tax rate on deferred tax	-434	-	-434	-
Other	-	-	-	-
Tax recognized	**-2,976**	**6,553**	**-2,811**	**5,987**

	Parent company		Group	
Deferred tax assets/tax liabilities	**2020**	**2019**	**2020**	**2019**
Deferred tax asset for deficit	3,496	4,157	3,496	4,157
Deferred tax asset interest deduction	7,434	7,460	7,434	7,460
Deferred tax liabilities	-	-	-	-
	10,930	**11,617**	**10,930**	**11,617**

Deferred tax assets pertaining to tax-deductible temporary differences and tax losses carried forward are recognized only insofar as it is considered likely that they will be utilized and will result in lower tax payments in the future. Since the Board is of the opinion that the company's development means that there are convincing reasons to believe that future taxable surpluses will be available against which unused tax losses can be offset, the losses have been assigned a value. Current tax losses carried forward may be utilized for an unlimited time in Sweden without the exception of deferred items related to limits on financial expenses which is limited to use within six years.

The parent company has not made any extra allowance available for deductions of accelerated amortization of intangible assets. It is possible to make significant amortization deductions in the parent company for intangible assets in accordance with the Swedish Income Tax Act.

NOTE 12. DISCONTINUED OPERATIONS

The Extraordinary General Meeting on December 1, 2020 resolved, in accordance with the Board of Directors' proposal, to distribute Moberg Pharma's shares in the subsidiary OncoZenge to Moberg Pharma's shareholders. The resolution comprised all of Moberg Pharma's shares in OncoZenge. Ten ordinary shares in Moberg Pharma as of the record date for the distribution, February 5, 2021, entitle to one share in OncoZenge.

On February 12, 2019, the company announced that it had entered into an agreement to divest the 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 for total cash consideration of SEK 1,432.8 million.

	Group	
Income statement discontinued operations	**2020**	**2019**
Net revenue	-	91,919
Cost of goods sold	-	-22,293
Gross profit	**-**	**69,626**
Selling expenses	-	-51,267
Business development and administration expenses	-1,682	-3,845
Research and development expenses	-301	-1,768
Other operating items	-	741
Operating profit	**-1,983**	**13,487**
Finance costs	-	-17,478
Tax benefit/(expense)	408	5,899
Post-tax profit/(loss) of discontinued operations	**-1,575**	**1,908**
Capital gain on sale of discontinued operations	-	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	**-**	**560,679**
Profit after tax for the period from discontinued operations	**-1,575**	**562,587**
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 PROFIT FOR THE PERIOD	**-1,575**	**503,193**
Total profit attributable to OTC operations	-	504,150
Total profit attributable to BUPI operations	-1,575	-957
Net cash flows are as follows		
Cash flow from discontinued operating activities	-1,183	-31,047
Cash flow from discontinued investing activities	-602	1,432,699
Cash flow from discontinued financing activities	9,549	-600,000
Cash flow discontinued operations	**7,764**	**801,652**
Earnings per share		
Weighted average number of shares before dilution	-0.08	31.85
Weighted average number of shares after dilution	-0.08	31.56

Details on the sale of discontinued operations	**March 29, 2019**
Purchase price	
Cash consideration	1,429,106
Total purchase price	**1,429,106**
Net assets	-872,450
Result before reclassification of translation differences	**556,656**
Reclassification of translation differences	-68,249
Tax on the sale	-
Result from sale of discontinued operations	**624,905**

Carrying amount of assets and liabilities on reporting date	**Dec 31, 2020**	**March 29, 2019**
Assets		
Intangible non-current assets	22,052	806,400
Tangible non-current assets	-	232
Inventories	-	29,336
Receivables and cash	10,730	78,778
Total assets	**32,782**	**914,746**
Liabilities		
Non-current non-interest-bearing liabilities	-	-7711
Current non-interest-bearing liabilities	-2,218	-34,925
Total liabilities	**-2,218**	**-642,265**
Net assets	**30,564**	**872,450**

NOTE 13. EARNINGS PER SHARE

Calculations have been made in accordance with IAS 33 Earnings Per Share. Earnings per share before dilution are calculated by dividing the results for the year by a weighted average number of shares outstanding during the year. There are a total of 745,275 outstanding options and 351,404 performance share units as of December 31, 2020. The calculation of the weighted average number of shares is based on registered shares less Moberg owned shares plus the diluted effect of outstanding options and performance share units.

	Group	
Earnings per share	**2020**	**2019**
Profit attributable to equity in Moberg Pharma:		
Continuing operations	10,214	-3,771
Discontinued operations	-1,416	562,587
Profit attributable to equity in Moberg Pharma	**8,798**	**558,816**
Weighted average number of shares before dilution	18,810,496	17,662,347
Dilution effect of employee stock incentives	111,639	163,503
Weighted average number of shares after dilution	18,922,135	17,825,850

NOTE 14. INTANGIBLE NON-CURRENT ASSETS

	Parent company		Group	
Capitalized development expenditure	**2020**	**2019**	**2020**	**2019**
Opening accumulated cost	248,877	241,462	248,877	241,462
Capitalized expenditure for the year	62,130	31,999	62,130	31,999
Discontinued operations and investments	-15,201	-24,584	-15,201	-24,584
Carrying amount at the end of the period	**295,806**	**248,877**	**295,806**	**248,877**
Opening depreciation	-73	-3,838	-73	-3,838
Depreciation for the year	-	-365	-	-365
Discontinuing operations and divestments	-	4,130	-	4,130
Closing depreciation	**-73**	**-73**	**-73**	**-73**
Carrying amount at the end of the period	**295,733**	**248,804**	**295,733**	**248,804**
analysis of capitalized development expenditure				
Capitalized expenditure for MOB-015	295 733	234 417	234 417	234,417
Capitalized expenditure for BUPI	-	14 387	14 387	14,387
Carrying amount at the end of the period	**295 733**	**248 804**	**237 624**	**237,624**

Capitalized development expenditure relates to capitalized development expenses for MOB-015 and BUPI. The useful life is based on the lifetime of the underlying patent, depreciation is made linearly from the time of commercialization to the end of the patent, or linearly over the expected useful life if this is less than the lifetime of the underlying patent.

	Parent company		Group	
Capitalized expenditure for computer systems	**2020**	**2019**	**2020**	**2019**
Opening accumulated cost	-	6,227	-	6,398
Capitalized expenditure for the year	-	67	-	67
Discontinuing operations and divestments	-	-6,294	-	-6,470
Translation differences	-	-	-	5
Carrying amount at the end of the period	**-**	**-**	**-**	**-**
Opening depreciation	-	-3,968	-	-4,038
Depreciation for the year	-	-395	-	-409
Discontinuing operations and divestments	-	4,363	-	4,450
Translation differences	-	-	-	-3
Closing depreciation	**-**	**-**	**-**	**-**
Carrying amount at the end of the period	**-**	**-**	**-**	**-**

	Parent company		Group	
Goodwill	**2020**	**2019**	**2020**	**2019**
Opening accumulated cost	-	-	-	97,088
Discontinuing operations and divestments			-	-100,432
Translation differences	N/A	N/A	-	3,344
Carrying amount at the end of the period	**-**	**-**	**-**	**-**

Goodwill relates to the acquisition of Moberg Pharma North America LLC (Alterna LLC) in 2012, which was divested in March 2019 together with the remaining OTC operations.

	Parent company		Group	
Product rights	**2020**	**2019**	**2020**	**2019**
Opening accumulated cost	-	706,255	-	786,474
Discontinuing operations and divestments	-	-706,255	-	-789,237
Translation differences	-	-	-	2,763
Closing accumulated cost	**-**	**-**	**-**	**-**
Opening depreciation	-	-63,643	-	-96,177
Depreciation for the year	-	-7,062	-	-8,429
Discontinuing operations and divestments	-	70,705	-	105,742
Translation differences	-	-	-	-1,136
Closing depreciation	**-**	**-**	**-**	**-**
Carrying amount at the end of the period	**-**	**-**	**-**	**-**

Amortization of product rights is applied on a straight-line basis across the estimated useful life. All product rights have been divested on March 29, 2019.

	Parent company		Group	
Patents, licenses and similar rights	**2020**	**2019**	**2020**	**2019**
Opening accumulated cost	7,150	7,150	7,150	7,150
Acquisitions for the year	-	-	-	-
Discontinuing operations and divestments	-7,150	-	-7,150	-
Closing accumulated cost	**-**	**7,150**	**-**	**7,150**
Opening depreciation	-300	-300	-300	-300
Depreciation for the year	-	-	-	-
Discontinuing operations and divestments	300	-	300	-
Closing depreciation	**-**	**-300**	**-**	**-300**
Carrying amount at the end of the period	**-**	**6,850**	**-**	**6,850**

Investments in patents primarily refers to the acquisition from Oracain II ApS of rights to a patent-pending formulation of the proven substance bupivacaine for the treatment of pain in the oral cavity, BUPI, which has not yet been commercialized. Amortization of patents commences from the time of commercialization.

Testing of impairment requirement

Intangible assets with an indeterminable useful life are tested at least annually to assess impairment requirements. Assets amortized and intangible assets under development are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount is not recoverable, or at least annually.

