UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(MARK ONE)
☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2023

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number: 001-39630

MOONLAKE IMMUNOTHERAPEUTICS
(Exact Name of Registrant as Specified in Its Charter)

Cayman Islands	**98-1711963**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
Dorfstrasse 29 **6300 Zug** **Switzerland**	**N/A**
(Address of principal executive offices)	(ZIP Code)

41 415108022
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A ordinary share, par value $0.0001 per share	MLTX	The Nasdaq Capital Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐
Non-accelerated filer ☒ Smaller reporting company ☒
Emerging growth company ☒
If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 1, 2023, there were 59,940,529 Class A Ordinary Shares, $0.0001 par value (the "Class A Ordinary Shares"), and 2,505,476 Class C Ordinary Shares, $0.0001 par value (the "Class C Ordinary Shares"), issued and outstanding.

MOONLAKE IMMUNOTHERAPEUTICS

FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2023

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

MOONLAKE IMMUNOTHERAPEUTICS

CONDENSED CONSOLIDATED BALANCE SHEETS

(Amounts in USD, except share data)

	September 30, 2023 (Unaudited)	December 31, 2022
Current assets		
Cash and cash equivalents	$ 318,165,809	$ 39,505,627
Short-term marketable debt securities	177,812,899	32,609,108
Other receivables	720,755	217,129
Prepaid expenses	3,310,281	4,179,468
Total current assets	**500,009,744**	**76,511,332**
Non-current assets		
Operating lease right-of-use assets	169,422	282,580
Property and equipment, net	39,520	49,389
Total non-current assets	**208,942**	**331,969**
Total assets	**$ 500,218,686**	**$ 76,843,301**
Current liabilities		
Trade and other payables	$ 3,404,728	$ 254,972
Short-term portion of operating lease liabilities	156,338	153,629
Accrued expenses and other current liabilities	6,746,951	7,256,845
Total current liabilities	**10,308,017**	**7,665,446**
Non-current liabilities		
Long-term portion of operating lease liabilities	13,084	128,951
Pension liability	255,399	282,206
Total non-current liabilities	**268,483**	**411,157**
Total liabilities	**10,576,500**	**8,076,603**
Commitments and contingencies (Note 15)		
Equity (deficit)		
Class A Ordinary Shares: $0.0001 par value; 500,000,000 shares authorized; 53,561,488 shares issued and outstanding as of September 30, 2023; 38,977,600 shares issued and outstanding as of December 31, 2022	5,356	3,898
Class C Ordinary Shares: $0.0001 par value; 100,000,000 shares authorized; 8,884,517 shares issued and outstanding as of September 30, 2023; 13,723,511 shares issued and outstanding as of December 31, 2022	889	1,373
Additional paid-in capital	531,271,953	129,192,291
Accumulated deficit	(109,220,396)	(80,650,212)
Accumulated other comprehensive income	2,875,198	350,946
Total shareholders' equity	**424,933,000**	**48,898,296**
Noncontrolling interests	64,709,186	19,868,402
Total equity	**489,642,186**	**68,766,698**
Total liabilities and equity	**$ 500,218,686**	**$ 76,843,301**

The accompanying Notes are an integral part of these Unaudited Condensed Consolidated Financial Statements.

MOONLAKE IMMUNOTHERAPEUTICS

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Amounts in USD, except share and per share data)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	**2022**	**2023**	**2022**
Operating expenses				
Research and development	$ (7,585,136)	$ (9,024,437)	$ (23,704,087)	$ (30,679,842)
General and administrative	(5,391,607)	(5,746,064)	(15,390,117)	(17,685,152)
Total operating expenses	**(12,976,743)**	**(14,770,501)**	**(39,094,204)**	**(48,364,994)**
Operating loss	**(12,976,743)**	**(14,770,501)**	**(39,094,204)**	**(48,364,994)**
Other income, net	1,386,313	37,593	2,952,557	352,227
Loss before income tax	**(11,590,430)**	**(14,732,908)**	**(36,141,647)**	**(48,012,767)**
Income tax expense	(28,923)	(8,740)	(50,080)	(25,354)
Net loss	**$ (11,619,353)**	**$ (14,741,648)**	**$ (36,191,727)**	**$ (48,038,121)**
Of which: net loss attributable to controlling interests shareholders	*(9,426,049)*	*(10,110,452)*	*(28,570,184)*	*(32,865,429)*
Of which: net loss attributable to noncontrolling interests shareholders	*(2,193,304)*	*(4,631,196)*	*(7,621,543)*	*(15,172,692)*
Net unrealized gain (loss) on marketable securities and short term investments	3,437,291	77,006	3,046,538	77,006
Foreign currency translation	—	—	—	567
Actuarial gain (loss) on employee benefit plans	39,157	89,586	(19,323)	456,883
Other comprehensive income (loss)	3,476,448	166,592	3,027,215	534,456
Comprehensive loss	**$ (8,142,905)**	**$ (14,575,056)**	**$ (33,164,512)**	**$ (47,503,665)**
Comprehensive loss attributable to controlling interests shareholders	*(6,590,259)*	*(9,998,892)*	*(26,095,926)*	*(32,507,526)*
Comprehensive loss attributable to noncontrolling interests	*(1,552,646)*	*(4,576,164)*	*(7,068,586)*	*(14,996,139)*
Weighted-average number of Class A Ordinary Shares, basic and diluted	53,517,655	36,925,639	45,485,650	25,830,560
Basic and diluted net loss per share attributable to controlling interests shareholders	**$ (0.18)**	**$ (0.27)**	**$ (0.63)**	**$ (1.27)**

The accompanying Notes are an integral part of these Unaudited Condensed Consolidated Financial Statements.

MOONLAKE IMMUNOTHERAPEUTICS

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT)
(Amounts in USD, except share data)
(Unaudited)

	MoonLake AG Series A Preferred Shares		MoonLake AG Common Shares		MoonLake AG Common Shares Held In Treasury		Class A Ordinary Shares		Class C Ordinary Shares		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity (Deficit)	Noncontrolling Interests	Total Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount						
Balance at December 31, 2021 (As previously reported)	**680,196**	**$ 72,466**	**361,528**	**$ 38,537**	**(57,756)**	**$ (6,202)**	**—**	**$ —**	**—**	**$ —**	**$ 42,061,984**	**$ (53,643,615)**	**$ (168,177)**	**$ (11,645,007)**	**$ —**	**$ (11,645,007)**
Retroactive application of the recapitalization due to the Business Combination[1]	22,200,712	—	11,799,803	—	(1,885,081)	—	—	—	—	—	—	—	—	—	—	—
Balance at December 31, 2021	**22,880,908**	**$ 72,466**	**12,161,331**	**$ 38,537**	**(1,942,837)**	**$ (6,202)**	**—**	**$ —**	**—**	**$ —**	**$ 42,061,984**	**$ (53,643,615)**	**$ (168,177)**	**$ (11,645,007)**	**$ —**	**$ (11,645,007)**
Share-based compensation granted under the equity incentive plan ESPP, and reverse vesting of Restricted Founder Shares	—	—	—	—	1,177,354	3,791	—	—	—	—	1,988,871	—	—	**1,992,662**	**—**	**1,992,662**
Net loss for the three months ended March 31, 2022	—	—	—	—	—	—	—	—	—	—	—	(15,880,142)	—	**(15,880,142)**	**—**	**(15,880,142)**
Other comprehensive income	—	—	—	—	—	—	—	—	—	—	—	—	266,269	**266,269**	**—**	**266,269**
Balance at March 31, 2022	**22,880,908**	**$ 72,466**	**12,161,331**	**$ 38,537**	**(765,483)**	**$ (2,411)**	**—**	**$ —**	**—**	**$ —**	**$ 44,050,855**	**$ (69,523,757)**	**$ 98,092**	**$ (25,266,218)**	**$ —**	**$ (25,266,218)**
Noncontrolling interests recognized on historical net assets of MoonLake AG in connection with the Business Combination		(23,939)		(12,730)		797					(14,551,870)	22,966,652	(32,404)	**8,346,506**	**(8,346,506)**	**—**
Conversion of MoonLake AG shares into Class A Ordinary Shares and issuance of Class C Ordinary shares following the Business Combination	(22,880,908)	(48,527)	(12,161,331)	(25,807)	765,483	1,614	18,501,284	1,850	15,775,472	1,578	70,870			**1,578**	**—**	**1,578**
Issuance of Class A Ordinary Shares upon Business Combination	—	—	—	—	—	—	18,424,355	1,843	—	—	90,782,089	—	—	**90,783,932**	**43,869,269**	**134,653,201**
Share-based compensation granted under the equity incentive plan ESPP, ESOP, reverse vesting of Restricted Founder Shares and 2022 MoonLake Immunotherapeutics Equity Incentive Plan	—	—	—	—	—	—	—	—	—	—	1,701,614	—	—	**1,701,614**	**782,609**	**2,484,223**
Net loss for the three months ended June 30, 2022	—	—	—	—	—	—	—	—	—	—	—	(12,120,719)	—	**(12,120,719)**	**(5,295,610)**	**(17,416,329)**
Other comprehensive income	—	—	—	—	—	—	—	—	—	—	—	—	68,035	**68,035**	**33,562**	**101,597**
Balance at June 30, 2022	**—**	**$ —**	**—**	**$ —**	**—**	**$ —**	**36,925,639**	**$ 3,693**	**15,775,472**	**$ 1,578**	**$ 122,053,558**	**$ (58,677,824)**	**$ 133,723**	**$ 63,514,728**	**$ 31,043,324**	**$ 94,558,052**
Share-based compensation granted under the equity incentive plan ESPP, ESOP, reverse vesting of Restricted Founder Shares and 2022 MoonLake Immunotherapeutics Equity Incentive Plan	—	—	—	—	—	—	—	—	—	—	**1,772,338**	—	—	**1,772,338**	**812,822**	**2,585,160**
Net loss for the three months ended September 30, 2022	—	—	—	—	—	—	—	—	—	—	—	**(10,110,452)**	—	**(10,110,452)**	**(4,631,196)**	**(14,741,648)**
Other comprehensive income	—	—	—	—	—	—	—	—	—	—	—	—	**111,560**	**111,560**	**55,032**	**166,592**
Balance at September 30, 2022	**—**	**$ —**	**—**	**$ —**	**—**	**$ —**	**36,925,639**	**$ 3,693**	**15,775,472**	**$ 1,578**	**$ 123,825,896**	**$ (68,788,276)**	**$ 245,283**	**$ 55,288,174**	**$ 27,279,982**	**$ 82,568,156**

[1] As defined in Note 2 — *Business Combination Agreement with Helix and Recapitalization* included in MoonLake's audited financial statements and notes thereto for the year ended December 31, 2022 included in MoonLake's Annual Report on Form 10-K for the year ended December 31, 2022, which was filed with the SEC on March 20, 2023

MOONLAKE IMMUNOTHERAPEUTICS

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT)

(Amounts in USD, except share data)

(Unaudited)

The accompanying Notes are an integral part of these Unaudited Condensed Consolidated Financial Statements.

	Class A Ordinary Shares		Class C Ordinary Shares		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity (Deficit)	Noncontrolling Interests	Total Equity (Deficit)
	Shares	Amount	Shares	Amount						
Balance at December 31, 2022	**38,977,600**	**$ 3,898**	**13,723,511**	**$ 1,373**	**$ 129,192,291**	**$ (80,650,212)**	**$ 350,946**	**$ 48,898,296**	**$ 19,868,402**	**$ 68,766,698**
Share-based compensation under the equity incentive plan ESPP, ESOP, 2022 MoonLake Immunotherapeutics Equity Incentive Plan and reverse vesting of Restricted Founder Shares	—	—	—	—	1,875,992	—	—	**1,875,992**	**701,195**	**2,577,187**
Refund of stamp duty fees	—	—	—	—	3,517	—	—	**3,517**	**1,406**	**4,923**
Net loss for the three months ended March 31, 2023	—	—	—	—	—	(9,004,856)	—	**(9,004,856)**	**(3,214,131)**	**(12,218,987)**
Other comprehensive loss	—	—	—	—	—	—	(12,625)	**(12,625)**	**(5,047)**	**(17,672)**
Conversion of MoonLake Class C Ordinary Shares into Class A Ordinary Shares	176,603	18	(176,603)	(18)	237,049	—	1,787	**238,836**	**(238,836)**	**—**
Balance at March 31, 2023	**39,154,203**	**$ 3,916**	**13,546,908**	**$ 1,355**	**$ 131,308,849**	**$ (89,655,068)**	**$ 340,108**	**$ 41,999,160**	**$ 17,112,989**	**$ 59,112,149**
Share-based compensation under the equity incentive plan ESPP, ESOP, 2022 MoonLake Immunotherapeutics Equity Incentive Plan and reverse vesting of Restricted Founder Shares	—	—	—	—	$ 1,247,416	—	—	**1,247,416**	**250,245**	**1,497,661**
Issuance of Class A Ordinary Shares, net of transaction costs (Note 11)	9,744,894	974	—	—	451,284,119	—	—	**451,285,093**	**—**	**451,285,093**
Net loss for the three months ended June 30, 2023	—	—	—	—	—	(10,139,279)	—	**(10,139,279)**	**(2,214,108)**	**(12,353,387)**
Other comprehensive loss	—	—	—	—	—	—	(348,906)	**(348,906)**	**(82,655)**	**(431,561)**
Conversion of MoonLake Class C Ordinary Shares into Class A Ordinary Shares	4,587,713	459	(4,587,713)	(459)	5,709,595	—	43,922	**5,753,517**	**(5,753,517)**	**—**
Balance at June 30, 2023	**53,486,810**	**$ 5,349**	**8,959,195**	**$ 896**	**$ 589,549,979**	**$ (99,794,347)**	**$ 35,124**	**$ 489,797,001**	**$ 9,312,954**	**$ 499,109,955**
Share-based compensation under the equity incentive plan ESPP, ESOP, and 2022 MoonLake Immunotherapeutics Equity Incentive Plan	—	—	—	—	1,238,144	—	—	**1,238,144**	**187,507**	**1,425,651**
Net loss for the three months ended September 30, 2023	—	—	—	—	—	(9,426,049)	—	**(9,426,049)**	**(2,193,304)**	**(11,619,353)**
Other comprehensive loss	—	—	—	—	—	—	2,835,790	**2,835,790**	**640,658**	**3,476,448**
Conversion of MoonLake Class C Ordinary Shares into Class A Ordinary Shares	74,678	7	(74,678)	(7)	545,591	—	3,149	**548,740**	**(548,740)**	**—**
Capital injection from MoonLake to MoonLake AG (Note 11)	—	—	—	—	(60,061,761)	—	1,135	**(60,060,626)**	**57,310,111**	**(2,750,515)**
Balance at September 30, 2023	**53,561,488**	**$ 5,356**	**8,884,517**	**$ 889**	**$ 531,271,953**	**$ (109,220,396)**	**$ 2,875,198**	**$ 424,933,000**	**$ 64,709,186**	**$ 489,642,186**

The accompanying Notes are an integral part of these Unaudited Condensed Consolidated Financial Statements.

