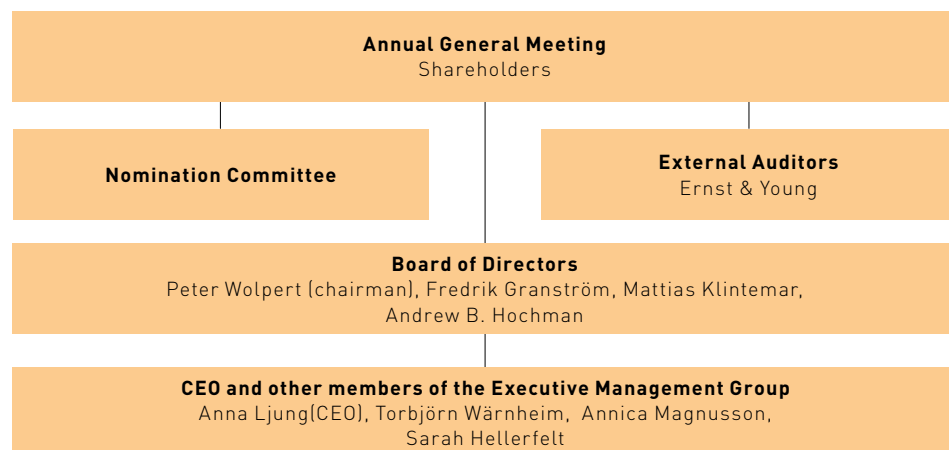


CORPORATE GOVERNANCE REPORT

Moberg Pharma AB (publ), corporate registration number 556697-7426, is a Swedish limited liability company head-quartered 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 must be applied in full from the date of listing. Companies are not required to comply with all rules contained in the Code but may choose alternative solutions that are deemed more appropriate for each company's specific circumstances, provided that deviations are explained, the alternative solution is described, and the reasons explained (the "comply or explain" principle) in the company's Corporate Governance Report. Moberg Pharma follows all the rules in the Code, with the exception that the Nomination Committee has submitted a proposal to the AGM 2019 in the guidelines for the next AGM that the composition of the Nomination Committee shall be announced no later than four months before the next AGM. Due to the shortened financial year 1 January 2019 - 30 June 2019, the next AGM will fall within six months after the AGM on May 15, therefore a deviation from the Swedish Code of Corporate Governance is made.



Good corporate governance is an essential component of the work of generating value for Moberg Pharma's shareholders. The objective is to create sound prospects for an active and responsible ownership role, a well-balanced division of responsibility between the owners, Board of Directors and management and transparency towards owners, the capital markets, employees and society at large.

The figure below on the left illustrates Moberg Pharma's corporate governance model and how the central bodies operate.

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

As of June 30, 2019 the share capital amounted to SEK 1,817,986 with a total number of outstanding 17,519,016 ordinary shares plus 660,843 Series B shares, each with a quota value of SEK 0.10. The number of shareholders amount to about 4,920. As of June 30, 2019, shareholders who directly, or indirectly, represent at least 10 per cent of the total amount of the votes in the company are: Försäkringsbolag Avanza Pension, 12.64 per cent and Zimbrine Holding BV, 10.36 per cent. The foreign owners represented about 26.7 per cent of the votes. For more information regarding Moberg Pharma's share and ownership structure, please refer to the Section "The Moberg Share", on pages 25-27.

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 2019 AGM took place on May 15th, 2019. The AGM was attended by 20 shareholders, in person or by proxy. These represented 27.8% of shares and votes in Moberg Pharma. Thomas Eklund, Chairman of the Board, was elected Chairman of the meeting. The CEO and all Board Members except Anna Malm Bernsen and Geert Cauwenbergh attended the AGM. The minutes from the AGM are available at www.mobergpharma.se under corporate governance.

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 convenes four to six times annually. In addition to these meetings, further meetings may be arranged to address issues that cannot be deferred to a scheduled meeting. The Chairman and CEO also engage in continuous dialogue concerning the company's significant issues. Moberg Pharma conducts an annual evaluation of the work of the Board. The January to June 2019 evaluation primarily focused on internal issues relating to the quality of decisions, the management of the Board, and the composition and competence of the Board. The results have been presented to and discussed by the Board and have also been disclosed to the nomination committee. At the end of 2018, Moberg Pharma's Board consisted of five members. In connection with an extraordinary general meeting on March 15, 2019, a decision was made to approve the divestment of the OTC-business and accompanying decisions related to the transaction, including the election of the buyer's candidate, Andrew B. Hochman, as board member of the company. At the AGM May 15th, 2019 Peter Wolpert was appointed new Board member and executive Chairman of the Board of Directors, and Fredrik Granström was appointed new Board member. Thomas Eklund has, after three years as Chairman of the Board and four years as Board member, chosen to resign. Geert Cauwenbergh, Sara Brandt and Anna Malm Bernsten have chosen not to be available for re-election in order to enable a composition of the Board of Directors that is better adapted to the Company's new situation and focus. Therefore, Moberg Pharma's Board of Directors currently consists of four members. Members of the Board of Directors are presented in the annual report on page 67.