In the impairment test, the present value of the anticipated future cash flow from the Group's product portfolio is calculated. The future cash flows are based on next year's budget adopted by the Board of Directors, and a forecast for the following years. The adopted budget is based on a large number of detailed assumptions pertaining to volume growth, exchange rates, cost trends, etc. In addition, the budget is based on knowledge from management and other key individuals within the organization, on history and forward-looking information. The forecast for the time frame following the budget for the year and forward is based on the long-term forecast planning by company management. This is based on several more comprehensive assumptions pertaining to industrial trends, economic trends, volume growth, competition, exchange rates, cost trends, etc. The calculations and forecasts are based on external sales statistics and internal trend analysis. This, combined with management's experience, estimated forecasts, business plans, as well as existing agreements with suppliers and customers, forms the basis of assessment. The most significant assumptions applied during the year's test include volume growth, EBITDA, investment requirements and discount rates (WACC).

For the company's intangible fixed assets that are under development, the expected cash flows are likely to be adjusted to take into account the development risk. The cash flow is calculated based on forecasts for total market size, expected market share, estimated price level etc. The size of the market, price level and probability assessment is based on external market information and accepted probability assumptions for the corresponding product to reach the market. The costs include development costs based on the company's business plan. The forecast period for income and expenses extends to the end of the patent in 2032. The most significant assumptions mainly consist of market size, market share and probability.

WACC

The discount rate used has been calculated as WACC (weighted average cost of capital) and amounts to 8.9% (8.9). The discount rate is based on a market-based assessment of the average capital cost taking into account the estimated existing risk level.

Sensitivity analysis

Sensitivity analyses are conducted to analyze how changes in WACC and growth rates influence the calculated value in use. Sensitivity analyses that have been carried out indicate that no reasonable changes in significant assumptions lead to a need for impairment.

NOTE 15. PROPERTY, PLANT AND EQUIPMENT

	Parent company		Group	
Tangible fixed assets	**2020**	**2019**	**2020**	**2019**
Opening cost	2,224	2,224	2,224	3,712
Investments	-	-	-	-
Discontinuing operations and divestments	-	-	-	-1,539
Translation differences	-	-	-	51
Closing acquisition value	*2,224*	*2,224*	*2,224*	*2,224*
Opening depreciation	-2,144	-2,110	-2,144	-3,330
Depreciation for the year	-79	-34	-79	-79
Discontinuing operations and divestments	-	-	-	1,307
Translation differences	-	-	-	-42
Closing depreciation	*-2,223*	*-2,144*	*-2,223*	*-2,144*
Carrying amount at the end of the period	**1**	**80**	**1**	**80**

NOTE 16. TRADE RECEIVABLES AND OTHER RECEIVABLES

	Parent company		Group	
Trade receivables and other receivables	**2020**	**2019**	**2020**	**2019**
Trade receivables	-	81	-	81
Provisions for expected credit losses	-	-	-	-
Carrying amount at the end of the period, trade receivables	**-**	**81**	**-**	**81**
Receivables from Group companies	6,214	-	N/A	N/A
Other receivables	1,284	11,349	2,159	11,349
	7,498	**11,430**	**2,159**	**11,430**

Fair value for trade receivables corresponds to the carrying amount. The maximum exposure to credit risk at the balance sheet date corresponds to the carrying amount of trade receivables and other receivables. Trade receivables are deemed to be of good credit quality.

	Parent company		Group	
Ageing of trade receivables	**2020**	**2019**	**2020**	**2019**
Not overdue	-	81	-	81
Less than 3 months	-	-	-	-
3 to 6 months	-	-	-	-
More than 6 months	-	-	-	-
	-	**81**	**-**	**81**

	Parent company		Group	
Changes in provisions for expected credit losses	**2020**	**2019**	**2020**	**2019**
On January 1	-	-	-	-256
Additional provisions for expected credit losses	-	-	-	-
Receivables written off during the year as non-recoverable	-	-	-	-
Reversed unutilized amount	-	-	-	256
Translation differences	-	-	-	-
Carrying amount at the end of the period	**-**	**-**	**-**	**-**

	Parent company		Group	
	2020	**2019**	**2020**	**2019**
Non-overdue trade receivables not subject to impairment	-	81	-	81

NOTE 17. PREPAID EXPENSES AND ACCRUED INCOME

	Parent company		Group	
Prepaid expenses and accrued income	**2020**	**2019**	**2020**	**2019**
Leasing of premises	-	701	-	701
Insurance costs	477	394	477	394
Pension costs	179	144	179	144
Other prepaid expenses	777	325	195	325
	1,433	**1,564**	**851**	**1,564**

NOTE 18. CASH AND CASH EQUIVALENTS

Moberg Pharma receives interest on cash and cash equivalents at rates based on the banks' daily deposit rates. Reported cash and cash equivalents in the consolidated balance sheet exclude accounts attributable to OncoZenge AB, which are included under the heading assets held for distribution. The statement of cash flows includes all cash and cash equivalents, including accounts attributable to OncoZenge AB.

	Parent company		Group	
Cash and cash equivalents	**2020**	**2019**	**2020**	**2019**
Cash and cash equivalents	19,286	919,084	19,286	919,134
Carrying amount	**19,286**	**919,084**	**19,286**	**919,134**

Cash and cash equivalents in both the parent company and the Group include bank accounts pledged as security for bank guarantees of SEK 0.7 (0.7) million.

NOTE 19. EQUITY

Capital

Moberg Pharma's managed assets comprise equity. Changes in managed equity are described in "Consolidated Statement of Changes in Equity", page 29. Moberg Pharma seeks to add value and generate a good return for shareholders through profitable growth from organic sales growth, acquisitions and in-licensing of new products. Moberg Pharma's goal is to make MOB-015 the leading treatment alternative for nail fungus globally and to build a specialist pharmaceutical company with its own sales in the U.S. and sales through partners in other markets. With MOB-015 as an anchor, the company intends to expand its product portfolio with more proprietary and acquired products in related areas.

Share development including owned own shares

Date[14]	Transaction	Change in number of shares	Changes in share capital	Number of shares	Total share capital, SEK	Face value, SEK	Subscription price SEK[15]	Invested capital
Outstanding, January 1, 2019				**17,703,762**	**1,770,376.20**	**0.10**		
April 2019	Rights issue	660,843	66,084.30	18,364,605	1,836,460.50	0.10	35.16	23,235,240
Closing balance June 30, 2019				**18,364,605**	**1,836,460.50**	**0.10**		
Outstanding Juli 1, 2019				**18,364,605**	**1,836,460.50**	**0.10**		
July 2019	Rights issue	488,905	48,890.50	18,853,510	1,885,351.00	0.10	47.36	23,155,578
May 2020	Rights issue (refers to own shares)	370,000	37,000.00	19,223,510	1,922,351.00	0.10	0.10	37,000
June 2020	Rights issue	34,430	3,443.00	19,257,940	1,925,794.00	0.10	14.52	500,000
September 2020	Rights issue	600,435	60,043.50	19,858,375	1,985,837.50	0.10	14.16	8,500,000
November 2020	Rights issue	561,151	56,115.10	20,419,526	2,041,952.60	0.10	10.69	6,000,000
Closing balance, December 31, 2020				**20,419,526**	**2,041,952.60**	**0.10**		

Details of subsequent shares issued may be found under Moberg Pharma Share page 25

Share-based remuneration

Employee stock options and performance share rights	2016:1	2017:1	2018:1[16]	2020:1[16]
Start day	2016-05-16	2017-05-16	2018-05-15	2020-05-01
Expiration date	2020-12-31	2021-06-30	2021-05-10	2025-05-01
Vesting date	2019-06-30	2020-06-30	2021-03-31	2023-05-01
Exercise price, SEK per share	0.10	13.00	35.00	15.43
Number originally allocated	428,000	304,000	263,000	323,000
Outstanding June 30, 2019	376,000	221,151	80,022	-
Allocated in 2020	-	-	-	323,000
Exercised in 2020[17]	-17,000	-5,392	-22,618	-29,000
Forfeited in 2020	-359,000	-129,905	-	-
Outstanding December 31, 2020	**-**	**85,854**	**57,404**	**294,000**
Number of shares that may be subscribed to through employee stock options[18]	**-**	**85,854**	**57,404**	**294,000**
Vested per December 31, 2020	-	85,854	-	-

[14] Refers to the time of the Swedish Companies Registration Office's registration.

[15] Average subscription price.

[16] Refers to performance share rights in contrast to previous years' incentive programs with employee stock options.

[17] Forfeited due to termination of employment.

[18] If the share capital increases, except when executing existing incentive programs, a recalculation of the right to receive shares take place with corresponding conditions. This also includes compensation for any dividend. For example, the right will be adjusted in 2021 with new registered shares from the new share issue that was registered in January and a dividend from OncoZenge AB.

The employee stock options are issued by the subsidiary Moberg Derma Incentives AB. The employee stock options can be exercised by the holder at any time after the vesting day up to and including the end date, where each employee stock option entitles the holder to subscribe for a warrant. Each warrant gives in turn the right to subscribe for one common share in Moberg Pharma. If the employment is terminated, the non-earned employee stock options will be forfeited.

For employee stock options that entitle the holder to acquire warrants that are automatically and at the same time used to subscribe for new shares, Moberg Pharma must pay social security contributions on the difference between the market value of the share when the option is exercised and the exercise price paid by the employee. Expected social costs have been calculated and provisions have been made in the accounts.

Outstanding warrants	Totalt
2017:1 – Closing date for subscription: 2021-12-31 Subscription price SEK 13.00	85,854
Warrants issued to the purchaser of the OTC business. Closing date for subscription: 03/31/2023 Subscription price SEK 35.16 post OTC dividend	659,421
	745,275

In connection with the sale of the OTC business, Moberg Pharma also issued 659,421 warrants free of charge, each of which entitles the buyer of the OTC business to subscribe for one ordinary share in the company at a subscription price of SEK 35.16 per share and with a final subscription date of March 31, 2023.