MOONLAKE IMMUNOTHERAPEUTICS

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in USD)

(Unaudited)

	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Cash flow from operating activities		
Net loss	$ (36,191,727)	$ (48,038,121)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	9,869	9,069
Share-based payment	5,500,499	7,058,255
Net periodic pension benefit (gain) cost for the qualified pension plan	(50,740)	227,691
Other non-cash items	(21,468)	(5,504)
Changes in operating assets and liabilities:		
Other receivables	(503,626)	(451,762)
Prepaid expenses	869,187	(3,030,098)
Trade and other payables	3,149,756	(513,037)
Accrued expenses and other current liabilities, excl. stamp tax	(3,195,591)	445,589
Net cash flow used in operating activities	**(30,433,841)**	**(44,297,918)**
Cash flow from investing activities		
Purchase of short-term marketable debt securities	(175,732,711)	(42,226,022)
Proceeds from maturities of short-term marketable debt securities	33,681,688	—
Purchase of property and equipment	—	(16,008)
Net cash flow used in investing activities	**(142,051,023)**	**(42,242,030)**
Cash flow from financing activities		
Issuance of Class A Ordinary Shares, net of transaction costs (Note 11)	451,285,093	—
Proceeds from Business Combination	—	134,646,009
Contribution for Par Value of Class V Shares	—	42,935
Repayment of loan liability	—	(15,000,000)
Net cash flow provided by financing activities	**451,285,093**	**119,688,944**
Effect of movements in exchange rates on cash held	(140,047)	16,826
Net change in cash and cash equivalents	**278,660,182**	**33,165,822**
Cash and cash equivalents, beginning of period	39,505,627	8,038,845
Cash and cash equivalents, end of period	**$ 318,165,809**	**$ 41,204,667**

The accompanying Notes are an integral part of these Unaudited Condensed Consolidated Financial Statements.

Note 1 — Overview of the Company

Corporate Information

MoonLake Immunotherapeutics is a clinical-stage biotechnology company engaged in leveraging Nanobody® technology to develop next-level medicines for immunologic diseases, including inflammatory skin and joint diseases. MoonLake Immunotherapeutics focuses on developing its novel tri-specific Nanobody® Sonelokimab ("SLK"), an IL-17A and IL-17F inhibitor, in multiple inflammatory diseases in dermatology and rheumatology where the pathophysiology is known to be driven by IL-17A and IL-17F.

Unless the context otherwise requires, "MoonLake" and the "Company" refer to the combined company following the Business Combination (as defined in Note 2 **—** *Business Combination Agreement with Helix and Recapitalization* included in MoonLake's audited financial statements and notes thereto for the year ended December 31, 2022 included in MoonLake's Annual Report on Form 10-K for the year ended December 31, 2022, which was filed with the Securities and Exchange Commission ("SEC") on March 20, 2023 (the "Annual Report")) consummated on April 5, 2022 (the "Closing Date"), together with its subsidiaries.

Note 2 — Basis of Presentation and Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include those of the Company and its subsidiaries, MoonLake Immunotherapeutics AG, a Swiss stock corporation (Aktiengesellschaft) registered with the commercial register of the Canton of Zug, Switzerland under the number CHE-433.093.536 ("MoonLake AG"), MoonLake Immunotherapeutics Ltd., a private limited company incorporated in the United Kingdom, and MNLK Immunotherapeutics, Unipessoal Lda ("MNLK PT"), a private limited company incorporated in Portugal, after elimination of all intercompany accounts and transactions. The accompanying unaudited condensed consolidated financial statements and notes hereto have been prepared in conformity with the rules and regulations of the SEC for interim financial reporting and, therefore, omit or condense certain footnotes and other information normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") as set forth by the Financial Accounting Standards Board ("FASB"). Any reference in these notes to applicable guidance is meant to refer to the authoritative U.S. GAAP as found in the Accounting Standards Codification ("ASC") and Accounting Standards Updates ("ASU") of the FASB.
In the opinion of management, all material adjustments necessary for a fair presentation of the financial information, which are of a normal and recurring nature, have been made for the interim periods reported. Results of operations for the three and nine months ended September 30, 2023 and 2022 are not necessarily indicative of the results for the entire fiscal year or any other period. The unaudited condensed consolidated financial information for the three and nine months ended September 30, 2023 and 2022 have been prepared on the same basis as and should be read in conjunction with MoonLake's audited financial statements and notes thereto for the year ended December 31, 2022 included in the Annual Report.

All amounts are presented in U.S. Dollar ("$"), unless otherwise indicated. The term "Swiss franc" and "CHF" refer to the legal currency of Switzerland, "GBP" refers to the legal currency of the United Kingdom, and "€" refers to euros.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires the Company to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses. The significant judgments, estimates and assumptions relevant to the Company relate to:

- determining whether the in-process research and development expenditure ("IPR&D") has an alternative future use;
- determining assumptions used in determining the fair value of share-based compensation;
- estimating the recoverability of the deferred tax asset; and
- estimating the amount of accruals in connection with the completion of clinical trial milestones.

The Company bases its judgments and estimates on various factors and information, which may include, but are not limited to, the Company's forecasts and future plans, current economic conditions and observable market-based transactions of its own shares, the results of which form the basis for making judgments about the carrying value of assets and liabilities and recorded amounts of expenses that are not readily apparent from other sources. To the extent there are material differences between the Company's estimates and the actual results, the Company's future results of operation may be affected.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less at the date of purchase to be cash equivalents. Cash and cash equivalents are recorded at cost, which approximates fair value. As of September 30, 2023, the Company considers $119.7 million of short-term marketable debt securities in the form of eurocommercial papers and certificates of deposit to be cash equivalents. As of December 31, 2022, the Company considers $19.9 million of short-term marketable debt securities in the form of eurocommercial papers and certificates of deposit to be cash equivalents.

Marketable securities and short-term investments

The Company invests in short-term marketable securities in the form of debt securities. At the time of purchase, the Company will assess whether such debt security should be classified as held-to-maturity or available-for-sale debt securities.

Debt securities are classified as held-to-maturity when the Company has the positive intent and ability to hold the securities to maturity. Held-to-maturity debt securities are carried at amortized cost, adjusted for accretion of discounts or amortization of premiums to maturity computed under the effective interest method. Such accretion or amortization is included in "Interest and dividend income". Marketable debt securities not classified as held-to-maturity are classified as available-for-sale and reported at fair value.

Net unrealized gains and losses on available-for-sale debt securities are excluded from the determination of earnings and are instead recognized in the "Accumulated other comprehensive income (loss)" component of shareholders' equity (deficit) until realized. Realized gains and losses on available-for-sale debt securities are computed based upon the historical cost of these securities, using the specific identification method.

A decline in the fair value of any security below cost that is deemed other than temporary results in a charge to earnings and the corresponding establishment of a new cost basis for the security. Dividend and interest income are recognized when earned. Realized gains and losses are included in earnings and the cost of securities sold is determined using the specific-identification method.

Marketable debt securities are classified as either "Cash and cash equivalents" or "Short-term marketable debt securities" according to their original maturity at the time of acquisition. Unrealized gains and losses pertaining to cash equivalent securities are added back into the statement of cash flows as those are excluded from the determination of earnings but impact the cash and cash equivalents position.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentration of credit risk consist of cash accounts in large financial institutions which, at times, may exceed the CHF 100,000 deposit protection limit in Switzerland, the $250,000 Federal Deposit Insurance Corporation deposit insurance coverage limit in the United States, the GBP 85,000 Financial Services Compensation Scheme deposit protection limit in the United Kingdom, or the €100,000 Fundo de Garantia de Depósitos deposit protection limit in Portugal. The Company believes it is not exposed to significant credit risk due to the financial strength of the depository institutions in which the cash and cash equivalents are held. Additionally, the Company ensures further protection against credit risk by diversifying its cash holdings across a variety of credit institutions, thereby minimizing the potential impact of any adverse events on a single institution. Further, the Company's investment strategy for cash (in excess of current business requirements) is set to invest in short-term marketable debt securities. Management actively monitors credit risk in the investment portfolio. Credit risk exposures are controlled in accordance with policies approved by the board of directors to identify, measure, monitor and control credit risks.

Fair Value Measurements

The Company follows the guidance included in ASC 820, *Fair Value Measurement*. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

There are three levels of inputs to fair value measurements:

- Level 1, meaning the use of quoted prices for identical instruments in active markets;
- Level 2, meaning the use of quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active or are directly or indirectly observable; and
- Level 3, meaning the use of unobservable inputs. Observable market data is used when available.

Transfers between Levels 1, 2 or 3 within the fair value hierarchy are recognized at the end of the reporting period when the respective transaction occurred.

Segment Information

The Company operates as a single operating segment. The Company’s chief operating decision maker, its Chief Executive Officer, manages the Company’s operations on a stand-alone basis for the purposes of allocating resources and assessing financial performance.

Property and Equipment

Property and equipment, net is stated at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method based on the estimated useful lives of three to five years. As of September 30, 2023, property and equipment, net relates to information technology and office equipment.

Research and Development Contract Costs and Accruals

Research and development expenses include employee payroll, consulting, contract research and contract manufacturing costs attributable to research and development activities and are expensed as incurred.

Upfront payments and milestone payments made for the licensing of technology are expensed as research and development expenses in the period in which it is probable that a liability has been incurred. Advance payments for goods or services to be received in the future for use in research and development activities are recorded as prepaid expenses. The prepaid amounts are expensed as the related goods are delivered or the services are performed.

The Company has entered into various research and development contracts with companies both inside and outside of the United States. These agreements are generally cancellable, and related payments are recorded as research and development expenses as incurred. The Company records accruals for estimated ongoing research costs. When

evaluating the adequacy of the accrued liabilities, the Company analyzes progress of the studies or trials, including the phase or completion of events, invoices received and contracted costs. Significant judgments and estimates are made in determining the accrued balances at the end of any reporting period. Actual results could differ from the Company's estimates. The Company's historical accrual estimates have not been materially different from the actual costs.

Share-Based Transaction

Goods or services received in a share-based payment transaction are measured using a fair value-based measure.

Stock-Based Compensation

The Company recognizes compensation expense based on estimated fair values for all stock-based payment awards made to eligible employees, members of the board of directors and independent contractors that are expected to vest.

The valuation of stock option awards is determined at the date of grant using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires the Company to make assumptions and judgements about the inputs used in the calculations, such as the fair value of the common stock, expected term, expected volatility of the Company's common stock, risk-free interest rate and expected dividend yield. The valuation of restricted stock awards is measured by the fair value of the Company's common stock on the date of the grant.

For all stock options granted, the Company calculated the expected term as the period that share-based awards are expected to be outstanding. The estimate of expected volatility is based on comparative companies' volatility within the Company's industry. The risk-free rate is based on the yield available on United States Treasury zero-coupon issues corresponding to the expected term of the award.

The fair value of the common stock granted under the ESPP (as defined below) has historically been estimated by management with reference to the market-based transaction with the other Series A Preferred Shares Investors, as there was no public market for the common stock.

Share-based payment arrangements are accounted for under the fair value method. Total compensation is measured at grant date, based on the fair value of the award at that date, and recorded in earnings over the period the employees are required to render service. The Company recognizes compensation cost only for those awards expected to meet the service conditions on a straight-line basis over the requisite service period of the award.