	Attendance (no. of board meetings Jan-Jun 2019)	Directors' fees Jan-Juni 2019, tSEK	Other remuneration Jan-Juni 2019, tSEK	Elected	Independent i relation to	
					The company	Owners
Chairman of the Board, Peter Wolpert (from 2019-05-15)	2	60	122	2019	Yes	Yes
Chairman of the Board, Thomas Eklund (to 2019-05-15)	9	143		2015	Yes	Yes
Board member, Mattias Klintemar	11	108		2015	Yes	No
Board member Fredrik Granström (from 2019-05-15)	2	28		2019	Yes	Yes
Board member Andrew B. Hochman (from 2019-03-15)	6	28		2019	Yes	No
Board member, Geert Cauwenbergh (to 2019-05-15)	9	57		2012	Ja	Ja
Board member, Sara Brandt (to 2019-05-15)	9	57		2017	Yes	Yes
Board member, Anna Malm Bernsten (to 2019-05-15)	9	64		2018	Yes	Yes

REMUNERATION COMMITTEE

The Board had, until the AGM 2019-05-15, a remuneration committee, which prepared proposals on remuneration issues. After the AGM May 15th 2019, the remuneration committee was abolished and thereafter the committee's work is carried out by the Board in its entirety. The remuneration committee consisted of three Board members, Thomas Eklund (Chairman), Anna Malm Bernsten and Mattias Klintemar. All members are independent in relation to the company and the company's senior executives. The committee's principal tasks was to (i) prepare the Board's decisions on issues relating to principles of remuneration, remuneration and other terms of employment for management, (ii) monitor and evaluate ongoing and recently completed variable remuneration schemes for management, and (iii) monitor and evaluate the application of principles for remuneration of senior executives that are legally subject to approval by the AGM and of applicable structures and levels of remuneration in the company. Decisions on remuneration issues must, after preparation by the committee, be adopted by the Board as a whole.

Audit Committee

The Board of Directors had, until the AGM 2019-05-15, an audit committee with the following primary duties:

- Monitoring the company's financial reporting and submitting recommendations and suggestions for ensuring the reliability of reporting.
- With regard to financial reporting, monitoring the effectiveness of the company's internal control, internal audit and risk management.
- Staying informed about the audit of the annual accounts and consolidated financial statements, as well as the quality control of the Supervisory Board of Public Accountants.
- Looking at the way in which the audit contributed to the reliability of financial reporting and the function performed by the Board.

- Reviewing and monitoring the auditor's impartiality, paying special attention to whether the auditor is providing the company with services other than auditing services.
- Assisting with the preparation of proposals for the Shareholders' Meeting's decision on the election of auditor.
- Preparing the Board's decisions in the above matters.

The audit committee comprised of two Board members: Mattias Klintemar (Chairman) and Thomas Eklund. After the AGM May 15th 2019, the audit committee was abolished and thereafter the committee's work is carried out by the Board in its entirety.

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 May 15, 2019, it was resolved that the Board's fees for 2019 (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 May 15th, 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 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.

	Basic salary ²⁹	Variable remuneration ³⁰	Other benefits	Pension costs	Share-based remuneration ³¹	Other remuneration	Total
CEO, Anna Ljung (from 2019-05-15)	151	93	-	37	44	-	325
CEO Peter Wolpert (to 2019-05-15)	858	1,219	1	281	206	-	2,560
Other senior executives (7 people) ³²	4,495	3,703	-	292	733	-	9,224
Total	5,499	5,016	1	609	984	0	12,109

²⁹ Mark Beveridge and Shaw Sorooshian have invoiced their remuneration as consultant fees through companies.

³⁰ Variable remuneration pertains to the 2019 fiscal year. A fraction of the variable remuneration paid in 2019 pertains to work in the 2018 fiscal year and is therefore excluded in this summary.

³¹ These costs will not entail a payment and do not affect the Company's cash flow. Estimated social security costs are not included in the carrying amounts.

³² In cases where senior executives were elected to the management during the year, remuneration is only included for the period in which the senior executives were a part of the management team.

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, 2019 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 66–67.

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 67.

Remuneration to auditors

The remuneration paid to the auditor is subject to approval by a Shareholders' Meeting. The AGM on May 15th, 2019 resolved to approve remuneration of the auditor on a continuous basis.

In 2019, remuneration of SEK 2.2 million was paid to the auditor, of which audit assignments accounted for SEK 0.6 million, audit work in addition to the assignment for SEK 0.5 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 September 17, 2019, <http://www.mobergpharma.com/press-releases/2019-09-17/nomination-committees-proposal-annual-general-meeting-2019>.

The AGM on May 15th, 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 March 31st, 2019. 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 2019 AGM was announced on Moberg Pharma's website and through a press release on June 25th, 2019 and it consists of four members: Peter Wolpert, Chairman of the Board, Gillis Cullin, appointed by the Baltic Sea Foundation, Fredrik Persson, appointed by Zimbrine Holding, and Erik Lindbärg.

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 21.

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. Access to ERP systems is limited by authority, responsibility and role.

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 2019, 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 September 27th, 2019



Peter Wolpert
Chairman



Fredrik Granström
Board member



Andrew B. Hochman
Board member



Mattias Klintemar
Board member



Anna Ljung
CEO

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 2019-01-01-2019-06-30 on pages 61-66 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 September 27th , 2019

Ernst & Young AB



Andreas Troberg
Authorized Public Accountant