NOTE 20. INTEREST-BEARING LIABILITIES

	Parent company		Group	
Long-term borrowings	**2020**	**2019**	**2020**	**2019**
Bond loan	-	-	-	-
Interest-bearing liabilities (denominated in USD)	-	23,642	-	23,642
Carrying amount at the end of the period	**-**	**23,642**	**-**	**23,642**

The following table analyzes the Group's interest-bearing financial liabilities, distributed by the time remaining on the balance sheet date until the contractual maturity date. Expected future interest payments have been calculated based on the interest rate in effect on balance sheet date. The amounts in the table are the contractual, undiscounted cash flows.

	Parent company		Group	
Maturity dates, long-term borrowing:	**2020**	**2019**	**2020**	**2019**
Maturity date 1–2 years from the balance sheet date	-	-	-	-
Maturity date 2–5 years from the balance sheet date	-	23,642	-	23,642
Date of maturity more than 5 years from the balance sheet date	-	-	-	-
Carrying amount at the end of the period	**-**	**23,642**	**-**	**23,642**

The table below shows expected future interest payments, which have been calculated based on the interest rate available on the balance sheet date.

	Parent company		Group	
Expected future interest payments:	**2020**	**2019**	**2020**	**2019**
Maturity date 1–2 years from the balance sheet date	-	-	-	-
Maturity date 2–5 years from the balance sheet date	-	8,077	-	8,077
Date of maturity more than 5 years from the balance sheet date	-	-	-	-
Total expected future interest payments	**-**	**8,077**	**-**	**8,077**

Upon the sale of the OTC business, the company on April 1, 2019 sent an irrevocable notification of early redemption of its SEK 600 million bond loan, and the redemption was finalized on April 29, 2019. In accordance with the terms, the bonds were redeemed at an amount corresponding to 104.00 percent of the nominal amount (corresponding to SEK 624 million). The SEK 24 million cost of the early redemption has been recognized as a financial expense.

In connection with the divestment of the OTC business in March 2019, the buyer provided financing for a loan of USD 2.5 million with a book value of SEK 23.6 million as of June 30, 2019 and subscription of shares (USD 2.5 million). The loan carries a 3 month PIK interest rate of LIBOR +5.50 percent. The loan was repaid on October 31, 2019.

NOTE 21. CURRENT LIABILITIES

	Parent company		Group	
Other current liabilities	**2020**	**2019**	**2020**	**2019**
Employee payroll tax	279	607	279	607
Settlement of social security contributions	133	610	133	610
Provisions for social security contributions for employee stock option plan	380	2,541	380	2,541
Reported VAT	4,637	-	-	-
Paid-in subscription proceeds and share-based payments	-	31,609	-	31,609
Other current liabilities	10	1,864	10	1,864
	5,440	**37,231**	**802**	**37,231**

NOTE 22. ACCRUED EXPENSES AND DEFERRED INCOME

	Parent company		Group	
Accrued expenses and deferred income	**2020**	**2019**	**2020**	**2019**
Accrued personnel expenses	3,894	4,331	3,894	4,331
Accrued Board expenses	231	231	231	231
Audit	250	470	250	470
Accrued issue expenses	,18,513	-	18,513	-
Other accrued expenses	3,559	4,708	3,559	4,708
	26,447	**9,740**	**26,447**	**9,740**

	Parent company		Group	
Accrued personnel expenses	**2020**	**2019**	**2020**	**2019**
of which, accrued salaries	1,398	1,756	1,398	1,756
of which, accrued vacation pay liability	2,101	2,085	2,101	2,085
of which, accrued social security contributions	395	490	395	490
	3,894	**4,331**	**3,894**	**4,331**

NOTE 23. PLEDGED ASSETS AND CONTINGENT LIABILITIES

	Parent company		Group	
Pledged assets in the parent company	**2020**	**2019**	**2020**	**2019**
Bank guarantee, cash and cash equivalents	702	702	702	702
	702	**702**	**702**	**702**

NOTE 24. FINANCIAL ASSETS AND LIABILITIES BY CATEGORY FOR THE GROUP

Financial assets and liabilities by category	**Assets/liabilities measured at fair value per prevailing market prices**	**Financial assets at amortized cost**	**Financial debt at amortized cost**	**Total**
December 31, 2020				
Assets in the balance sheet				
Trade receivables and other receivables (excluding prepaid expenses)		113,894		113,894
Cash and cash equivalents		19,286		19,286
Total	**-**	**133,180**		**133,180**
Liabilities in the balance sheet				
Distribution to fair value	45,125			45,125
Leasing liabilities			7,395	7,395
Other non-current liabilities			65	65
Trade payables and other liabilities excluding non-financial liabilities			2,960[19]	2,960
Total	**45,125**	**-**	**10,420**	**55,545**

[19] Consists of accounts payable of 2,950 plus other current liabilities (excluding supplementary purchase price, salary withholding tax and social security contributions) of 10, see note 21.

Financial assets and liabilities by category June 30, 2019	Assets/liabilities measured at fair value via the income statement	Loan receivables and trade receivables	Other financial liabilities	Total
Assets in the balance sheet				
Trade receivables and other receivables (excluding prepaid expenses)		11,430		11,430
Cash and cash equivalents		919,134		919,134
Total		**930,564**		**930,564**
Debts in the balance sheet				
Interest-bearing liabilities			23,642	23,642
Liabilities relating to leasing			10,697	10,697
Other long-term liabilities			65	65
Trade payables and other liabilities excluding non-financial liabilities			10,110[20]	10,110
Total	**-**	**-**	**44,514**	**44,514**

[20] Consists of accounts payable of 7,569 plus other current liabilities (excluding supplementary purchase price, salary withholding tax and social security contributions) of 2,541, see note 21

IFRS 13 Fair Value Measurement contains a measurement hierarchy pertaining to input data for the measurements. This measurement hierarchy is divided into three levels, which correspond to the levels that were introduced in IFRS 7 Financial instruments: Disclosures. The three levels comprise:

Level 1: Listed prices (unadjusted) in active markets for identical assets or liabilities to which the company has access at the time of measurement.

Level 2: Input data other than the listed prices included in Level 1, which is directly or indirectly observable for the asset or liability. It may also pertain to input data other than the listed prices that are observable for the asset or liability, such as interest rates, yield curves, volatility and multiples.

Level 3: Non-observable input data for the asset or liability. At this level, the assumption that market players would use for pricing of the asset or liability, including risk taking, must be taken into account.

For all of the above items for 2020, the book value is an approximation of the fair value, which is why these items are not divided into levels according to the valuation hierarchy.

NOTE 25. SHARES IN GROUP COMPANIES

Holdings in subsidiaries	Corp. Reg. No.	Reg. Office	Proportion	Carrying amount
Moberg Derma Incentives AB	556750-1589	Stockholm, Sverige	100%	100
OncoZenge AB	559261-9968	Stockholm, Sverige	75%	22,052

Change in carrying amounts, shares in subsidiaries	2020	2019
Opening cost	150	178,106
Acquisitions	22,051	100
Disposals	-50	-178,056
Closing accumulated cost	**22,151**	**150**
Closing carrying amount	**22,151**	**150**

During the fiscal year, the dormant subsidiary Moberg Pharma 2019 AB was divested.

NOTE 26. INTRA-GROUP TRANSACTIONS

Intra-Group transactions from the parent company's perspective	Parent company	
	2020	2019
Re-invoiced expenses	583	-
Dividends	-	54,912
Transfer price adjustments	-	21,769
	583	**76,681**

NOTE 27. FINANCIAL RISKS AND FINANCIAL POLICY

Financial risk management

Financing and management of financial risks are handled in the Group under the governance and supervision of the Board of Directors. Moberg Pharma applies a cautious investment policy.

Through its activities, Moberg Pharma is exposed to various types of financial risks, such as fluctuations in the company's earnings and cash flow caused by changes in exchange rates and interest rates, as well as refinancing risk.

At present, Moberg Pharma's policy is to not hedge financial risks relating to loans, transactions and translation exposures. This decision has been taken in view of the cost of hedging against risks.

Market risk

Currency risk is the risk that changes in exchange rates will have a negative impact on the Company's earnings, financial position and/or cash flows. Exchange rate risks are found in the form of transaction risks and conversion risks. The Company's license agreements are written in currencies other than SEK and as revenues from such agreements grow, the Company's currency risk exposure will gradually increase. Earnings are also exposed to exchange rate changes when purchasing clinical studies, foreign consultants, research services and

materials. Exchange rate changes to the Company's disadvantage may result in the Company losing value from sales that occur in currencies other than SEK, as well as clinical studies possibly becoming more costly than predicted. Such exchange rate changes could reduce the value of the Company's sales outside of Sweden upon conversion to SEK.

Amortization of intangible non-current assets
Moberg Pharma's intangible assets in the form of patents and similar rights are central to the Company's operations, value and future revenues. Intangible assets may be subject to impairment or amortization. In the event that the results of future studies do not meet expectations, there is a risk that the Company must write down the carrying amount of the intellectual property right. Such impairment losses may adversely affect Moberg Pharma's financial position because the Company's assets will be worth less, which would have a direct negative impact on the Company's income statement.

Refinancing risk and future capital requirements
Moberg Pharma's strategy means that the Company will continue to invest considerable resources in research and development as well as business development. These investments are covered at present by available cash and cash equivalents and Moberg Pharma has a good financial position. Moberg Pharma is in an expansion phase and is engaged in development-intensive operations with investments aimed at securing future revenues. This consumes cash and cash equivalents. If opportunities for faster growth arise, for example, through acquisitions, Moberg Pharma may need to raise additional capital through share issues or additional borrowing. In addition, in the event of an economic downturn or adverse conditions in the credit markets, this could impact the Company's ability to finance its continued operations. There is a risk that financing cannot be secured for future capital requirements or that such financing cannot be obtained on favorable terms, or at all.