Foreign Currency

The functional currency of the Company and its subsidiaries is the U.S. dollar. Balances and transactions denominated in foreign currencies are converted as follows: monetary assets and liabilities are translated using exchange rates in effect at the balance sheet dates and non-monetary assets and liabilities are translated at historical exchange rates. Revenue and expenses are translated at the daily exchange rate on the respective accounting date.

Gains or losses from foreign currency translation are included in the consolidated statement of operations in "other income, net". The Company recognized foreign currency transaction loss of $557,144 and $276,491 for the three and nine months ended September 30, 2023 ("the period ended September 30, 2023"), respectively. For the three and nine months ended September 30, 2022, the Company recognized a foreign currency transaction gain of $4,361 and $344,914, respectively.

Income Taxes

The Company accounts for income taxes by using the asset and liability method of accounting for income taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. A valuation allowance is recorded to the extent it is more likely than not that all or a portion of the Company's deferred tax assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable

income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in operations in the period that includes the enactment date.

Net Loss per Class A Ordinary Shares

Basic net loss per Class A Ordinary Share is calculated using the two-class method under which earnings are allocated to both Class A Ordinary Shares and participating securities. Basic net loss per share is calculated by dividing the net loss attributable to Class A Ordinary Shares by the weighted-average number of Class A Ordinary Shares outstanding for the period. The diluted net loss per Class A Ordinary Share is computed by dividing the net loss using the weighted-average number of Class A Ordinary Shares and, if dilutive, potential Class A Ordinary Shares outstanding during the period.

In periods in which the Company reports a net loss attributable to shareholders of Class A Ordinary Shares, diluted net loss per share attributable to shareholders of Class A Ordinary Shares is the same as basic net loss per share attributable to shareholders of Class A Ordinary Shares, since dilutive Class A Ordinary Shares are not assumed to be outstanding if their effect is anti-dilutive.

Acquisitions

The Company evaluates acquisitions of assets and other similar transactions to assess whether or not the transaction should be accounted for as a business combination or asset acquisition by first assessing whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. On April 29, 2021, MoonLake AG entered into an in-licensing agreement (the “In-License Agreement”) with Merck Healthcare KGaA, Darmstadt, Germany (“MHKDG”) to acquire the Sonelokimab program (the “SLK Program”) and determined that substantially all of the fair value of the gross assets acquired related to IPR&D of SLK. Therefore, this transaction was accounted for as an asset acquisition.

IPR&D represents incomplete technologies that the Company acquires, which at the time of acquisition, are still under development and have no alternative future use. The fair value of such technologies is expensed upon acquisition. A technology is considered to have an alternative future use if it is probable that the Company will use the asset in its current, incomplete state as it existed at the acquisition date, in another research and development project that has not yet commenced, and economic benefit is anticipated from that use. If a technology is determined to have an alternative future use, then the fair value of the program would be recorded as an asset on the balance sheet rather than expensed.

Contingent consideration payments (for example milestone payments due upon the occurrence of a specific event) in asset acquisitions are recognized in the period in which it is probable that a liability has been incurred (unless the contingent consideration meets the definition of a derivative, in which case the amount becomes part of the cost in the asset acquired). Upon recognition of the contingent consideration payment, the amount is expensed if it relates to IPR&D or capitalized if it relates to a developed product which is generally considered to be when clinical trials have been completed and regulatory approval obtained.

Future royalty payments due on net sales will be recognized in cost of goods sold when net sales are recognized.

Pension Benefits

The Company accounts for pension assets and liabilities in accordance with ASC 715, *Compensation – Retirement Benefits*, which requires the recognition of the funded status of pension plans in the Company's consolidated balance sheet. The liability in respect to defined benefit pension plans is the projected benefit obligation calculated annually by independent actuaries using the projected unit credit method. The projected benefit obligation as of September 30, 2023 represents the actuarial present value of the estimated future payments required to settle the obligation that is attributable to employee services rendered before that date. Service costs for such pension plans, represented in the net periodic benefit cost, are included in the personnel expenses of the various functions where the employees are engaged. The other components of net benefit cost are included in the consolidated statement of operations separately from the service cost component, in "other income, net". Plan assets are recorded at their fair value.

Gains or losses arising from plan curtailments or settlements are accounted for at the time they occur. Any net pension asset is limited to the present value of the future economic benefits available to the Company in the form of refunds from the plan or expected reductions in future contributions to the plan. Actuarial gains and losses arising from differences between the actual and the expected return on plan assets are recognized in accumulated other comprehensive income (loss).

Leases

In February 2016, the FASB issued ASU No. 2016-02, *Leases Topic 842* ("*ASU 2016-02*"). The guidance in ASU 2016-02 supersedes the lease recognition requirements in ASC 840, Leases. ASU 2016-02 requires an entity to recognize assets and liabilities arising from a lease for both financing and operating leases, along with additional qualitative and quantitative disclosures. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021, and for interim periods within fiscal years beginning after December 15, 2022, with early adoption permitted.

In July 2018, the FASB issued ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements*, which allows entities to elect a modified retrospective transition method where entities may continue to apply the existing lease guidance during the comparative periods and apply the new lease requirements through a cumulative effect adjustment in the period of adoptions rather than in the earliest period presented.

The Company determines if an arrangement is or contains a lease at contract inception. For these arrangements, it is evaluated if the arrangement involves an identified asset that is physically distinct or whether the Company has the right to substantially all of the capacity of an identified asset that is not physically distinct. In arrangements that involve an identified asset, there is also judgment in evaluating if the Company has the right to direct the use of that asset.

MoonLake does not have any finance leases. As of September 30, 2023, the Company had one operating lease related to the office space located in Dorfstrasse 29, 6300, Zug, Switzerland. The operating lease is recognized on a straight-line basis over the lease term commencing on the date the Company has the right to use the leased property. Right-of-Use ("RoU") assets and lease liabilities are measured at the lease commencement date based on the present value of the remaining lease payments over the lease term, determined using the discount rate for the lease at the commencement date. Because the rate implicit in the leases is not readily determinable, the Company uses the incremental borrowing rate as the discount rate, which approximates the interest rate at which the Company could borrow on a collateralized basis with similar terms and payments and in similar economic environments.

Leases with an initial term of 12 months or less that do not have the option to purchase the underlying asset are not recorded on the balance sheet, with lease expense for these leases recognized on a straight-line basis over the lease term commencing on the date the Company has the right to use the leased property.

Recently Issued Accounting Pronouncements not yet Adopted

The Company is an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012. As such the Company is eligible for exemptions from various reporting requirements applicable to other public companies that are not emerging growth companies, including reduced reporting and extended transition periods to comply with new or revised accounting standards for public business entities. The Company has elected to avail itself of this exemption and, therefore, will not be subject to the timeline for adopting new or revised accounting standards for public

business entities that are not emerging growth companies, and will follow the transition guidance applicable to private companies.

Based on the aggregate market value of the Company's Class A Ordinary Shares held by non-affiliates as of June 30, 2023, the Company will become a "large accelerated filer" and no longer qualify as an emerging growth company or smaller reporting company as of December 31, 2023. The Company will be required, pursuant to Section 404(b) of the Sarbanes-Oxley Act of 2002, to include in its Annual Report on Form 10-K for the year ending December 31, 2023 an attestation report as to the effectiveness of the Company's internal control over financial reporting that is issued by its independent registered public accounting firm. In addition, beginning with the Company's Quarterly Report on Form 10-Q for the quarter ending March 31, 2024, it will no longer be permitted to take advantage of the reduced reporting requirements applicable to smaller reporting companies.

Recently issued accounting pronouncements not yet adopted, that the Company plans to adopt, are not expected to have a material impact on the Company's consolidated financial position, operating results, cash flows, or disclosures.

Note 3 – Risks and Liquidity

Going Concern, Liquidity and Capital Resources

The Company incurred a loss of $36.2 million for the nine months ended September 30, 2023. As of September 30, 2023, the Company's current assets exceeded its current liabilities by $489.7 million.

As of September 30, 2023, the Company had $318.2 million of cash and cash equivalents. Based on the Company's current operating plan, management believes that the Company has sufficient capital to fund its operations and capital expenditures until 2026.

Note 4 – Fair Value Measurements

The following table presents information about the Company's short-term marketable debt securities measured at fair value on a recurring basis and indicate the level in the fair value hierarchy in which the Company classifies the fair value measurement:

	September 30, 2023		December 31, 2022	
	Level 2	**Total**	**Level 2**	**Total**
Eurocommercial Papers	$ 237,817,164	$ 237,817,164	$ 42,552,608	$ 42,552,608
Certificates of Deposit	59,733,890	59,733,890	9,937,899	9,937,899
Total	**$ 297,551,054**	**$ 297,551,054**	**$ 52,490,507**	**$ 52,490,507**

Cash, accounts payable and accrued liabilities approximate their fair values as of September 30, 2023 and December 31, 2022, due to their short-term nature. Pension plan assets fair value is determined based on Level 2 inputs.

Note 5 – Investments

The fair value and amortized cost of investments in short-term marketable debt securities by major security type as of September 30, 2023 are as follows:

	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value

Eurocommercial Papers	$ 235,063,323	$ 2,753,841	$ —	$ 237,817,164
Certificates of Deposit	59,050,440	683,450	—	59,733,890
Total	**$ 294,113,763**	**$ 3,437,291**	**$ —**	**$ 297,551,054**
of which classified within cash and cash equivalents	118,381,053	1,357,102	—	**119,738,155**
of which classified within short-term marketable debt securities	175,732,710	2,080,189	—	**177,812,899**

The following table presents the changes in fair values of the Company's short-term marketable debt securities, classified as Level 2 financial assets, and recognized in accumulated other comprehensive income:

Beginning balance, January 1, 2023	**$ 390,753**
Other comprehensive income before reclassifications	4,652,408
Amounts reclassified from accumulated other comprehensive income	(1,605,870)
Net current-period other comprehensive income (loss)	**3,046,538**
Ending balance, September 30, 2023	**$ 3,437,291**

As of September 30, 2023, the Company's marketable debt securities maturities are all due within one year.

Note 6 — Prepaid Expenses

	September 30, 2023	December 31, 2022
Insurances	$ 1,557,819	$ 1,416,597
Non-clinical research and clinical development services	1,394,882	2,443,863
Other prepayments	357,580	319,008
Total	**$ 3,310,281**	**$ 4,179,468**

Prepaid expenses as of September 30, 2023 primarily relate to services expected to be received within the next 12 months.

Note 7 — Trade and Other Payables

	September 30, 2023	December 31, 2022
Research and development services and license fees	$ 2,090,284	$ 31,687
Supply and manufacturing fees payable	824,070	65,979
Other consulting and advisory services	245,723	51,658
Legal and intellectual property ("IP") advisory fees payable	45,292	40,532
Other payables	199,359	65,116
Total	**$ 3,404,728**	**$ 254,972**

Note 8 — Accrued Expenses and Other Current Liabilities

	September 30, 2023	December 31, 2022
Tax liabilities	$ 2,713,797	$ 109,826
Research and development services and license fees	1,774,601	5,803,432
Bonuses and related employees compensation expenses	1,580,493	1,109,734
Consultant and other fees	678,060	233,853
Total	**$ 6,746,951**	**$ 7,256,845**

Note 9 — Leases

In August 2021, the Company entered into an open-ended office lease agreement to lease approximately 2,300 square feet of space on the last two floors of the building located at Dorfstrasse 29, 6300 Zug, Switzerland (the “Office Lease") which was effective November 1, 2021. The Company estimated the effective duration of the Office Lease at inception and determined a period of 3 years, with expected expiration in November 2024.

Payments under the Office Lease are fixed. The annual discount rate applied is 0.8%.

The future minimum annual lease payments under these operating leases as of September 30, 2023 are as follows:

Three months ended September 30, 2023	**Amount**
2023 (remaining 3 months)	$ 39,277
2024	130,924
Total lease payments	**170,201**
Less imputed interest	(779)
Total lease liability	**169,422**
Less current portion of operating lease liability	(156,338)
Long-term portion operating lease liability	**$ 13,084**

The Company recorded lease expense related to its operating lease right of use asset of $117,832 for the period ended September 30, 2023.

Note 10 — Employee Benefit Plans

The Company operates a defined benefit pension plan in Switzerland (the "Plan”) and a defined contribution pension plan in the United Kingdom, in accordance with local regulations and practices. As of September 30, 2023 the Plan covers the Company’s employees in Switzerland with benefits in the event of death, disability, retirement, or termination of employment. As of September 30, 2023, there was no headcount attributable to MNLK PT and therefore no associated employee benefit plan cost.

Components of Net Periodic Benefit Cost under the Plan

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Service cost	$ 31,175	$ 112,222	$ 91,596	$ 338,173
Interest cost	7,784	1,258	22,872	3,791
Expected return on plan assets	(9,280)	(3,862)	(27,265)	(11,637)
Amortization of unrecognized loss	—	451	—	1,361
Total Net Periodic Benefit Cost	**$ 29,679**	**$ 110,069**	**$ 87,203**	**$ 331,688**

The components of net periodic benefit cost other than the service cost component are included in general and administrative expense in the Company's unaudited condensed consolidated statements of operations.

Employer Contributions under the Plan

For the nine months ended September 30, 2023, $138,349 (CHF 124,932) of contributions were made to the Plan. The Company presently anticipates contributing an additional estimated amount of $46,116 (CHF 41,644) to fund the Plan in 2023 for a total of $184,465 (CHF 166,576).

Note 11 — Shareholders' Equity (Deficit)

	Class A Ordinary Shares[1]		Class C Ordinary Shares[1]		Total Number of Ordinary Shares	
	Authorized	Issued	Authorized	Issued	Authorized	Issued and Outstanding
Balance - January 1, 2023	**500,000,000**	**38,977,600**	**100,000,000**	**13,723,511**	**600,000,000**	**52,701,111**
Conversion of Class C Ordinary Shares into Class A Ordinary Shares	—	176,603	—	(176,603)	—	—
Balance - March 31, 2023	**500,000,000**	**39,154,203**	**100,000,000**	**13,546,908**	**600,000,000**	**52,701,111**
Conversion of Class C Ordinary Shares into Class A Ordinary Shares	—	4,587,713	—	(4,587,713)	—	—
Issuance of Class A Ordinary Shares	—	9,744,894	—	—	—	**9,744,894**
Balance - June 30, 2023	**500,000,000**	**53,486,810**	**100,000,000**	**8,959,195**	**600,000,000**	**62,446,005**
Conversion of Class C Ordinary Shares into Class A Ordinary Shares	—	74,678	—	(74,678)	—	—
Balance - September 30, 2023	**500,000,000**	**53,561,488**	**100,000,000**	**8,884,517**	**600,000,000**	**62,446,005**

[1] *Fully paid-in registered shares with a par value of $0.0001*

As of September 30, 2023, the Company had the following classes of shares:

Class A Ordinary Shares

On April 6, 2022, the Company's Class A Ordinary Shares began trading on The Nasdaq Capital Market ("Nasdaq") under the symbol “MLTX”. As of September 30, 2023, there were 53,561,488 Class A Ordinary Shares issued and outstanding. The Company is authorized to issue up to 500,000,000 Class A Ordinary Shares, par value $0.0001 per share. Holders of Class A Ordinary Shares are entitled to one vote per share.

Class C Ordinary Shares

As of September 30, 2023, there were 8,884,517 Class C Ordinary Shares issued and outstanding. The Company is authorized to issue up to 100,000,000 Class C Ordinary Shares, with a par value $0.0001 per share. Each Class C Ordinary Share entitles the holders thereof to one vote per share, but carries no economic rights.

At the closing of the Business Combination (the "Closing"), MoonLake, MoonLake AG and each ML Party entered into a Restated and Amended Shareholders' Agreement (the “A&R Shareholders' Agreement”). With the intent to approximate the rights, obligations and restrictions that an ML Party would enjoy if it were a holder of Class A Ordinary Shares, the A&R Shareholders’ Agreement (i) imposes certain transfer and other restrictions on the ML Parties (as defined in Note 2 — *Business Combination Agreement with Helix and Recapitalization* included in MoonLake’s audited financial statements and notes thereto for the year ended December 31, 2022 included in the Annual Report), (ii) provides for the waiver of certain statutory rights and (iii) establishes certain mechanics whereby MoonLake and each of the ML Parties are able to effect the conversion of MoonLake AG Common Shares and Class C Ordinary Shares into a number of Class A Ordinary Shares equal to the Exchange Ratio (as defined in Note 3 — *Basis of Presentation* included in MoonLake’s audited financial statements and notes thereto for the year ended December 31, 2022 included in the Annual Report). On August 23, 2023, pursuant to the A&R Shareholders’ Agreement, certain ML Parties submitted exchange notices to the Company, pursuant to which such ML Parties effected, in the aggregate, the conversion of 2,220 MoonLake AG Common Shares and 74,678 Class C Ordinary Shares into 74,678 Class A Ordinary Shares using the Exchange Ratio. The foregoing description of the A&R Shareholders’ Agreement is not complete and is qualified in its entirety by reference to, and should be read in connection with, the full text of the A&R Shareholders’ Agreement filed as an exhibit on the Company's Current Report on Form 8-K filed with the SEC on April 11, 2022.

Equity Offerings

At-the-Market Offering

On May 11, 2023, the Company entered into a Sales Agreement (the “May 2023 Sales Agreement”) with Leerink Partners LLC (formerly known as SVB Securities LLC) (“Leerink Partners”), through which the Company could issue and sell up to $200,000,000 of its Class A Ordinary Shares (the “May 2023 ATM Shares”), through Leerink Partners as its sales agent. The May 2023 ATM Shares to be sold under the May 2023 Sales Agreement, if any, would be issued and sold pursuant to the Company's shelf registration statement on Form S-3 (File No. 333-271546), which was declared effective by the SEC on May 9, 2023, and a prospectus supplement thereto filed with the SEC on May 11, 2023.

On June 27, 2023, the Company reduced the maximum aggregate offering amount of its Class A Ordinary Shares that could be issued and sold under the May 2023 Sales Agreement to $0 and no longer intends to sell Class A Ordinary Shares under the May 2023 Sales Agreement unless the Company files a further prospectus supplement indicating an amount of shares proposed to be sold.

On August 31, 2023, the Company entered into a Sales Agreement with Leerink Partners (the “August 2023 Sales Agreement”), through which the Company could issue and sell up to $350,000,000 of its Class A Ordinary Shares (the “August 2023 ATM Shares”), through Leerink Partners as its sales agent. The August 2023 ATM Shares to be sold under the August 2023 Sales Agreement, if any, would be issued and sold pursuant to the Company’s shelf registration statement on Form S-3 (File No. 333-274286), which was declared effective by the SEC on September 11, 2023, and a prospectus supplement thereto filed with the SEC on August 31, 2023. For the three months ended September 30, 2023, no Class A Ordinary Shares were sold under the August 2023 Sales Agreement.

Public Offering of Class A Ordinary Shares

On June 27, 2023, the Company entered into an underwriting agreement with SVB Securities LLC and Guggenheim Securities LLC as the representatives of the underwriters named therein, to issue and sell 8,000,000 Class A Ordinary Shares at a public offering price of $50.00 per share (the "Offering"). In addition, the Company granted the underwriters an option for a period of 30 days to purchase up to an additional 1,200,000 Class A Ordinary Shares at the public offering price less the underwriting discounts and commissions (the "Option"), and such Option was exercised in full by the underwriters.

The Offering closed on June 30, 2023, and net proceeds from the Offering, including proceeds from the exercise in full by the underwriters of the Option, were $436.7 million, after deducting the underwriting discounts and commissions and the offering expenses in the amount of $23.3 million.

Following the completion of the Offering, the Company opted to direct a substantial portion of the net proceeds to MoonLake AG. This was executed as a two-step process: (1) the Company acquired the remaining 22,756 shares of MoonLake AG common stock held in treasury through a share purchase and assignment agreement formally executed on July 09, 2023 ($38.9 million) and (2) the Company contributed additional funds to MoonLake AG's capital reserves through a cash contribution agreement formally executed on July 10, 2023 ($275 million).

Note 12 — Net Loss per Share

As a result of the Business Combination, the Company has retroactively restated the weighted average number of outstanding shares prior to April 5, 2022 to give effect to the Exchange Ratio.

The following table sets forth the loss per share calculations for the three and nine months ended September 30, 2023 compared to the three and nine months ended September 30, 2022:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	**2022**	**2023**	**2022**
Numerator				
Net loss attributable to controlling interests shareholders	$ (9,426,049)	$ (10,110,452)	$ (28,570,184)	$ (32,865,429)
Denominator				
Total weighted average number of outstanding shares	53,517,655	36,925,639	45,485,650	25,830,560
Net loss per share – basic and diluted	**$ (0.18)**	**$ (0.27)**	**$ (0.63)**	**$ (1.27)**

The weighted average number of shares used to calculate the net loss per share – basic for the three and nine months ended September 30, 2023 excludes 8,884,517 Class C Ordinary Shares as they do not carry economic rights.

In the event that ML Parties (other than Biotechnology Value Fund, L.P., Biotechnology Value Fund II, L.P., and Biotechnology Value Trading Fund OS, L.P.) elected to convert their 264,116 MoonLake AG Common Shares into 8,884,517 Class A Ordinary Shares, the weighted average number of shares outstanding would have been 62,446,005 and 56,056,457 for the three and nine months ended September 30, 2023, resulting in a net loss per share of $(0.19) and $(0.65), respectively. Upon conversion, 8,884,517 Class C Ordinary Shares would be forfeited and there would no longer be any noncontrolling interests.

Upon conversion, the Company's number of Class A Ordinary Shares outstanding would be 62,446,005 as of November 14, 2023, the date the unaudited condensed consolidated financial statements were issued.

Note 13 — Share-based Compensation

As at September 30, 2023 the Company had the following share-based compensation arrangements:

a. Restricted Founder Shares – created in April 2021 by MoonLake AG (no longer active and fully vested as of April 2023);
b. The Employee Share Participation Plan ("ESPP") – created in July 2021 by MoonLake AG;
c. The Employee Stock Option Plan ("ESOP") – created in July 2021 by MoonLake AG;
d. MoonLake Immunotherapeutics 2022 Equity Incentive Plan – created in April 2022 by MoonLake Immunotherapeutics.

The purpose of the arrangements is to attract and retain the best available personnel and to provide participants with additional incentive to increase their efforts on behalf and in the best interest of the Company and its subsidiaries.
As a result of the Business Combination, the Company has adjusted the share numbers related to the Restricted Founder Shares and Common Shares (under the ESPP and ESOP) prior to the Business Combination by the Exchange Ratio. The reference to "Common Shares" refers to shares in MoonLake AG.

MoonLake AG's compensation plans are settled with Common Shares, and with a number of Class C Ordinary Shares determined by multiplying the number of Common Shares by the Exchange Ratio. The owners of Common Shares have the right to exchange their Common Shares for a number of Class A Ordinary Shares derived using the Exchange Ratio. In the event MoonLake AG shareholders elect to exchange their Common Shares, such MoonLake AG shareholder forfeits a number of Class C Ordinary Shares equal to the number of Class A Ordinary Shares issued (refer to Note 11 — *Shareholders' Equity (Deficit) - Class C Ordinary Shares*).

For the three and nine months ended September 30, 2023, the Company has recognized an increase in equity in the condensed consolidated balance sheet, and share-based compensation expense in the condensed consolidated statement of operations of $1.4 million and $5.5 million, respectively. The share-based compensation expense was driven by the following share-based compensation plans and programs:

Compensation Plan	**Three months ended September 30, 2023**	**Three months ended September 30, 2022**	**Nine Months Ended September 30, 2023**	**Nine Months Ended September 30, 2022**
MoonLake AG Restricted Founder Shares	$ —	$ 1,210,191	$ 1,574,299	$ 3,618,226
ESPP	762,309	1,080,441	2,590,576	2,829,635
ESOP	255,171	169,907	614,469	370,634
MoonLake Immunotherapeutics 2022 Equity Incentive Plan	408,171	124,621	721,155	239,760
Total share-based compensation expense	**$ 1,425,651**	**$ 2,585,160**	**$ 5,500,499**	**$ 7,058,255**
Of which: included in research and development expense	*262,717*	*161,987*	*1,150,815*	*380,917*
Of which: included in general and administrative expense	*1,162,934*	*2,423,173*	*4,349,684*	*6,677,338*

As of September 30, 2023, 11,079 Common Shares (the equivalent of 372,683 Class C Ordinary Shares) issuable from the authorized conditional capital shares remain available for future grants under the ESPP and the ESOP by MoonLake AG.

MoonLake AG - Restricted Founder Shares

On April 28, 2021, the shareholders' agreement between the co-founders, the Series A investors and MoonLake AG imposed a reverse vesting condition on 90% of the total 110,000 Common Shares (the equivalent of 3,700,257 Class C Ordinary Shares) held by each of the three co-founders. Therefore, 99,000 Common Shares (the equivalent of 3,330,231 Class C Ordinary Shares) held by each of the co-founders were subject to these restrictions and considered unvested (the "Restricted Founder Shares"). The Restricted Founder Shares vested on the 28th of each month at a rate of 4.166% over a period of two years until April 28, 2023. If, before the end of the vesting period, the contractual relationship of the relevant co-founders was terminated, MoonLake AG in first priority, or any third party designated by it, and the other shareholders in second priority pro rata to their shareholdings, would have had an option to purchase all or a pro rata portion of the shares of the leaver that were unvested on the day the termination became effective at nominal value of CHF 0.10 (equivalent of $0.0001) per share.

The assumptions used in the valuation of the Restricted Founder Shares awarded are summarized below:

Grant date	4/28/2021
Estimated fair value per share of Restricted Founder Shares on the grant date ($) [(1)]	49
Estimated fair value of Restricted Founder Shares on the resignation date of one of the co-founders of MoonLake AG ($) [(2)]	336.39
Purchase price (CHF)	0.10

[(1)] MoonLake AG estimated the fair value of the Restricted Founder Shares with reference to the market-based transaction with the other Series A Preferred Shares Investors (refer to Note 9 of MoonLake AG's audited consolidated financial statements for the year ended December 31, 2021, as filed by Helix Acquisition Corp. together with its revised definitive proxy soliciting materials with the SEC on March 4, 2022.