Refinancing risk refers to the risk that Moberg Pharma will be unable to meet its obligations and continue to develop its business due to difficulties in finding financial backers or lenders that are prepared to invest in the company or because existing loans are cancelled: in part the risk that a loan that falls due cannot be refinanced, and in part the risk that refinancing must occur under adverse market conditions at unfavorable terms.

Currency risk
Currency risk is the risk that changes in exchange rates will negatively impact Moberg Pharma's income statement, financial position and/or cash flows. It also affects comparability between periods of changes in exchange rates. After the divestment of the OTC business, there are no longer any foreign subsidiaries in the Group, because of which no translation exposure exists.

The collaboration and licensing agreements signed with counterparties outside Sweden are often signed in currencies other than SEK. As revenues from such agreements grow, the company's currency exposure will gradually increase. As of the balance sheet date, December 31, 2020, there are no material balance sheet items in foreign currency.

Translation exposure arises when operations are conducted outside Sweden in accounting currencies other than SEK. The translation exposure is considered limited as no operations are carried out outside Sweden after the divestment of the OTC business.

Financial risk management
Financing and management of financial risks are handled in the Group under the governance and supervision of the Board of Directors. Moberg Pharma applies a cautious investment policy.

Through its activities, Moberg Pharma is exposed to various types of financial risks, such as fluctuations in the company's earnings and cash flow caused by changes in exchange rates and interest rates, as well as refinancing risk. At present, Moberg Pharma's policy is to not hedge financial risks relating to loans, transactions and translation exposures. This decision has been taken in view of the cost of hedging against risks.

Credit and counterparty risk
Counterparty risk is the risk that a party to a transaction involving financial instruments will be unable to meet its obligations and thus incur a loss for the other party. Moberg Pharma is exposed to counterparty risk primarily in connection with collaboration and licensing agreements and financial investments. When a collaboration or licensing agreement is to be entered into, the counterparty is always evaluated prior to signing the agreement. Payment of accounts receivable is monitored continuously, thus making Moberg Pharma's exposure to expected credit losses low. The Group limits its current counterparty risk in connection with financial investments by investing excess liquidity with counterparties with very high credit ratings. There is a risk that the company's assessment and evaluation of counterparty credit risks and counterparty credit ratings is not correct. In the event that a counterparty is unable to meet its commitments to Moberg Pharma, this may adversely affect the company's performance and financial position.

Tax
Moberg Pharma conducts or may conduct its business in several countries. As far as the Board of Directors is aware, this is carried out in accordance with applicable tax legislation regarding the business conducted in Sweden as well as abroad. However, there is a risk that the Company's interpretations of these rules is incorrect or that the legislation will change, possibly with a retroactive effect. Through decisions by Swedish and foreign tax authorities, the Company's previous or current tax situation may therefore change, which may lead to an increase in the Company's tax expenditure, which would have a material adverse effect on the Company's earnings.

Tax loss carry forwards
The company currently has declared tax loss carry forwards which may be lost if a new owner gains control of over 50% of the votes in the company or new owners each gain control of at least 5% of the votes and collectively control more than 50% of the votes in the company. Losing these tax loss carry forwards would result in a financial loss for Moberg Pharma, which may have a negative impact on the company's business activities and financial position.

Non-sustainable sources of income
Moberg Pharma's business and income model is partly based on license agreements with so-called milestone payments. One-off payments in the form of milestone payments constitute an important source of revenue for Moberg Pharma but are not a sustainable source of income. In addition, milestone payments are dependent on certain pre-determined targets in the sales, research and development activities of the company's business partners, which means that they are difficult to forecast. Consequently, there is a risk that the company's revenue and profit/loss could vary significantly from one period to the next.

NOTE 28. DEPRECIATION/AMORTIZATION AND OTHER ADJUSTMENTS IN THE CASH FLOW STATEMENT

	Parent company		Group	
Depreciation/amortization and other adjustments	**2020**	**2019**	**2020**	**2019**
Amortization of R&D investments	-	365	-	365
Amortization of product rights	-	7,063	-	8,430
Depreciation of capitalized expenditure for computer systems	-	395	-	409
Depreciation of plant and equipment	78	34	78	79
Depreciation of leased assets	3,704	1,235	3,704	1,235
	3,782	**9,092**	**3,782**	**10,518**

NOTE 29. NET INVESTMENTS IN INTANGIBLE ASSETS IN THE CASH FLOW STATEMENT

	Parent company		Group	
Net investments in intangible assets	**2020**	**2019**	**2020**	**2019**
R&D investments	-62,130	-31,998	-62,130	-31,998
Investments in capitalized expenditure for computer systems	-	-67	-	-67
Acquired product rights	-	-	-	-331
	-62,130	**-32,065**	**-62,130**	**-32,396**

Investments in R&D 2020 relate to investments in MOB-015 totaling SEK 61,6 MSEK and investments in BUPI totaling SEK 0,5 million.

NOTE 30. EVENTS AFTER THE BALANCE SHEET DATE

OncoZenge was granted a new European patent for BUPI. The patent provides broad protection for sustained-release lozenges containing bupivacaine, for treatment or alleviation of pain in the oral cavity, and is based on a previously granted patent that specifically protects the use of lozenges for treatment of pain due to oral mucositis in cancer patients.

February 5 2021 was the record date for the Lex Asea distribution of OncoZenge shares. For every ten ordinary shares in Moberg Pharma on the record date of the distribution, shareholders were entitled to one share in OncoZenge. OncoZenge was subsequently listed on Nasdaq First North Growth Market, with a trading commencing on February 12, 2021.

Mobergs rights issue was finalised in January 2021.

NOTE 31. RELATED-PARTY TRANSACTIONS

All transactions with related parties have been concluded on market terms. Remuneration to the Board of Directors and management is described in Note 7. On December 1 2020, the Extraordinary General Meeting authorized the sale of a total of 1.5% of the shares in OncoZenge AB to the related parties Anna Ljung, Mark Beveridge and Peter Wolpert. On December 8, Moberg Pharma AB and OncoZenge AB entered into a business transfer agreement for the BUPI project. Moberg Pharma has not granted loans, issued guarantees or provided surety bonds to or on behalf of any board member or senior executive of the Company. No other material changes have been made in the nature and scope of related-party transactions.

ASSURANCE BY THE BOARD OF DIRECTORS

The undersigned certify that the consolidated financial statements and the annual report have been prepared in accordance with International Financial Reporting Standards, IFRS, as adopted by the EU, and with generally accepted accounting practices, and give a true and fair view of the financial position and results of the Group and the Parent company and that the Director's Report for the Group and the Parent company provide a fair overview of the development of the Group's and the Parent company's operations, financial position and results, as well as a fair description of significant risks and uncertainties faced by the companies included in the Group.

Stockholm April 19, 2021

Peter Wolpert
Chairman

Mattias Klintemar
Board member

Fredrik Granström
Board member

Andrew B. Hochman
Board member

Anna Ljung
CEO

Our audit report was issued on April 19, 2021.

Ernst & Young AB

Andreas Troberg
Authorized Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of Moberg Pharma AB (publ), corporate identity number 556697-7426

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Moberg Pharma AB (publ) for the year 2019-07-01-2020-12-31. The annual accounts and consolidated accounts of the company are included on pages 17-54 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the consolidated statement of comprehensive income and the consolidated statement of financial position for the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's board of directors in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

KEY AUDIT MATTERS

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

VALUATION OF CAPITALIZED DEVELOPMENT COSTS

Description

The capitalized development costs for the group and the parent company amount to 296 MSEK as per December 31, 2020.

The initial capitalization as well as subsequent capitalization are based on the company's judgments around the probability for the development projects to succeed, why capitalized development costs have been assessed as a key audit matter.

Judgments used and the Board of Director's decision that form basis for this assessment is described in section "Significant estimates and assessments" in note 1. The capitalized development costs are described in note 14.

How our audit addressed this key audit matter

In our audit we have assessed and reviewed the company's documentation for assessing which development projects that meet the conditions for capitalization as intangible assets according to IFRS. We have reviewed the company's follow up on development projects, including the communication with regulatory authorities. We have reviewed the company's process for identifying and allocating expenses to respective development project.

In addition, we have reviewed the related disclosures in the financial statements.

VALUATION OF CAPITALIZED DEVELOPMENT COSTS

Description

The capitalized development costs for the group and the parent company amount to 296 MSEK as per December 31, 2020.

The company prepares annual impairment tests for capitalized development costs and if indications of impairment have been identified.

With reference to the assets value in relation to the group's and the parent company's total assets and the significant assumptions and judgments involved when calculating the recoverable amount, valuation of capitalized development costs has been assessed as a key audit matter.

A description of the company's impairment test process is described in note 14. Further information on the current year's impairment test including significant assumptions are described in note 14.

How our audit addressed this key audit matter

In our audit we have reviewed the forecasts for future sales, used by the company in its valuation models. We have reviewed the assumptions used in these valuations, such as the expected growth rates, profit levels and discount rate but also expected market share, probability assessment and remaining development costs. The forecasts have been evaluated for reasonableness based on our knowledge of the company's business, historical information and also external valuations. We have used valuation specialists in our audit to evaluate and review the company's valuation model and sensitivity analysis.

In addition, we have reviewed the related disclosures in the financial statements.