[(2)] MoonLake AG estimated the fair value of the Restricted Founder Shares at co-founder's resignation date by dividing the Company Enterprise Value ($360,000,000) as defined by the Business Combination Agreement by the Company's fully diluted shares (1,070,196).

Grants awarded

Program	**Restricted Founder Shares**
Awards unvested as of January 1, 2022	**4,440,309**
Awards vested for the nine months ended September 30, 2022	(2,497,673)
Awards unvested as of September 30, 2022	**1,942,634**
Awards unvested as of January 1, 2023	**1,110,078**
Awards vested for the nine months ended September 30, 2023	(1,110,078)
Awards unvested as of September 30, 2023	**—**

Employee Share Participation Plan (ESPP) 2021-2025 - MoonLake AG

The ESPP grants will vest 25% on each anniversary of the grant date. In the event of a termination of contractual relationship between the Company and the entitled employee, the awards can be deemed forfeited by MoonLake AG if certain conditions are met. Awards feature an accelerated vesting condition linked to a "Change of Control", defined as any transfer of shares that results in the proposed acquirer holding more than 50% of the then issued share capital of MoonLake AG or the Company, as the case may be, where all the outstanding awards (whether currently outstanding or granted in the future) will be deemed fully vested.

ESPP 2021	
Assumptions for the awards issued during the nine months ended September 30, 2022	
Grant dates	01/18/2022
Estimated fair value per share of Common Shares on the grant date ($) [(1)]	336.39
Purchase price (CHF)	0.10

[(1)] MoonLake AG estimated the fair value of the Common Shares by dividing the Company Enterprise Value ($360,000,000) as defined by the Business Combination Agreement by the Company's fully diluted shares (1,070,196).

Grants awarded

Program	**ESPP**
Awards issued as of January 1, 2022	**1,060,561**
Additional awards granted for the nine months ended September 30, 2022	1,177,354
Awards issued as of September 30, 2022	**2,237,915**
Of which vested as of September 30, 2022	265,241
Awards issued as of January 1. 2023	**2,237,915**
Additional awards granted for the nine months ended September 30, 2023	—
Awards issued as of September 30, 2023	**2,237,915**
Of which vested as of September 30, 2023	**1,525,582**

As of September 30, 2023, MoonLake AG had $6.9 million of total unrecognized compensation expense related to the ESPP that will be recognized over the weighted average period of 2.30 years.

Employee Stock Option Plan (ESOP) 2021-2025 - MoonLake AG

The ESOP grants will vest 25% on each anniversary of the grant date. In the event of a termination of contractual relationship between the Company and the entitled employee, options can be deemed forfeited by MoonLake AG if certain conditions are met. Awards feature an accelerated vesting condition linked to a "Change of Control", defined as any transfer of shares that results in the proposed acquirer holding more than 50% of the then issued share capital of MoonLake AG or the Company, as the case may be, where all the outstanding awards (whether currently outstanding or granted in the future) will be deemed fully vested.

ESOP 2021	
Weighted average assumptions for the awards issued during the nine months ended September 30, 2022	
Grant dates	05/01/2022, 06/22/2022
Estimated fair value of the option on the grant date using Black-Scholes model ($)	4.21
Exercise price (USD)	3.64
Expected term of the award on the grant date (years) [(1)]	6
Expected volatility of the share price [(2)]	75%
Risk-free interest rate [(3)]	3%
Expected dividend rate	0%

[(1)] The expected term represents the period that share-based awards are expected to be outstanding.
[(2)] The expected volatility was derived from the historical stock volatilities of comparable peer public companies within the Company's industry.
[(3)] The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the measurement date with maturities approximately equal to the expected term.

Weighted average assumptions for the awards issued during the nine months ended September 30, 2023	
Grant dates	01/01/2023, 04/24/2023, 07/03/2023, 07/17/2023, 08/01/2023, 08/07/2023, 08/21/2023, 08/29/2023, 09/01/2023, 09/11/2023
Estimated fair value of the option on the grant date using Black-Scholes model ($)	25.53
Exercise price (USD)	37.11
Expected term of the award on the grant date (years) [(1)]	6
Expected volatility of the share price [(2)]	75%
Risk-free interest rate [(3)]	4%
Expected dividend rate	0%

[(1)] The expected term represents the period that share-based awards are expected to be outstanding.
[(2)] The expected volatility was derived from the historical stock volatilities of comparable peer public companies within the Company's industry.
[(3)] The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the measurement date with maturities approximately equal to the expected term.

Grants awarded

Program	**ESOP**
Awards issued as of January 1, 2022	**224,033**
Additional awards granted for the nine months ended September 30, 2022	242,737
Awards issued as of September 30, 2022	**466,770**
Of which exercisable as of September 30, 2022	**23,311**
Awards issued as of January 1, 2023	**466,770**
Additional awards granted for the nine months ended September 30, 2023	133,444
Awards issued as of September 30, 2023	**600,214**
Of which exercisable as of September 30, 2023	**186,593**

As of September 30, 2023, MoonLake AG had $4.6 million of total unrecognized compensation expense related to the ESOP that will be recognized over the weighted average period of 2.94 years.

MoonLake Immunotherapeutics 2022 Equity Incentive Plan

On April 5, 2022 (the "Effective Date") the Company created the "MoonLake Immunotherapeutics 2022 Equity Incentive Plan" (the "Equity Incentive Plan") to promote and closely align the interests of employees, officers, non-employee directors and other service providers of MoonLake Immunotherapeutics and its shareholders by providing share-based compensation and other performance-based compensation.

The Equity Incentive Plan provides for the grant of options, stock appreciation rights, restricted stock units, restricted stock and other share-based awards and for incentive bonuses, which may be paid in cash, Common Shares or a combination thereof, as determined by the compensation committee of the board of directors or such other committee as designated by the board of directors to administer the Equity Incentive Plan. The Equity Incentive Plan shall remain available for the grant of awards until the 10th anniversary of the Effective Date.

Weighted average assumptions for the awards issued during the nine months ended September 30, 2022

Grant dates	**04/06/2022**
Estimated fair value of the option on the grant date using Black-Scholes model ($)	8.25
Exercise price (CHF)	12.25
Expected term of the award on the grant date (years) [1]	6
Expected volatility of the share price [2]	75%
Risk-free interest rate [3]	3%
Expected dividend rate	-

[2] The expected term represents the period that share-based awards are expected to be outstanding.
[3] The expected volatility was derived from the historical stock volatilities of comparable peer public companies within the Company's industry.
[4] The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the measurement date with maturities approximately equal to the expected term.

Weighted average assumptions for the awards issued during the nine months ended September 30, 2023

Grant dates	06/08/23
Estimated fair value of the option on the grant date using Black-Scholes model ($)	19.92
Exercise price (CHF)	29.18
Expected term of the award on the grant date (years) [1]	6
Expected volatility of the share price [2]	75%
Risk-free interest rate [3]	4%
Expected dividend rate	0

[1] The expected term represents the period that share-based awards are expected to be outstanding.
[2] The expected volatility was derived from the historical stock volatilities of comparable peer public companies within the Company's industry.
[3] The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the measurement date with maturities approximately equal to the expected term.

Grants awarded	
Program	**MoonLake Immunotherapeutics 2022 Equity Incentive Plan**
Awards issued as of January 1, 2022	**—**
Awards granted for the nine months ended September 30, 2022	180,000
Awards issued as of September 30, 2022	**180,000**
Awards exercisable as of September 30, 2022	**—**
Awards issued as of January 1, 2023	**180,000**
Awards granted for the nine months ended September 30, 2023	56,485
Awards issued as of September 30, 2023	**236,485**
Awards exercisable as of September 30, 2023	**60,000**

As of September 30, 2023, the Company had $1.5 million of total unrecognized compensation expense related to the Equity Incentive Plan that will be recognized over the weighted average period of 1.32 years.

Note 14 — Income Taxes

The Company's effective tax rate ("ETR") was 0.2% and 0.1% for the three and nine months ended September 30, 2023, respectively, and 0.1% and 0.1% for the three and nine months ended September 30, 2022, respectively. The Company is not aware of any items that would cause the quarterly ETR to be significantly different from the Company's annual ETR. The difference between the income tax provision that would be derived by applying the statutory rate to the

Company's loss before income taxes and the income tax provision recorded was primarily attributable to the change in the valuation allowance. The Company continues to incur losses for the entities domiciled in the Cayman Island and Switzerland, and its ability to utilize the deferred tax asset related to the tax losses is not considered more likely than not.

Note 15 — Commitments and Contingencies

Commitments

The Company has entered into agreements as of September 30, 2023 primarily in regard to clinical and non-clinical research program expenses for SLK.

As of September 30, 2023, the total committed amount under these agreements not yet recognized amounted to $30.6 million.

The Company's In-License Agreement with MHKDG includes contractual milestone payments related to the achievement of pre-specified research, development, regulatory and commercialization events and indemnification provisions, which are common in such agreements. Pursuant to the agreements, the Company is obligated to make research and development and regulatory milestone payments upon the occurrence of certain events. Subject to the terms of the license, additional milestone payments of up to €299.6 million ($317.2 million using a September 30, 2023 exchange rate) are potentially payable upon satisfying specific milestones related to regulatory filing acceptance, first commercial sales, and aggregate annual net sales. The milestone payments are payable in cash. Milestone payments due prior to obtaining regulatory approval will be recorded as research and development expense upon determination that a milestone payment is probable to occur. Milestone payments due after obtaining regulatory approval will be capitalized when and if incurred. The Company will use commercially reasonable efforts to cause the milestones to occur. However, if the Company reasonably determines that a technical failure or commercial failure has occurred with respect to all or a part of the SLK Program, the Company, at its sole discretion, can terminate all or part of the SLK Program.

In addition, on May 12, 2023, MoonLake AG entered into an agreement with Research Cooperation Technologies, Inc. (“RCT”) and MHKDG, effective as of June 1, 2023, pursuant to which the Company was granted a royalty-bearing, nonexclusive, sublicensable right and license under RCT’s patents and know-how related to a manufacturing process using an underlying yeast strain, Pichia pastoris, to develop, manufacture, use, sell, offer for sale, and import and otherwise commercialize SLK on a world-wide basis, subject to certain restrictions. This agreement replaces the Company’s sublicense for similar rights under the In-License Agreement. In the aggregate, the Company is required to pay royalties within the range of low to mid-teen percent of net sales under the aforementioned agreements with MHKDG and RCT. Royalties will be recognized in the consolidated statement of operations when net sales are recognized.

Note 16 - Subsequent Events

Partial share conversion

Pursuant to the A&R Shareholders' Agreement, certain ML Parties which include executive officers and directors of the Company submitted exchange notices to the Company, pursuant to which such ML Parties effected in aggregate a conversion on October 1, 2023, of 189,136 MoonLake AG Common Shares and 6,362,289 Class C Ordinary Shares into 6,362,289 Class A Ordinary Shares, and a conversion on October 27, 2023, of 498 MoonLake AG Common Shares and 16,752 Class C Ordinary Shares into 16,752 Class A Ordinary Shares using the Exchange Ratio. Please refer to *Note 11 — Shareholders’ Equity (Deficit) —* Class C Ordinary Shares for more information regarding the conversion mechanics.

Leases

On October 9, 2023 and October 13, 2023, the Company entered into two new lease agreements for corporate office space in Cambridge, UK and Porto, Portugal, respectively. Both lease agreements have a 3-year term, commencing in October 2023, with monthly lease payments of GBP70,500 and €7,220, respectively.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements as of and for the three and nine months ended September 30, 2023, appearing elsewhere in this quarterly report ("Quarterly Report") on Form 10-Q, and with MoonLake's audited financial statements and notes thereto for the year ended December 31, 2022 included in our Annual Report on Form 10-K for the year ended December 31, 2022, which was filed with the SEC on March 20, 2023 (our "Annual Report"). Our unaudited condensed consolidated financial statements as of and for the three and nine months ended September 30, 2023 were prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") and presented in United States dollars ($).

References to "MoonLake", "we", "us", "our", "our Company", "the Company" and "our business" refer to MoonLake Immunotherapeutics and its consolidated subsidiaries.

Special Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical fact contained in this Quarterly Report on Form 10-Q, including, without limitation, statements regarding the following, are forward-looking statements: our future results of operations and financial position, our expectations regarding industry trends, the sufficiency of our cash and cash equivalents, the anticipated sources and uses of cash, the anticipated investments in our business, our business strategy, and the plans and objectives of management for future operations and capital expenditures, and other information referred to in the sections title "Business" and "Risk Factors" in our Annual Report and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Quarterly Report. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. In some cases, you can identify forward-looking statements by terms such as "may", "will", "should", "expect", "plan", "anticipate", "could", "intend", "target", "project", "contemplate", "believe", "estimate", "predict", "potential", "might", "possible", or "continue" or the negative of these terms or other similar expressions. The forward-looking statements in this Quarterly Report on Form 10-Q are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. Some of the information contained in this discussion and analysis or set forth elsewhere in this Quarterly Report contains forward-looking statements that reflect our plans and strategy for our business and related financing. Our actual results and the timing of events could differ materially from those anticipated in the forward-looking statements. Factors that could cause or contribute to these differences include but are not limited to those discussed below and elsewhere in this Quarterly Report, and in the section titled "Risk Factors" included in our Annual Report. These forward-looking statements are subject to a number of important risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements, including but not limited to:

- our success in retaining or recruiting, or changes required in, our officers, key employees or directors;
- factors relating to our business, operations and financial performance, including, but not limited to:
    - we are substantially dependent on the success of our novel tri-specific Nanobody®, Sonelokimab, also known as M1095/ALX 0761, which we license from Merck Healthcare KGaA, Darmstadt, Germany, an affiliate of Merck KGaA, Darmstadt, Germany;
    - our ability to obtain regulatory approval for our products, and any related restrictions or limitations of any approved products;
    - competition and competitive pressures from other global companies in the industries in which we operate;

- we have incurred significant losses since inception, and we expect to incur significant losses for the foreseeable future and may not be able to achieve or sustain profitability in the future;
- our ability to manage our growth effectively;
- the impact of adverse business and economic conditions including inflationary pressures, general economic slowdown or a recession, increasing interest rates, and changes in monetary policy, banking institution instability and the prospect of a shutdown of the U.S. federal government;
- while we have initiated clinical trials, we have not completed any clinical trials, and we have no products approved for commercial sale;
- we require substantial additional capital to finance our operations, and if we are unable to raise such capital when needed or on acceptable terms, we may be forced to delay, reduce, and/or eliminate one or more of our development programs or future commercialization efforts;
- our ability to renew existing contracts;
- our limited operating history;
- our ability to respond to general economic conditions;
- litigation and the ability to adequately protect our intellectual property rights; and
- the other factors described under the caption "Risk Factors" in our Annual Report, as may be updated in this Quarterly Report on Form 10-Q, and our other filings with the Securities and Exchange Commission (the "SEC").

New risk factors emerge from time to time and it is not possible to predict all such risks, nor can we assess the impact of all such risks on our business or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statements. Forward-looking statements are not guarantees of performance. You should not put undue reliance on these statements, which speak only as of the date hereof. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the foregoing cautionary statements. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

There may be other factors that may cause our actual results to differ materially from the forward-looking statements, including factors disclosed in "Risk Factors" in our Annual Report or "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Quarterly Report. You should read this Quarterly Report on Form 10-Q and the documents that we reference herein completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

Overview

We are a clinical-stage biotechnology company advancing therapies to address significant unmet needs in inflammatory skin and joint diseases. Our novel tri-specific Nanobody®, Sonelokimab ("SLK"), is an IL-17A and IL-17F inhibitor that has the potential, based on high response levels in clinical trials, to drive disease modification in dermatology and rheumatology patients.

The terms "Nanobody" and "Nanobodies" used herewith are registered trademarks of Ablynx, a Sanofi company ("Ablynx"). SLK is a proprietary Nanobody exclusively licensed from Merck Healthcare KGaA, Darmstadt, Germany, an affiliate of Merck KGaA, Darmstadt, Germany ("MHKDG"). Nanobodies are able to bind selectively to a specific antigen with high affinity. Nanobodies have the same or higher affinity and specificity compared to traditional

antibodies, yet have a fraction of the molecular weight. They offer a number of potential advantages including an easier manufacturing process, a higher thermostability, and the potential to create multivalent molecules with enhanced ability to penetrate inflamed tissue, especially when containing an additional albumin binding domain such as SLK. We are developing a portfolio of therapeutic indications for SLK, and are focused on demonstrating its efficacy, safety and dosing convenience, initially in hidradenitis suppurativa ("HS") and psoriatic arthritis ("PsA"). We believe that SLK has a differentiated mechanism of action and potential to penetrate into deep skin and joint tissue. We envision SLK as a key therapeutic alternative in our initial target indications, and potentially in multiple other IL-17 driven inflammatory conditions. Building on the robust clinical data generated to date, we intend to further pursue the clinical development of SLK.

SLK was discovered by Ablynx, and was previously studied by MHKDG and Avillion LLP under a 2017 co-development agreement with MHKDG in a Phase 2b clinical trial in over 300 moderate-to-severe psoriasis ("PsO") patients. In addition, Phase 1 single ascending and multiple ascending dosing trials were previously completed, bringing the total number of patients in SLK-related trials to more than 400. In the Phase 2b study, SLK showed a significant improvement in the primary end point as compared with placebo and numerically outperformed the control group treated with the current standard of care, secukinumab (also known as Cosentyx). In the highest dosage group, 57% of patients achieved total skin clearance (Psoriasis Area Severity Index, or PASI 100 response) after 24 weeks. SLK was generally well tolerated, with a safety profile similar to the active control, secukinumab, and an overall Candida infection rate of 2.9% from week 0 to week 12 and 6.4% in the period from week 12 to week 52 across all doses. This study highlights SLK's promise as a treatment for inflammatory diseases and underscores the importance of the cytokines IL-17A and IL-17F by showing differentiated clinical outcomes between treatment with SLK (an inhibitor of IL17-A and IL-17F) and secukinumab (an inhibitor of IL-17A). We believe this study demonstrates how critical both IL17-A and IL-17F are in optimizing the balance between inflammatory response and infection defense.

We develop SLK in inflammatory diseases in dermatology and rheumatology where the pathophysiology is known to be driven by IL-17A and IL-17F. This group of diseases comprises our initial target diseases (HS and PsA) among several other inflammatory conditions (including axial spondyloarthritis and moderate-to-severe PsO). Our initial target diseases affect millions of people worldwide, and we believe there is a need for improved treatment options. SLK's purposefully designed molecular characteristics, including its albumin binding site, are intended to facilitate deep tissue penetration in the skin and joints. In May 2022, we initiated our Phase 2 trial of SLK in patients with moderate-to-severe HS (the MIRA trial (M1095-HS-201)), and in December 2022, we initiated our Phase 2 trial in patients with active PsA (the ARGO trial (M1095-PSA-201)). In June 2023, we announced positive top-line results from our MIRA trial, which met its primary endpoint of Hidradenitis Suppurativa Clinical Response (HiSCR) 75. In October 2023, we announced positive 24-week top-line results from our MIRA trial showing that the maintenance treatment with SLK led to further improvements in HiSCR 75 response rates and other clinically relevant outcomes in patients with moderate-to-severe HS. In November 2023, we announced positive top-line results from our ARGO trial, which met its primary endpoint of American College of Rheumatology (ACR) 50. We expect to commence Phase 3 clinical studies in HS and PsA in 2024. There are several additional indications that we could choose to explore, if warranted.

On April 5, 2022, we completed the Business Combination (as defined below) which raised $134.7 million net of transaction related expenses. In May 2023 and June 2023, we completed equity offerings which raised an additional $14.6 million and $436.7 million, respectively. As of September 30, 2023, we had $318.2 million of cash and cash equivalents. Based on our current operating plans, we believe that our existing cash, cash equivalents and short-term marketable debt securities, together amounting to $496.0 million, will be sufficient to fund our operating expenses and capital expenditure requirements until 2026.

We do not have any product candidates approved for commercial sale, and we have not generated any revenue from product sales. Our ability to generate revenue sufficient to achieve profitability will depend on the successful development and eventual commercialization of SLK in one or more indications, which we expect to take a number of years. We expect to continue to incur significant expenses and operating losses for at least the next four years as we continue the development of SLK and prepare for commercial launches. It is expected that operating losses will fluctuate significantly from year to year depending on the timing of our planned clinical development programs and efforts to achieve regulatory approval.

On September 21, 2023, MNLK Immunotherapeutics, Unipessoal Lda ("MNLK PT"), our wholly-owned subsidiary, was incorporated as a private limited company under the laws of Portugal to conduct administrative and business support services, and research and development activities in biotechnology and immunotherapy.

Equity Offerings

At-the-Market Offering

On May 11, 2023, we entered into a Sales Agreement (the "May 2023 Sales Agreement") with Leerink Partners LLC (formerly known as SVB Securities LLC) ("Leerink Partners"), through which we could issue and sell up to $200,000,000 of our Class A Ordinary Shares (the "May 2023 ATM Shares"), through Leerink Partners as sales agent. The May 2023 ATM Shares to be sold under the May 2023 Sales Agreement, if any, would be issued and sold pursuant to our shelf registration statement on Form S-3 (File No. 333-271546), which was declared effective by the SEC on May 9, 2023, and a prospectus supplement thereto filed with the SEC on May 11, 2023.

On June 27, 2023, in connection with the Offering (as defined below), we reduced the maximum aggregate offering amount of our Class A Ordinary Shares that could be issued and sold under the May 2023 Sales Agreement to $0 and no longer intend to sell Class A Ordinary Shares under the May 2023 Sales Agreement unless we file a further prospectus supplement indicating an amount of shares proposed to be sold.

On August 31, 2023, we entered into a Sales Agreement with Leerink Partners (the "August 2023 Sales Agreement"), through which we could issue and sell up to $350,000,000 of our Class A Ordinary Shares (the "August 2023 ATM Shares"), through Leerink Partners as sales agent. The August 2023 ATM Shares to be sold under the August 2023 Sales Agreement, if any, would be issued and sold pursuant to our shelf registration statement on Form S-3 (File No. 333-274286), which was declared effective by the SEC on September 11, 2023, and a prospectus supplement thereto filed with the SEC on August 31, 2023. For the three months ended September 30, 2023, no Class A Ordinary Shares were sold under the August 2023 Sales Agreement.

Public Offering of Class A Ordinary Shares

On June 27, 2023, we entered into an underwriting agreement with SVB Securities LLC and Guggenheim Securities LLC as the representatives of the underwriters named therein to issue and sell 8,000,000 Class A Ordinary Shares at a public offering price of $50.00 per share (the "Offering"). In addition, we granted the underwriters an option for a period of 30 days to purchase up to an additional 1,200,000 Class A Ordinary Shares at the public offering price less the underwriting discounts and commissions (the "Option"), and such Option was exercised in full by the underwriters.

The Offering closed on June 30, 2023, and net proceeds from the Offering, including proceeds from the exercise in full by the underwriters of the Option, were $436.7 million, after deducting the underwriting discounts and commissions and the offering expenses in the amount of $23.3 million.

Following the completion of the Offering, we opted to direct a substantial portion of the net proceeds to MoonLake AG. This was executed as a two-step process: (1) we acquired the remaining 22,756 shares of MoonLake AG common stock held in treasury through a share purchase and assignment agreement formally executed on July 09, 2023 ($38.9 million) and (2) additional funds were contributed to MoonLake AG's capital reserves through a cash contribution agreement formally executed on July 10, 2023 ($275 million).

Business Combination

On April 5, 2022, we consummated the previously announced business combination pursuant to that certain Business Combination Agreement, dated October 4, 2021 (the "Business Combination Agreement"), by and among Helix Acquisition Corp. ("Helix"), MoonLake Immunotherapeutics AG, a Swiss stock corporation (Aktiengesellschaft) registered with the commercial register of the Canton of Zug, Switzerland under the number CHE-433.093.536 ("MoonLake AG"), the existing equity holders of MoonLake AG set forth on the signature pages to the Business Combination Agreement and the equityholders of MoonLake AG that executed joinders to the Business Combination Agreement (collectively, the "ML Parties"), Helix Holdings LLC, a Cayman Islands limited liability company and the sponsor of Helix, and the representative of the ML Parties (such transactions contemplated by the Business Combination Agreement, collectively, the "Business Combination"). Pursuant to the Business Combination Agreement, MoonLake AG merged with and into Helix, with MoonLake AG as the surviving company in the Business Combination and, after giving effect to such Business Combination, MoonLake AG became our subsidiary. In connection with the consummation of the Business Combination, we changed our name from Helix Acquisition Corp. to MoonLake Immunotherapeutics.

The Business Combination was accounted for as a reverse recapitalization. Under this method of accounting, Helix was treated as the "acquired" company for financial reporting purposes. Accordingly, the Business Combination was treated as the equivalent of MoonLake AG issuing shares for the net assets of Helix, accompanied by a recapitalization, whereby no goodwill or other intangible assets was recorded. Operations prior to the Business Combination are those of MoonLake AG.

Financial Operations Overview

Revenue

To date, we have not generated any revenue from product sales. If our development efforts for SLK are successful and result in regulatory approval, or new license agreements with third parties, we may generate revenue in the future from product sales or milestone payments. However, there can be no assurance as to when we will generate such revenue, if at all.

Operating Expenses

Research and Development Expenses

Research and development expenses consist primarily of costs incurred for our research activities, including third-party license fees and efforts relating to the development of SLK. We expense research and development costs as incurred, which include:

- employee-related expenses, including salaries, bonuses, benefits, share-based compensation, and other related costs for those employees involved in research and development efforts;
- external research and development expenses incurred under agreements with Clinical Research Organizations ("CROs") as well as consultants that conduct our research program and development services;
- costs incurred under collaboration agreements;
- costs related to manufacturing material for our research program and clinical studies;
- costs related to compliance with regulatory requirements; and
- facilities, depreciation and other allocated expenses, which include direct and allocated expenses for rent, utilities and insurance.

We estimate research and clinical trial expenses based on the services performed pursuant to contracts with research institutions, CROs, and Clinical Manufacturing Organizations ("CMOs") that conduct and manage research studies and clinical trials on our behalf based on actual time and expenses incurred by them or probable achievement of milestone events that are associated with contractually agreed milestone payments.