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-16, 59-63 and 64-70. The remuneration report also constitutes other information. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibilities for the audit of the annual accounts and the consolidated accounts is located at Revisors-inspektionen's (the Swedish Inspectorate of Auditors) website at: http://www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf.

This description forms part of our auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Moberg Pharma AB (publ) for the year 2019-07-01-2020-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibilities for the audit of the administration is located at Revisorsinspektionen's (the Swedish Inspectorate of Auditors) website at: http://www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf.

This description forms part of our auditor's report.

Ernst & Young AB, Box 7850, 103 99 Stockholm was appointed auditor of Moberg Pharma AB by the general meeting of the shareholders on October 30, 2019 and has been the company's auditor since 2007. Moberg Pharma AB has been a public interest entity since May 26, 2011.

Stockholm 19 April 2021
Ernst & Young AB

Andreas Troberg
Authorized Public Accountant

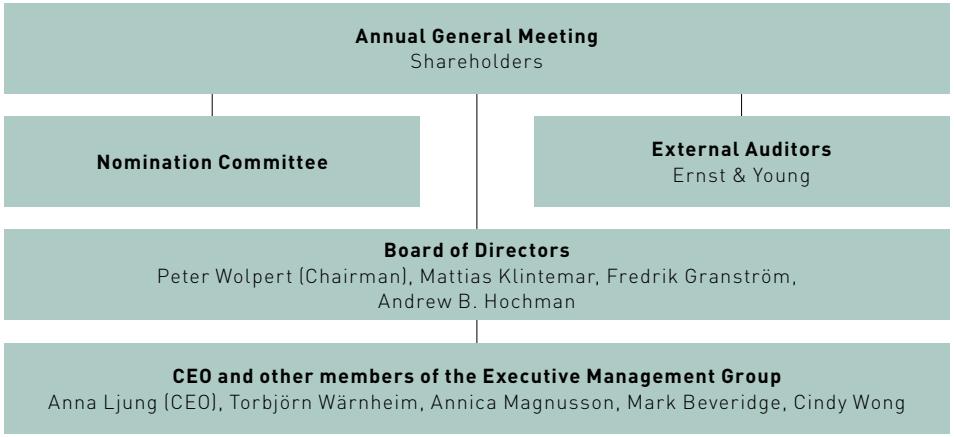
CORPORATE COVERNANCE REPORT

Moberg Pharma AB (publ), corporate registration number 556697-7426, is a Swedish limited liability company headquartered in Stockholm, Sweden.

Prior to its listing on NASDAQ OMX Nordic Exchange Stockholm, the company's corporate governance activities were based on Swedish law and internal rules and regulations. The company was listed on the NASDAQ OMX Nordic Exchange Stockholm on May 26th, 2011 and has adhered to NASDAQ OMX Nordic Exchange Stockholm's rules for issuers and applied the Swedish Code of Corporate Governance ("the Code") as of that date. This Corporate Governance Report has been prepared in accordance with the Annual Accounts Act and the Swedish Code of Corporate Governance

The code applies to all Swedish companies whose shares are listed on a regulated market in Sweden and shall be applied in full from the stock exchange listing. Companies do not have to follow all the rules in the code, but have the opportunity to choose alternative solutions that they deem better suited to these circumstances, provided that any discrepancies are reported, the alternative solution is described and the reasons are explained (follow or explain principle) in the corporate governance report. Moberg Pharma follows all rules in the code. Good corporate governance is an essential component in the work to create value for Moberg Pharma's shareholder. The goal is to create good conditions for an active and responsible ownership role, a well-balanced division of responsibilities between owners, board and company management as well as transparency towards owners, capital market, employees and society in general.

The figure below illustrates Moberg Pharma's corporate governance model and how the these work together:



INTERNAL REGULATORY STRUCTURES AND POLICIES THAT AFFECT CORPORATE GOVERNANCE

- Articles of Association
- Board of Directors' Rules of Procedure and CEO's Instructions
- Remuneration Principles for Senior Executives
- Risk Management Policy
- Finance Policy
- IT Policy
- Finance manual
- Employee handbook
- Authorization manual
- Information policy
- Code of Conduct

EXTERNAL REGULATORY STRUCTURES THAT AFFECT CORPORATE GOVERNANCE

- Swedish Companies Act
- Accounting standards
- Nasdaq OMX Nordic Exchange Stockholm's issuer regulations
- Code of Corporate Governance

SHAREHOLDERS' MEETINGS

In accordance with the Swedish Companies Act, Moberg Pharma's highest decision-making body is a Shareholders' Meeting. At Shareholders' Meetings, shareholders exercise their right to vote on key-issues, such as the adoption of the statement of comprehensive income and financial position, appropriation of the company's earnings, discharge of the Board of Directors and Chief Executive Officer from personal liability, election of Board members and auditors, and remuneration of the Board of Directors and auditors. In addition to the Annual General Meeting, Extraordinary Shareholders' Meetings may also be convened. The Articles of Association state that official notice of an AGM or Extraordinary Shareholders' Meeting must be provided in the form of an advertisement in Post- och Inrikes Tidningar and published on Moberg Pharma's website. Information that the official notice of an AGM or Shareholders' Meeting has taken place is published in Dagens Industri.

RIGHT TO ATTEND A SHAREHOLDERS' MEETING

Shareholders who would like to attend a Shareholders' Meeting must be registered in the shareholder register maintained by Euroclear five working days before the meeting, and must also notify the Company that they will attend the Shareholders' Meeting no later than the date stated in the notice

of the Meeting. In addition to notifying the Company of their attendance, shareholders whose shares are registered in the name of a nominee via a bank or financial institution, must, via the nominee, temporarily register their shares in their own name with Euroclear in order to be entitled to attend the meeting. Shareholders should notify the nominee about this in good time before the reconciliation date. Shareholders may attend the Shareholders' Meeting in person or via an authorized representative and may be accompanied by up to two advisors. One share entitles the holder to one vote at General Meetings, and there are no limits as to how many votes each shareholder can cast at a General Meeting. Shareholders are normally able to register for a Shareholders' Meeting in several ways, details of which are given in the notice of the meeting.

SHAREHOLDER INITIATIVES

Shareholders who would like a particular issue to be addressed at a Shareholders' Meeting are required to submit a written request to the Board of Directors. Such requests should normally be received by the Board no later than seven weeks before the Shareholders' Meeting.

Given the composition of the company's owners, it is not considered justified in view of the company's financial status to provide simultaneous interpretation to another language nor to translate in full or in part Shareholders' Meeting material, including the minutes.

Information about past Shareholders' Meetings is available on Moberg Pharma's website. The website also provides information on shareholders' right to have matters considered at the meeting and the deadline before which such requests must reach the company.

The Annual General Meeting for the shortened financial year January - June 2019 took place on October 30, 2019. The meeting was attended by 37 shareholders, in person or by proxy. These represented 28.1% of the shares and votes in Moberg Pharma. Peter Wolpert, Chairman of the Board, was elected Chairman of the Meeting. The CEO and all board members were present at the Annual General Meeting except Andrew Hochman. The minutes from the Annual General Meeting can be found at www.mobergpharma.se under corporate governance. At the Annual General Meeting, it was decided to authorize the Board to, until the next Annual General Meeting, on one or more occasions, decide on a new issue of shares with preferential rights, or with deviation from the shareholders' preferential rights. The total number of shares covered by such new issues may correspond to a total of no more than 20% of the shares in the company, at the time of the Annual General Meeting for the abbreviated financial year 2019.

BOARD OF DIRECTORS AND THE WORK OF THE BOARD OF DIRECTORS

After the Shareholders' Meeting, the Board of Directors is the company's highest decision-making body. Under the Companies Act, the Board is responsible for the company's administration and organization, which means that the Board is responsible for adopting goals and strategies, ensuring that procedures and systems for evaluating adopted goals are in place, monitoring Moberg Pharma's financial position and results and evaluating the company's operational management. The Board is responsible for ensuring that the Annual Report and consolidated financial statements and interim reports are prepared in time. It also appoints the Chief Executive Officer. Board members are elected each year at the AGM for the period until the end of the next AGM. According to Moberg Pharma's Articles of Association, the Board should consist of at least three and no more than ten Board members and no more than two alternates. According to the Code, no alternates are to be appointed for AGM-elected Board members. The Chairman of the Board is elected by the AGM and holds a special responsibility for leading the work of the Board and ensuring that the Board operates in an organized and efficient manner. The Chairman of the Board is not involved in the operational management of the company. The Board operates in accordance with written rules of procedure that are reviewed and adopted annually at the statutory Board meeting. The rules of procedure regulate Board procedures, functions and the division of responsibilities between the Board members and CEO. In connection with the first Board meeting, the Board also establishes instructions for financial reporting and instructions for the CEO.

The board normally meets four to six times a year. In addition to these meetings, additional meetings can be arranged to deal with issues that cannot be referred to a regular meeting. In addition to board meetings, the chairman of the board and the CEO have an ongoing dialogue concerning significant issues for the company. Moberg Pharma conducts an annual evaluation of the Board's work. The 2020 evaluation focused mainly on issues concerning the board's management and working methods, the quality of the board's working methods, control systems and board documentation, and the board's composition and competence. The results have been presented to and discussed within the Board and have also been notified to the Nomination Committee. Moberg Pharma's Board currently consists of four members. The company has no committees, but the work is performed by the board in its entirety, as it is not considered justified with separate audit or remuneration committees in view of the company's operations and the composition of the board. A presentation of the Board members can be found in the annual report on page 66.