We account for advance payments for goods and services that will be used in future research and development activities as expenses when the services have been performed or when the goods have been received rather than when the payment is made.

We do not allocate employee costs, facilities costs, including depreciation, or other indirect costs to specific programs because these costs are deployed across multiple programs and, as such, are not separately classified. We use internal resources primarily for managing our research program, clinical development, and manufacturing activities.

The successful development of SLK is highly uncertain. We expect to incur significant research and development expenses for the foreseeable future as we continue the development and manufacturing partnerships for SLK, conduct research activities and potentially expand our pipeline by pursuing additional indications for SLK or including new product candidates in our portfolio. We cannot determine with certainty the timing of initiation, the duration, or the completion costs of current or future research studies and clinical trials of SLK due to the inherently unpredictable nature of research activities and clinical development. Clinical development timelines, the probability of success and the development costs can differ materially from expectations. We anticipate that we will make determinations as to which indications to pursue and how much funding to direct to each indication on an ongoing basis in response to the results of ongoing and future research studies and clinical trials, regulatory developments, and our ongoing assessments as to each indication's commercial potential. Our clinical development costs are expected to increase significantly when we progress into Phase 3 clinical trials.

Any changes in the outcome of any of these variables with respect to the development of SLK could mean a significant change in the costs and timing associated with its development. We may never succeed in achieving regulatory approval for SLK. We may obtain unexpected results from our clinical trials. We may elect to discontinue, delay or modify clinical trials or focus on other product candidates. For example, if the FDA, the European Medicine Agency, or another regulatory authority were to delay our planned start of clinical trials or require us to conduct clinical trials or other

testing beyond those that we currently expect or if we experience significant delays in enrollment in any of our planned clinical trials, we could be required to expend significant additional financial resources and time on the completion of SLK's clinical development.

General and Administrative Expenses

General and administrative expense ("G&A") consists primarily of employee related costs, including salaries, bonuses, benefits, share-based compensation and other related costs for our executive and administrative functions. G&A expense also includes professional services, including legal, accounting and audit services and other consulting fees, as well as facility costs not otherwise included in research and development expenses, insurance and other general administrative expenses.

Based on our strategy, there are a number of factors that we expect will impact the level of research and development expenses, G&A expenses, and capital expenditures incurred by the business.

These factors include:

- *Building the leading efficacy and safety profile of SLK for patients* — We expect to incur significant research and development expenses, and G&A expenses as we: (i) conduct and initiate further clinical trials for SLK; (ii) seek regulatory approvals for SLK; (iii) make milestone and commercial payments under the In-License Agreement, dated April 29, 2021, by and between MoonLake AG and MHKDG (the "In-License Agreement") (based on regulatory filing acceptances, first commercial sales, and aggregate annual net sales); (iv) establish a sales, marketing and distribution infrastructure to commercialize SLK; (v) attract, hire and retain additional clinical, scientific, quality control, and administrative personnel; and (vi) add clinical, operational, financial and management information systems and personnel.
- *Strengthening the differentiation elements for future SLK patients* — In parallel with our clinical trials, we expect to incur additional research expenditures as we conduct non-clinical research to continue refining our understanding of SLK/nanobody biology and the potential impact in our selected therapeutic indications.
- *Building our manufacturing capabilities* — We do not own or operate manufacturing facilities, and currently have no plans to establish any. We partner with third-party CMOs for both drug substance and finished drug product. We obtain our supplies from these manufacturers based on purchase orders. Therefore, we expect to incur research and development costs for the purchase of our supplies on an as needed basis to conduct our clinical trials. Technology transfers for drug substance and drug product to commercial scale CMOs have already been executed in 2022, but we may pursue additional technology transfers and process improvements. This is designed to allow us to scale-up while SLK is in clinical development and advance potential Phase 3 and commercial requirements. The improvement of our manufacturing capabilities will be important in driving efficiency, maintaining high standards of quality control, and ensuring that investigators, physicians, and patients have adequate access to our product candidates, if approved.
- *Deepening our intellectual property portfolio to support our nanobody technology and product candidates* — We expect to continue to incur additional research and development expenditures as we continue extending our global intellectual property portfolio consisting of patents and patent applications, trade secrets, trademarks, and know-how to protect the product candidates developed from our nanobody technology. We plan to expand our intellectual property portfolio as we continue to advance and develop existing product candidates.
- *Licensing/broadening our portfolio* — We may supplement our current strategy with the in-licensing or acquisition of additional product candidates for clinical development (beyond SLK), rather than discovering such candidates ourselves, which would lead to additional research and development expenses, G&A expenses, and capital expenditures.
- *Granting share-based compensation awards and vesting of existing plans* — We expect to continue to grant awards to selected employees, directors and non-employees pursuant to the MoonLake AG's Employee Stock Option Plan, MoonLake AG's Employee Share Participation Plan ("ESPP"), and MoonLake Immunotherapeutics 2022 Equity Incentive Plan. Further, we expect to continue to incur share-based compensation charges in connection with the above-mentioned plans.

We also expect to incur additional legal, accounting, investor relations and other expenses associated with operating as a public company and as we continue to grow our business. Our net losses may fluctuate significantly from quarter-to-quarter and year-to-year, depending on the timing of our clinical trials and our expenditures on other research and development activities.

We expect our existing cash and cash equivalents to be sufficient to advance the development of SLK in multiple indications, including Phase III clinical studies in Hidradenitis Suppurativa and Psoriatic Arthritis, and to submit a Biologics License Application ("BLA") for SLK. Clinical development involves a lengthy and expensive process with uncertain outcomes and is subject to risks described under the heading "Risk Factors" in our most recent Annual Report on Form 10-K, including that our preclinical studies or clinical trials may not be conducted as planned or completed on schedule and may not satisfy the requirements of the FDA, EMA, or other comparable foreign regulatory authorities. If we are required to conduct additional preclinical studies or clinical trials of SLK beyond those that we currently contemplate, if we are delayed or unable to successfully complete clinical trials of SLK or other testing, or if the results of these trials or tests are not positive or are only modestly positive or if there are safety concerns, we may require additional funding. Moreover, we will require additional capital to commercialize SLK and to discover, develop, obtain regulatory approval and commercialize any future product candidates, as applicable. We do not have any committed external source of funds. We expect to finance future cash needs through public or private equity or debt offerings or product collaborations. Additional capital may not be available in sufficient amounts or on reasonable terms, if at all. The current market environment for small biotechnology companies, like us, and broader macroeconomic factors, including recent and potential future disruptions in access to bank deposits or lending commitments due to bank failures, may preclude us from successfully raising additional capital.

If we do not raise additional capital, we may not be able to expand our operations or otherwise capitalize on our business opportunities, our business and financial condition will be negatively impacted and we may need to: significantly delay, scale back or discontinue research and discovery efforts and the development or commercialization of SLK or any other product candidates or cease operations altogether; seek strategic alliances for research and development programs when we otherwise would not, or at an earlier stage than we would otherwise desire or on terms less favorable than might otherwise be available; or relinquish, or license on unfavorable terms, our rights to technologies or SLK or any other product candidates that we otherwise would seek to develop or commercialize ourselves

Foreign Currency

Our functional currency is the U.S. dollar. Balances and transactions denominated in foreign currencies are converted as follows: monetary assets and liabilities are translated using exchange rates in effect at the balance sheet dates and non-monetary assets and liabilities are translated at historical exchange rates. Revenue and expenses are translated at the daily exchange rate on the respective transaction date.

Gain or losses from foreign currency translation are included in "other income, net" in the unaudited condensed consolidated statement of operations. We recognized foreign currency transaction loss of $557,144 and $276,491 for the three and nine months ended September 30, 2023, respectively. For the three and nine months ended September 30, 2022, MoonLake AG recognized and a foreign currency transaction gain of $4,361 and $344,914, respectively.

Results of Operations

Comparison of the three months ended September 30, 2023 and 2022

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Change	Change %
Operating expenses				
Research and development	$ (7,585,136)	$ (9,024,437)	$ 1,439,301	(15.9) %
General and administrative	(5,391,607)	(5,746,064)	354,457	(6.2) %
Total operating expenses	**(12,976,743)**	**(14,770,501)**	**1,793,758**	**(12.1)%**
Operating loss	**(12,976,743)**	**(14,770,501)**	**1,793,758**	**(12.1)%**
Other income, net	1,386,313	37,593	1,348,720	3,587.7 %
Loss before income tax	**(11,590,430)**	**(14,732,908)**	**3,142,478**	**(21.3)%**
Income tax expense	(28,923)	(8,740)	(20,183)	230.9 %
Net loss	**(11,619,353)**	**(14,741,648)**	**3,122,295**	**(21.2)%**
Net unrealized gain (loss) on marketable securities and short term investments	3,437,291	77,006	3,360,285	44
Actuarial gain (loss) on employee benefit plans	39,157	89,586	(50,429)	(56.3) %
Other comprehensive income (loss)	**3,476,448**	**166,592**	**3,309,856**	**1,986.8 %**
Comprehensive loss	**$ (8,142,905)**	**$ (14,575,056)**	**$ 6,432,151**	**(44.1)%**

Research and Development

Research and development expenses were $7.6 million for the three months ended September 30, 2023, compared to $9.0 million for the three months ended September 30, 2022. The decrease of $1.4 million was due to a decrease of $1.9 million in the expenses related to the conduct of clinical development trials with CROs, a decrease $0.5 million related to research and development services and milestones expenses incurred under the In-License Agreement and a decrease of $0.6 million in relation to supply and logistic services for clinical development trials. The decreases were partially offset by an increase of $0.5 million in personnel-related costs to support the research and development effort, an increase of $0.9 million related to contracted non-clinical research expenses, and an increase of $0.2 million related to other research and development expenses.

General and Administrative

General and administrative expenses were $5.4 million for the three months ended September 30, 2023, compared to $5.7 million for the three months ended September 30, 2022. The decrease of $0.4 million was due to a decrease of $1.3 million in share-based compensation, a decrease of $0.2 million in professional, legal and other fees in connection with operating as a public company, a decrease of $0.2 million of insurance expenses, and a decrease of $0.1 million of marketing expenses. The decreases were partially offset by an increase of $0.6 million in personnel-related costs to support organizational growth, and $0.8 million related to other general and administrative expenses.

Other Income, Net

For the three months ended September 30, 2023, we recognized $1.4 million in other income, compared to an income of $0.04 million for the three months ended September 30, 2022. The increase of $1.3 million is primarily due to realized interest on cash held in bank and cash investments in short-term marketable debt securities in the amount of $2.0 million, partially offset by realized currency losses of $0.6 million.

Income Tax Expense

For the three months ended September 30, 2023 and September 30, 2022, we recognized an income tax expense of $28,923 and $8,740, respectively, which was related to corporate income tax of the U.K. subsidiary.

Other Comprehensive Income (Loss)

For the three months ended September 30, 2023, we recognized $3.5 million in other comprehensive income, compared to an other comprehensive income of $0.2 million for the three months ended September 30, 2022. The increase of $3.3 million is mainly due to net unrealized gain in short-term marketable debt securities.

Comparison of the nine months ended September 30, 2023 and 2022

	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Change	Change %
Operating expenses				
Research and development	$ (23,704,087)	$ (30,679,842)	$ 6,975,755	(22.7) %
General and administrative	(15,390,117)	(17,685,152)	2,295,035	(13.0) %
Total operating expenses	**(39,094,204)**	**(48,364,994)**	**9,270,790**	**(19.2)%**
Operating loss	**(39,094,204)**	**(48,364,994)**	**9,270,790**	**(19.2)%**
Other income, net	2,952,557	352,227	2,600,330	738.3 %
Loss before income tax	**(36,141,647)**	**(48,012,767)**	**11,871,120**	**(24.7)%**
Income tax expense	(50,080)	(25,354)	(24,726)	97.5 %
Net loss	**(36,191,727)**	**(48,038,121)**	**11,846,394**	**(24.7)%**
Net unrealized gain (loss) on marketable securities and short term investments	3,046,538	77,006	2,969,532	3,856.2 %
Foreign currency translation	—	567	(567)	(100.0) %
Actuarial gain (loss) on employee benefit plans	(19,323)	456,883	(476,206)	(104.2) %
Other comprehensive income (loss)	**3,027,215**	**534,456**	**2,492,759**	**466.4 %**
Comprehensive loss	**$ (33,164,512)**	**$ (47,503,665)**	**$ 14,339,153**	**(30.2)%**

Research and Development

Research and development expenses were $23.7 million for the nine months ended September 30, 2023, compared to $30.7 million for the nine months ended September 30, 2022. The decrease of $7.0 million was due to a decrease of $7.5 million related to research and development services and milestones expenses incurred under the In-License Agreement, a decrease of $1.8 million in relation to supply and logistic services for clinical development trials, and a decrease of $1.5 million in the expenses related to the conduct of clinical development trials with CROs. The decreases were partially offset by an increase of $0.8 million related to share-based compensation, an increase of $0.8 million in personnel-related costs to support the research and development effort, an increase of $1.2 million related to contracted non-clinical research expenses, and an increase of $1.0 million related to other research and development expenses.