	Attendance (no. of board meetings July 2019- Dec 2020)	Directors´fees July 2019- Dec 2020, tSEK	Elected	Independent i relation to	
				The company	Owners
Chairman of the Board, Peter Wolpert	35	1,638	2019	Ja	Ja
Board member, Mattias Klintemar	35	255	2015	Ja	Nej
Board member, Andrew B. Hochman	35	255	2019	Ja	Ja
Board member, Fredrik Granström	35	255	2019	Ja	Ja

CEO AND OTHER SENIOR EXECUTIVES

The CEO reports to the Board and is primarily responsible for the company's day-to-day operations. The division of responsibilities between the Board and CEO is set out in the rules of procedure governing the activities of the Board and the instructions for the CEO. The CEO is also responsible for drafting reports and compiling information from management in preparation for Board meetings and for presenting the material at the meetings.

Under the instructions for financial reporting, the CEO is responsible for financial reporting in the company and is thus required to ensure that the Board obtains sufficient information to enable it to continuously evaluate Moberg Pharma's financial position.

The CEO is required to keep the Board informed of Moberg Pharma's development, the company's performance and financial position, liquidity and credit situation, important business events and other circumstances that cannot be assumed to be irrelevant for the company's shareholders (including material disputes, the termination of agreements that are important to Moberg Pharma and significant circumstances affecting the company's products and projects). The CEO and senior executives are presented in more detail in the annual report on page 66.

REMUNERATION TO DIRECTORS AND SENIOR EXECUTIVES

Remuneration to Directors

Fees and other remuneration to the Board of Directors, including the Chairman, are set by a Shareholders' Meeting. At the AGM on October 30, 2019, it was resolved that the Board's fees for 2020 (on an annual basis), totaling a maximum of SEK 870,00 excluding social security contributions, would be paid and distributed as follows: SEK 360,000 to the Chairman and SEK 170,000 thousand to each of the other Board members. In addition, it was resolved that supplementary remuneration of SEK 61,000 would be paid to Peter Wolpert in order to compensate for the additional work that Peter Wolpert will perform in the Company in the capacity of executive Chairman of the Board.None of the company's Board members are entitled to any benefits after stepping down from the Board.

Remuneration of senior executives

At the AGM on October 30, 2019, the following guidelines were resolved for senior executives of Moberg Pharma: Moberg Pharma is to offer a market-aligned total remuneration package that facilitates the recruitment and retention of qualified senior executives. The remuneration paid to the Chief Executive Officer and other senior executives is to comprise basic salary, variable remuneration, other benefits and pension benefits. The total remuneration is to be based on the basic salary and is to be proportionate to the executive's responsibilities and authority. Variable remuneration is capped at 25–50% of each executive's basic annual salary, however the variable remuneration for the period of 2019-2020 can amount to a maximum of 15 monthly salaries in total for the two years. Variable remuneration is based on results achieved in relation to in relation to goals set by the Board of Directors. The pensionable salary comprises only the basic salary. To the extent that Board members perform work for the company or any other Group company, in addition to work on the Board of Directors, a market-aligned consultancy fee may be payable. In case of termination, the notice period is at least three months if this is on the initiative of the senior executive and between three and 12 months if the company takes the initiative. Severance amounts may apply, however total remuneration during termination including severance amounts will never be more than 12 months' salary, other than what has been stated above regarding variable remuneration for 2019-2020. Any share and share-price-related programs must be adopted by a Shareholders' Meeting. Allocation from such programs must comply with a resolution from a Shareholders' Meeting. With the exception of share-based remuneration that has been allocated and vested, and what is provided for under employment contracts as referred to above, senior executives are not entitled to any post-employment/assignment benefits.

The Board of Directors is to be entitled to ignore the aforementioned principles for remuneration of senior executives if there are special reasons for so doing.

2020	Basic salary[21]	Variable remuneration[22]	Other benefits	Pension-costs	Share-based remuneration[23]	Other remuneration	Total
CEO, Anna Ljung	1,851	748	-	505	278	-	3,382
Other executives (5 persons)	6,288	2,736	-	847	521	-	10,392
Total	**8,139**	**3,484**	**-**	**1,352**	**799**	**-**	**13,774**

[21] Remuneration to Mark Beveridge has been paid in the form of consulting.

[22] Variable remuneration is attributable to the financial year 2020 and is paid during 2020 and 2021.

[23] These costs do not involve payment and do not affect the company´s cash flow. Estimated costs for social security contributions is not included in the reported values.

Share-based incentive schemes

Moberg Pharma has introduced share-based incentive schemes comprising employee stock options and performance share units designed to promote the company's long-term interests by motivating and rewarding senior executives and other employees. The employee stock options and the performance share units have been granted free of charge. All permanent employees who have been employed for at least 12 months as of December 31st, 2020 are included in the company's incentive schemes. The number of shares and stock options held by Board members, the CEO and other senior executives is presented in the annual report on pages 65–66.

The company's employee stock option scheme has a vesting period of more than three years.

AUDIT

The auditor must audit the company's annual report and financial statements, as well as the administration of the company by the Board and the CEO. After the end of each fiscal year, the auditor is required to submit an audit report and consolidated audit report to the AGM.

The audit firm Ernst & Young Aktiebolag has been the company's auditor since 2007. Authorized Public Accountant Andreas Troberg has been the Auditor-in-Charge since fall 2016. The company's auditor is presented in more detail in the annual report on page 66.

Remuneration to auditors

The remuneration paid to the auditor is subject to approval by a Shareholders' Meeting. The AGM on October 30, 2019 resolved to approve remuneration of the auditor on a continuous basis.

In 2020, remuneration of SEK 2.1 million was reported to the auditor, of which audit assignments accounted for SEK 1.1 million, audit work in addition to the assignment for SEK 1.0 million and other assignments for SEK 1.1 million. Audit assignments are defined as the examination of the annual report and accounting records and of the Board of Directors and CEO's administration of the company, other tasks incumbent on the auditor as well as advice and other assistance occasioned by

observations made in the course of such examinations or the performance of such other tasks. Audit work in addition to the assignment comprises examinations of interim reports and other opinions in accordance with the Swedish Companies Act.

NOMINATION COMMITTEE

The nomination committee submits proposals for electing the Chairman of the Board and other Board members, as well as proposals concerning remuneration and fees for Board members. The nomination committee also submits proposals concerning the election and remuneration of Auditors. The Nomination Committee's proposal was presented in a press release on April 19, 2020, http://www.mobergpharma.com/press-releases/2021-04-19/nomination-committees-proposal-annual-general-meeting-2021.

The AGM on October 30, 2019 resolved to entrust the Chairman of the Board to contact the three largest shareholders or groups of owners in terms of the number of voting rights (hereby referring to both directly registered shareholders and nominee registered shareholders), according to Euroclear's shareholder register on September 30, 2020. These parties are offered the opportunity to each appoint a representative, who together with the Chairman of the Board will make up the nomination committee for the time until a new nomination committee is appointed by mandate from the next AGM. If any of these shareholders declines the entitlement to appoint a representative, this entitlement transfers to that shareholder with the largest shareholdings after these shareholders until the Nomination Committee consists of four members.

If a member leaves the committee before their work is completed and if the committee considers it necessary to replace this member, the nomination committee will appoint a new member in accordance with the procedure above but based on Euroclear's shareholder register applicable as soon as possible after the member steps down. Any change in the composition of the nomination committee must be announced immediately. No fee is paid to members for their work on the committee. The nomination committee for the 2020 AGM was announced on Moberg Pharma's website and through a press release on November 5, 2020 and it consists of four members: Peter Wolpert, Chairman of the Board, Gillis Cullin, appointed by the Baltic Sea Foundation, Anders Lundmark and Konrad Ziobro, appointed by the Visually Impaired Foundation.

INTERNAL CONTROL AND RISK MANAGEMENT OF FINANCIAL REPORTING

The overall purpose of internal controls is to obtain reasonable assurance that the company's operational strategies and goals are monitored, and that shareholders' investments are protected. Additionally, internal controls should provide reasonable assurance that external financial reporting is reliable, and prepared in accordance with generally accepted accounting practice, that applicable laws and ordinances are complied with and that the requirements of listed companies are observed. At Moberg Pharma, internal control over financial reporting is designed, for example, to ensure efficient and reliable management and accounting of purchases and sales, other income recognition and accounting of the company's financing arrangements.

The internal control environment mainly comprises the following five components: control environment, risk assessment, control activities, information and communication, and monitoring.

Control environment

The control environment at Moberg Pharma forms the framework of the direction and culture with which the company's Board and management communicate their messages to the organization. Internal management and control in accordance with customary frameworks is assigned high priority. Moberg Pharma's Board and management define and design decision paths, authorities and responsibilities that are clearly defined and communicated throughout the organization. The company's Board also strives to ensure that steering documents, such as internal policies and principles, cover identified areas of significance, and that these provide the right guidance to the work of the various executives in the company.

Risk assessment

The company's Board conducts continuous and systematic risk-assessment work aimed at identifying risks and taking the necessary actions to cope with them. Risk assessment is also designed to identify such risks that have a significant impact on internal control of financial reporting. The commercialization and development of new drugs is a risky and capital-intensive process. Risk factors considered of particular significance for Moberg Pharma's future development include competitors' results and price scenario, production, business partners and distributors, clinical studies, actions of public authorities, liability risks and insurance, integration risks, patent and trademarks, key individuals, cyclical sensitivity, future capital requirements and financial risk factors. A more detailed description of Moberg Pharma's risk exposure and how the company manages it can be found in the annual report on page 20.

Control activities

The primary purpose of control activities is to prevent, discover and rectify misstatements in financial reporting. Processes and activities have been structured to manage and address significant risks related to financial reporting. These activities include analytical updates and comparisons of the progress in terms of profits or items, reconciliation of accounts and balances, and approval of business transactions and collaboration agreements, powers of attorney and certification instructions, as well as accounting and valuation policies.

Information and communication

Moberg Pharma is a listed company in one of the most regulated industries in the world – pharmaceuticals. In addition to the high demands that NASDAQ OMX Nordic Stockholm and the supervisory authorities impose on the scope and accuracy of information, Moberg Pharma's internal information and communication functions are designed to ensure that correct financial and other corporate information is communicated to employees and other stakeholders. The company's internal instructions and policies, which are available for all employees, provide information on applicable procedures in all parts of the company and describe control functions and how they are implemented. The security of all information that could affect the market value of the company and the mechanisms to ensure that such information is communicated in a correct and timely fashion are cornerstones of the company's undertaking as a listed company. These two factors, and the procedures for managing them,

ensure that financial reports are received by all players in the financial market at the same time, and that they provide an accurate presentation of the company's financial position and performance.

Monitoring compliance

Monitoring compliance with internal policies, principles, manuals and codes as well as the appropriateness and functionality of the established control activities is conducted regularly. Measures and procedures for financial reporting are subject to regular follow up. Moberg Pharma's management conducts monthly performance follow-up, including an analysis of deviations from budget and the preceding period, also on a project level. The Board reviews the annual report and interim reports prior to publication. The Board meets the company's external auditor each year to discuss the company's internal control and financial reporting procedures.

Assessment of the need for internal audit

Moberg Pharma has no separate auditing function (internal audit). The Board evaluates the need for such a function annually and, in view of the company's size, with relatively few employees, and the scope of transactions, in which most significant transactions are similar in character and relatively uncomplicated, has not found it necessary to establish a formal internal audit function.

Compliance with the Swedish stock exchange rules, etc. during the fiscal year

During fiscal year 2020, Moberg Pharma was not subject to decisions passed by the NASDAQ OMX Nordic Exchange Stockholm's disciplinary committee or statements by the Swedish Securities Council regarding infringement of Nasdaq OMX Nordic Exchange Stockholm's regulations or accepted market practices.

Stockholm April 19, 2021

Peter Wolpert
Styrelseordförande

Fredrik Granström
Styrelseledamot

Andrew B. Hochman
Styrelseledamot

Mattias Klintemar
Styrelseledamot

Anna Ljung
VD

AUDITOR´S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

To the general meeting of the shareholders of Moberg Pharma AB (publ), corporate identity number 556697-7426

ENGAGEMENT AND RESPONSIBILITY

It is the Board of Directors who is responsible for the corporate governance statement for the year 2019-07-01-2020-12-31 on pages 60-64 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

OPINIONS

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act

Stockholm den 19 april 2021

Ernst & Young AB

Andreas Troberg

Auktoriserad revisor

MANAGEMENT

ANNA LJUNG, CEO , M.Sc. Econ. Born 1980. Active in the company since 2006. Anna Ljung has more than 15 years of experience in the pharmaceutical industry, including as CFO of other biotech companies such as Athera Biotechnologies AB and Lipopetide AB and as independent technology licensing consultant. In addition to serving as CEO of Moberg Pharma, she also currently serves as Board member of Saniona AB and Chairman of the Board of OncoZenge AB. Shareholding:30 311 shares, 50 379 performance share units and 12 207 employee stock options (12 207 shares may be subscribed to, based on the employee stock options).

TORBJÖRN WÄRNHEIM, Deputy CEO & Senior Vice President R&D. Born 1958. Has worked for the company since 2013. Prior to his position with Moberg, Torbjörn Wärnheim was Vice President R&D at Fresenius Kabi. In addition to this he has held senior level positions at ACO HUD and Pharmacia & Upjohn among others. Torbjörn Wärnheim has a broad experience of pharmaceutical development of Rx- and OTC-products, and is associate professor at Royal Institute of Technology (KTH), Stockholm, with a research background within surface chemistry and physical chemistry of lipids. Shareholding: 14 375 aktier, 51 113 performance share units och 3 662 employee stock options (3 662 shares may be subscribed to, based on the employee stock options).

CINDY WONG, Chief Medical Officer. Born 1959. Dr Cindy Wong takes up the position at Moberg Pharma in late 2020. She 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 Merz Pharmaceuticals and CMO at Q-Med/Galderma, as well as senior positions at regulatory authorities in both Sweden and Australia. Dr Wong is board certified in internal medicine and clinical immunology. She is a medical graduate from the University of Adelaide and has completed postgraduate training in Internal Medicine, Clinical Immunology and Immunopathology. Shareholding: 10 000 shares, 0 performance share units och 0 employee stock option.

ANNICA MAGNUSSON, Senior Director of Regulatory Affairs. Born in 1963. Has worked for the company since 2013. Annica Magnusson is a pharmacist with more than 20 years of experience in international work within the pharmaceutical industry and Regulatory Affairs at AstraZeneca. Annica Mangusson has worked with the development and registration of pharmaceuticals, vaccines and medical devices in the EU, USA, Japan with several markets. Shareholding: 8 731 shares and 47 805 performance share units and 4273 employee stock options (4273 shares may be subscribed based on employee stock options).

MARK BEVERIDGE, Vice President Finance, B.Com (Accounting) at University of Western Sydney (Australia) and GradDipCA at Institute of Chartered Accountants Australia. Born 1978. Active in the company since 2014. Mark Beveridge has more than 15 years of experience as a senior advisor in accounting, assurance and auditing, primarily from Crowe Horwath and Visma Ser vices. Mark has also worked as an independent consultant within financial control, transaction consultancy and implementation of business systems. Shareholding: 57,683 shares, 59,500 performance share units and 4,273 employee stock options (4,273 shares may be subscribed, based on employee stock options).

BOARD OF DIRECTORS

PETER WOLPERT, Executive Chairman and founder, M.Sc. Eng., M.Sc. Econ. Born 1969. Active in the company since 2006. Master degrees from Royal Institute of Technology, Stockholm and from Stockholm School of Economics, Stockholm. Peter Wolpert has more than 20 years of experience as CEO, strategy consultant and entrepreneur and is a board member of MedUniverse AB. He was co-founder of Ibility AB and previously held positions as CEO of Moberg Pharma AB, Athera Biotechnologies AB and strategy consultant at McKinsey & Co.
Shareholding: 466 311 shares through Wolco Invest AB and 22 380 employee stock options (22 380 shares may be subscribed to, based on the employee stock options)

MATTIAS KLINTEMAR Born 1967. Member since 2015. Mattias Klintemar represents Östersjöstiftelsen and has extensive experiences from leadership roles within the finance and technology sector, e.g.as CEO at Morphic Technologies AB, CFO at Hexaformer and senior corporate finance associate at ABG Sundal Collier and auditor at Arthur Andersen. He is a board member of Oatly, Palette Life Sciences, DBT Capital, OnzoZenge and chairman of Luci Intressenter. He is chairman of the Nomination Committee for Lightlab and Cellimpact. Shareholding: 15 000 shares. Independent in relation to the company.

ANDREW B. HOCHMAN Born 1979. Member since 2019. Andrew B. Hochman has over 16 years of experience in investments in pharmaceutical and consumer health care and is currently a partner at RoundTable Healthcare Partners, where he is involved in all parts of the transaction process, including deal sourcing, transaction structuring, valuation, due diligence, negotiations, financing and business strategy implementation. He joined RoundTable in 2007 from Graceway Pharmaceuticals, where he worked as Vice President of Business Development, and before that he was an associate at GTCR Golder Rauner and an analyst at William Blair & Company. He holds a Bachelor of Science degree in economics from Wharton School and a Bachelor of Arts in Psychology from the University of Pennsylvania. He is a board member of Santa Cruz Nutritionals, Revision Skincare / Goodier Cosmetics, Deerland Probiotics & Enzymes and Advantice Health, and has previously been a board member of Aqua Pharmaceuticals. Shareholding: 0 shares. Independent in relation to the company.

FREDRIK GRANSTRÖM Born 1968. Member since 2019. Fredrik Granström is an attorney at law and partner with Hansen Advokatbyrå. Fredrik has been Moberg Pharma's legal advisor since the company was founded 2006. Fredrik has more than 20 years' experience as advisor, entrepreneur and corporate counsel for clients in the life science and tech industry. He has amongst other previously held positions as corporate counsel at AstraZeneca, Sendit AB, Microsoft Corporation and as chairman of the board of Soundtrap AB.
Shareholding: 15 500 shares. Independent in relation to the company and the owners.

AUDITORS At the Annual General Meeting on April 18, 2011, the auditing firm Ernst & Young AB (Jakobsbergsgatan 24, Box 7850, 103 99 Stockholm) was appointed auditor of the company. Authorized public accountant Andreas Troberg has been appointed cheif auditor since autumn 2016. Andreas Troberg was born in 1976 and is a member of FAR.

SHAREHOLDER INFORMATION

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on May 18. In order to counteract spread of the coronavirus (COVID-19), the board has decided to the Annual General Meeting shall be conducted without the physical presence of shareholders, proxies or outsiders and that the shareholders before the meeting must have opportunity to exercise their voting right by post. Shareholders who wish to have a matter considered at the Annual General Meeting must notify the company no later than March 30, 2021 by mail to the company address or e-mail at arsstamma@mobergpharma.se. In order to be entitled to participate in the meeting, shareholders must be registered in the share register kept by Euroclear Sweden on 7 May 2021. Shareholders who have had their shares registered with a nominee should in good time before this date through the care of the trustee temporarily register the shares in their own name in order to have the right to participate in the meeting.

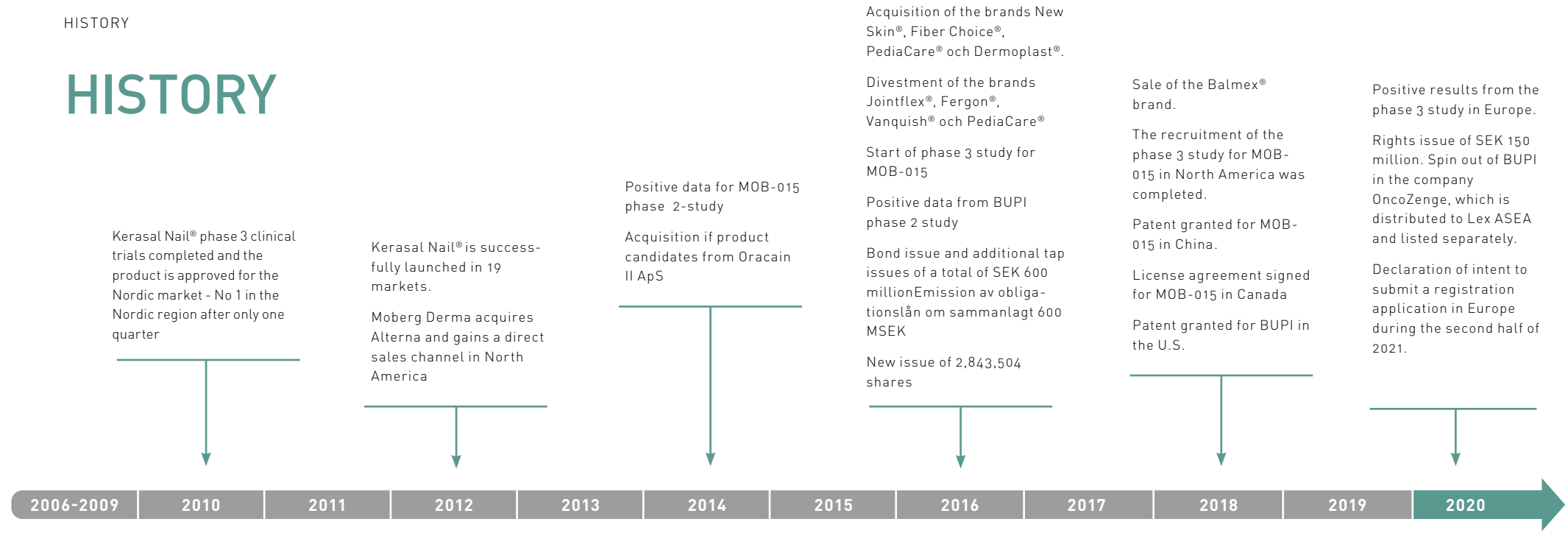
REPORTING OPPORTUNITIES 2021

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

FINANCIAL INFORMATION

The reports are available in Swedish and English and are available at www.mobergpharma.se.
Contact for Investor Relations, Anna Ljung, telephone 08- 522 807 01, email anna.ljung@mobergpharma.se

HISTORY


2006-2009
Moberg Pharmais founded by Peter Wolpert and Marie Moberg
Initiation of clinical phase III for Kerasal Nail®
Distribution agreement signed with Antula (today Meda OTC, a part of Mylan) regarding Kerasal Nail®
2010
Kerasal Nail® phase 3 clinical trials completed and the product is approved for the Nordic market - No 1 in the Nordic region after only one quarter
2011
Listing on Nasdaq Stockholm
Continued strong development for Kerasal Nail®, which increases the Nordic market several times over
2012
Kerasal Nail® is successfully launched in 19 markets.
Moberg Derma acquires Alterna and gains a direct sales channel in North America
2013
Moberg Derma changes name to Moberg Pharma
Acquisition of product portfolio from Bayer Healthcare
2014
Positive data for MOB-015 phase 2-study
Acquisition if product candidates from Oracain II ApS
2015
Acquisition of Balmex® from Chattem (Sanofi)
2016
Acquisition of the brands New Skin®, Fiber Choice®, PediaCare® och Dermoplast®.
Divestment of the brands Jointflex®, Fergon®, Vanquish® och PediaCare®
Start of phase 3 study for MOB-015
Positive data from BUPI phase 2 study
Bond issue and additional tap issues of a total of SEK 600 millionEmission av obligationslån om sammanlagt 600 MSEK
New issue of 2,843,504 shares
2017
Divestment of the FiberChoice® brand.
Phase 3 studies for MOB-015 in progress in North America and Europe.
Patents for BUPI in the EU and Canada.
Clinical study published showing that Kerasal Nail® leads to a visible improvement after just one week of treatment.
Expanded distribution for New Skin® and Dermoplast®
2018
Sale of the Balmex® brand.
The recruitment of the phase 3 study for MOB-015 in North America was completed.
Patent granted for MOB-015 in China.
License agreement signed for MOB-015 in Canada
Patent granted for BUPI in the U.S.
2019
Divestment of the Company's OTC operations to RoundTable Healthcare Partners LLC and Signet Healthcare Partners LLC, v a cash consideration of $ 155 million which resulted in a capital gain of SEK 561 million.
Licensing agreement with Consumer Health the division within Bayer AG regarding commercialization of MOB-015 in Europe. The agreement provides the opportunity to receive up to EUR 50 million in milestone payment in addition to compensation for delivered products. License agreement signed regarding MOB-015 in Japan with Taisho Pharmaceutical Co., Ltd. The agreement provides the opportunity to receive up to USD 50 million in milestone payment in addition to compensation for delivered products. Distribution agreement signed regarding MOB-015 in South Korea.
Positive results from the phase 3 study in North America.
2020
Positive results from the phase 3 study in Europe.
Rights issue of SEK 150 million. Spin out of BUPI in the company OncoZenge, which is distributed to Lex ASEA and listed separately.
Declaration of intent to submit a registration application in Europe during the second half of 2021.

DEFINITIONS AND GLOSSARY

FINANCIAL KEY FIGURES DEFINITIONS

Moberg Pharma presents certain financial measures in the annual report which are not defined in accordance with IFRS. Moberg Pharma believes that these measures provide valuable additional information to investors and the company's management as they enable evaluation of the company's accomplishment. Because not all companies calculate financial measures similarly, these are not always comparable to the measurements used by other companies. These financial measures should therefore not be seen as one compensation for measures defined in accordance with IFRS.

GROSS MARGIN Gross profit as a percentage of net sales.

EBITDA Operating profit before amortization and write-downs of intangible assets and tangible fixed assets.

EBITDA MARGIN EBITDA as a percentage of net sales.

PROFIT MARGIN Profit after tax as a percentage of net sales

NET RECEIVABLES Cash and cash equivalents less interest-bearing liabilities

DEBT RATIO Interest-bearing liabilities in relation to equity at the end of the period.

SOLIDITY Equity at the end of the year in relation to balance sheet total.

EQUITY RETURN ON EQUITY Profit / loss for the year divided with outgoing equity at the end of the period.

EARNING PER SHARE* Profit after tax divided by average number of shares outstanding after dilution.

OPERATING CASH FLOW PER SHARE Cash flow from it operating activities divided by the average number of outstanding shares after dilution.

EQUITY PER SHARE Equity at the end of the period divided with the number of outstanding shares at the end of the period

*Defined according to IFRS.

GLOSSARY

ANTIMICROBIAL A substance with properties capable of destroying or inhibiting the growth of microorganisms (e.g. bacteria).

BUPIVACAINE A long-term locally administered oral anesthetic of the amid type that had previous only been injected.

CLINICAL STUDIES A study of the effects of a drug on humans.

DRUG DELIVERY The method or process of administering active substances to achieve a therapeutic effect in humans or animals. Drug delivery technolo-gies refer to patent-protected formulation technologies that modify drug profile with respect to the release or absorption of pharma-ceuticals in the body, for example, with the aim of achieving more effective and simpler treatment and/or reduced side effects.

FORMULATION To develop the most appropriate preparation form of a pharmaceutical, for example, cream, tablet or liquid form.

KERATOLYTIC To remove/shed dead cells from the epidermis/nail.

KLINISK STUDIE En undersökning av ett läkemedels effekter på människa.

MICROSCOPY Studies on the microscopic level of objects not visible to the naked eye.

MYCOLOGY The study of fungi.

NAIL FUNGUS Fungus infection of the nail that often results in the thickening and crumbling of the nail and the separation of the nail from the nail bed. Nail fungus is normally caused by dermatophytes.

ORAL MUCOSITIS Oral mucositis is defined as damage and inflammation of the mucosa and adjacent underlying tissue in the oral cavity and the throat. This condition frequently affects patients receiving che-mo-therapy and/or with radiation therapy during their cancer treatment. The condition causes redness and ulceration, which can be very painful. In severe cases, cancer therapy has to be terminated or delayed due to the patient not being able to eat or drink, thus requiring nutrition to be provided in some other way and perhaps hospitalization.

PATENT FAMILY A patent family consists of all patents and patent applications sub-mitted in different countries for the same invention.

PREVALENCE The number of individuals in a certain group having a certain dis-ease at a certain time.

TERBINAFINE An antifungal agent, developed by Novartis, now without patent protection. It belongs to a class of pharmaceuticals called allyl-amines, which block the activity of an enzyme, squalene epoxidase, which has a central role in the synthesis of the fungal cell membrane

MOBERG PHARMA AB

Telephone +46 8 522 30 700
Fax +46 8 735 20 29
info@mobergpharma.se
www.mobergpharma.se