General and Administrative

General and administrative expenses were $15.4 million for the nine months ended September 30, 2023, compared to $17.7 million for the nine months ended September 30, 2022. The decrease of $2.3 million was due to a decrease of $2.1 million in professional, legal and other fees incurred in connection with the Business Combination (in 2022) and operating as a public company, a decrease of $2.3 million in the share-based compensation, and a decrease of $0.2

million of marketing expenses. The decreases were partially offset by an increase of $0.3 million of insurance expenses, an increase of $0.7 million in personnel-related costs to support organizational growth, and an increase of $1.3 million related to other general and administrative expenses.

Other Income, Net

For the nine months ended September 30, 2023, we recognized $3.0 million in other income, compared to an income of $0.4 million for the nine months ended September 30, 2022. The increase of $2.6 million is mainly due to realized interest on cash held in bank and cash investments in short-term marketable debt securities.

Income Tax Expense

For the nine months ended September 30, 2023 and September 30, 2022, we recognized an income tax expense of $50,080 and $25,354, respectively, which was related to corporate income tax of the U.K. subsidiary.

Other Comprehensive Income (Loss)

For the nine months ended September 30, 2023, we recognized $3.0 million in other comprehensive income, compared to an other comprehensive income of $0.5 million for the nine months ended September 30, 2022. The increase of $2.5 million is due to net unrealized gain in short-term marketable debt securities amounting to $3.0 million, partially offset by an actuarial loss on employee benefit plans amounting to $0.5 million following a decrease in the discount rates used to measure the present value of the liabilities, which has increased the net liability position as of September 30, 2023.

Liquidity and Capital Resources

We have no products approved for commercial sale, have not generated any revenue from product sales, and cannot guarantee when or if we will generate any revenue from product sales.

We expect our expenses and capital requirements to remain consistent with our current spending levels as we continue to:

- contract with third parties to support clinical trials related to SLK;
- conduct our research and development activities related to SLK;
- attract, hire and retain additional management, scientific and administrative personnel;
- maintain, protect and expand our intellectual property portfolio, including patents, trade secrets and know how;
- implement operational, financial and management information systems; and
- operate as a public company.

We anticipate a significant future increase in our expenses and capital requirements when proceeding to Phase 3 clinical trials in 2024, and when building up our commercialization capabilities.

For the nine months ended September 30, 2023, we incurred a loss of $36.2 million, which includes non-cash items such as share-based compensation expense, and a cash outflow from operations of $30.4 million. As of September 30, 2023, we had a total of $496.0 million in cash, cash equivalents and short-term marketable securities. Based on our current operating plans, we believe our available cash, cash equivalents and short-term marketable securities will be sufficient to fund our operating expenses and capital expenditure requirements until 2026.

We expect to incur significant expenses and operating losses for at least the next four years, assuming we continue the clinical development of, and seek regulatory approval for, our product candidate under an in-licensing agreement. It is expected that operating losses will fluctuate significantly from year to year due to the timing of clinical development programs and efforts to achieve regulatory approval. We will require substantial additional funding to develop our product candidate and support our continuing operations. Until such time that we can generate significant revenue from product sales or other sources, if ever, we expect to finance our operations through the sale of equity, debt financings, or other capital sources, which may include income from collaborations, strategic partnerships, or marketing, distribution, licensing or other strategic arrangements with third parties, or from grants. If we are unable to acquire additional capital or resources, we will be required to modify our operational plans to fund our operating expense requirements. Refer to

"*Risk Factors — Risks Related to Our Limited Operating History, Business, Financial Condition, and Results of Operations*" in our Annual Report for further details related to the risk of raising additional capital to fund our operations.

Cash Flows

The following table summarizes our cash flows for the periods indicated.

	For the nine months ended	
	September 30, 2023	**September 30, 2022**
Net cash used in operating activities	$ (30,433,841)	$ (44,297,918)
Net cash used in investing activities	(142,051,023)	(42,242,030)
Net cash provided by financing activities	451,285,093	119,688,944
Effect of movements in exchange rates on cash held	(140,047)	16,826
Net increase in cash and cash equivalents	**$ 278,660,182**	**$ 33,165,822**

Cash Flows from Operating Activities

We did not generate any cash inflows from our operating activities. Our cash flows from operating activities are significantly influenced by our use of cash for operating expenses and working capital requirements, and we have historically experienced negative cash flows from operating activities as we invested in clinical research and related development.

Net cash used in operating activities was $30.4 million and $44.3 million for the nine months ended September 30, 2023 and September 30, 2022, respectively, and was primarily related to clinical development research, compensation and personnel-related expenses, legal, and consulting expenses.

Cash Flows from Investing Activities

During the nine months ended September 30, 2023, net cash used in investing activities comprised of $175.7 million related to the purchase of short-term marketable debt securities, partially offset by $33.7 million received in relation to the maturities of the principal of short-term marketable debt securities with original maturities longer than three months as well as unrealized interests pertaining to short-term marketable debts securities with original maturities less than three months. During the nine months ended September 30, 2022, net cash used in investing activities of $42.2 related to purchases of short-term marketable debt securities.

Cash Flows from Financing Activities

During the nine months ended September 30, 2023, net cash provided by financing activities was $451.3 million consisting primarily of the net proceeds from the shares sold under the Sales Agreement and in the Offering.

During the nine months ended September 30, 2022, net cash provided by financing activities was $119.7 million consisting primarily of $134.7 million net proceeds from the Business Combination offset by the $15.0 million loan repayment to Biotechnology Value Fund, L.P., Biotechnology Value Fund II, L.P., and Biotechnology Value Trading Fund OS, L.P..

Contractual Obligations and Commitments

The following summarizes our significant contractual obligations and other obligations as of September 30, 2023:

	Total	Less than 1 year	1 to 5 Years	More than 5 years
Purchase obligations[1]	$ 30,631,088	$ 20,165,522	$ 10,465,566	—
Lease commitments[2]	170,201	157,109	13,092	—
Total contractual obligations	**$ 30,801,289**	**$ 20,322,631**	**$ 10,478,658**	**—**

(1) Purchase obligations refer to an agreement to purchase goods or services that is enforceable and legally binding on the Company that specifies all significant terms. The figures presented relate to contractual commitments towards contract manufacturing and contract research organizations.

(2) We have committed ourselves to a lease contract, with a term that commenced on November 1, 2021. We have accounted for the office lease arrangement as an operating lease through the unaudited condensed consolidated statement of operations for the three months ended September 30, 2023. The future lease commitments relate to office contract for our headquarters in Zug, Switzerland and reflects minimum payments due.

Critical Accounting Policies and Estimates

The preparation of the consolidated financial statements in accordance with U.S. GAAP requires us to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, expenses and related disclosures. We continually evaluate these judgments, estimates and assumptions based on the most recently available information, our own historical experience and various other assumptions that we believe to be reasonable under the circumstances. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from our expectations as a result of changes in estimates.

An accounting policy is considered critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time such an estimate is made, and if different accounting estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact the financial statements. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our financial condition, results of operations and cash flows.

Acquisitions

We evaluate acquisitions of assets and other similar transactions to assess whether or not the transaction should be accounted for as a business combination or asset acquisition by first assessing whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The In-License Agreement for the SLK program has been accounted for as an asset purchase on the basis that there were no tangible assets acquired or liabilities assumed by us under the In-License Agreement and substantially all of the fair value of the gross assets acquired related to the in-process research and development expenditure ("IPR&D") of SLK.

IPR&D represents incomplete technologies we acquire, which at the time of acquisition, are still under development and have no alternative future use. Our management’s judgement was required to determine whether the IPR&D had any alternative future use. Our management determined that at the time of acquisition, and without significant additional research, there was no alternative future use other than the development of SLK for the treatment of immunological diseases. Therefore, in accordance with our policy, the aggregate consideration for the IPR&D was recorded as research and development expenses during the year ended December 31, 2021.

Share-based Transaction

We measure all share-based awards granted to employees, directors and non-employees based on the fair value on the date of grant and recognize compensation expense of those awards over the requisite service period, which is generally the vesting period of the respective award. Forfeitures are accounted for as they occur. We grant share options and restricted share awards that are subject to either service or performance-based vesting conditions.

We classify share-based compensation expense in our consolidated statements of operations and comprehensive loss in the same manner in which the award recipient's payroll costs are classified or in which the award recipient's service payments are classified.

Determination of Fair Value – Common Shares and Class A Ordinary Shares

Prior to the completion of the Business Combination, given that there had been no public market for MoonLake AG's common shares, the estimated fair value of MoonLake AG's common shares was determined by reference to separate market-based transactions involving the sale of its shares to two third-party investors that were not considered related parties to us or MHKDG.

All of our share-based compensation arrangements contain service and performance conditions that, depending on the relevant equity plan, are settled with shares of MoonLake or MoonLake AG, as applicable and meet the definition of a share-based compensation arrangements. All awards granted under our various share-based compensation plans were classified as equity-settled share-based arrangements.

Subsequent to the closing of the Business Combination, the fair value of each MoonLake AG Common Share granted is determined based on the closing price of MoonLake's Class A Ordinary Shares as reported by Nasdaq on the date of grant and multiplied by the Exchange Ratio.

Determination of Fair Value – Share Option Awards

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model, which requires inputs based on certain subjective assumptions, including the expected share price volatility, the expected term of the award, the risk-free interest rate and expected dividends.

We estimate our expected share price volatility based on the historical volatility of publicly traded peer companies and expect to continue to do so until such time as we have adequate historical data regarding the volatility of our own traded share price. The expected term of options granted has been determined based on the expected period that share-based awards are expected to be outstanding. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve in effect at the time of grant of the award for time periods approximately equal to the expected term of the award. Expected dividend yield is based on the fact that we have never paid cash dividends on Common Shares and do not expect to pay any cash dividends in the foreseeable future.

Recoverability of Deferred Tax Assets

In assessing the recoverability of our deferred tax assets, we considered whether it was more likely than not that some or all of our deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. We considered the scheduled reversal of deferred tax liabilities, the seven-year expiry of tax losses carried forward under Swiss tax legislation, projected future taxable income (including the risks associated with the completion of the development and obtaining regulatory approvals to commercialize the product), and tax planning strategies in making this assessment. Based on the weight of all evidence, we determined that it is not more likely than not that the net deferred tax assets will be realized. A valuation allowance has been recorded against the full amount of the deferred tax assets.

Accrued Research and Development Expenses

As part of the process of preparing our financial statements, we are required to estimate our accrued research and development expenses. This process involves reviewing open contracts and purchase orders, communicating with our applicable personnel to identify services that have been performed on our behalf and estimating the level of service performed and the associated costs incurred for the service when we have not yet been invoiced or otherwise notified of actual costs. The majority of our service providers invoice us in arrears for services performed, on a pre-determined schedule or when contractual milestones are met; however, some require advance payments. We make estimates of our accrued expenses as of each balance sheet date in the financial statements based on facts and circumstances known to us

at that time. We periodically confirm the accuracy of the estimates with the service providers and make adjustments if necessary. Examples of estimated accrued research and development expenses include fees paid to:

- vendors, including research laboratories, in connection with preclinical development activities;
- CROs and investigative sites in connection with preclinical studies and clinical trials; and
- CMOs in connection with drug substance and drug product formulation of preclinical studies and clinical trial materials.

We base our expenses related to preclinical studies and clinical trials on our estimates of the services received and efforts expended pursuant to quotes and contracts with multiple research institutions and CROs that supply, conduct and manage preclinical studies and clinical trials on our behalf. The financial terms of these agreements are subject to negotiation, vary from contract to contract and may result in uneven payment flows. There may be instances in which payments made to our vendors will exceed the level of services provided and result in a prepayment of the expense. Payments under some of these contracts depend on factors such as the successful enrollment of patients and the completion of clinical trial milestones. In accruing service fees, we estimate the time period over which services will be performed and the level of effort to be expended in each period. If the actual timing of the performance of services or the level of effort varies from the estimate, we adjust the accrual or the prepaid expense accordingly. Although we do not expect our estimates to be materially different from amounts actually incurred, our understanding of the status and timing of services performed relative to the actual status and timing of services performed may vary and may result in reporting amounts that are too high or too low in any particular period.

Recently Issued Accounting Pronouncements

Refer to Note 2 — *Basis of Presentation and Significant Accounting Policies* to the unaudited condensed consolidated financial statements included elsewhere in this Form 10-Q for more information about recent accounting pronouncements, the timing of their adoption, and our assessment of their potential impact, to the extent it has made one, on our financial condition and our results of operations and cash flows.

Emerging Growth Company Status

The Jumpstart Our Business Startups Act of 2012 (the "JOBS Act") permits an "emerging growth company" such as us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies until those standards would otherwise apply to private companies. We have elected to use this extended transition period under the JOBS Act until the earlier of the date we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our financial statements may not be comparable to the financial statements of issuers who are required to comply with the effective dates for new or revised accounting standards that are applicable to public companies, which may make comparison of our financials to those of other public companies more difficult. In addition, our independent registered public accounting firm is not required to formally attest to the effectiveness of our internal control over financial reporting until the date we are no longer an emerging growth company and reach accelerated filer status. Further, even after we no longer qualify as an emerging growth company, we may still qualify as a "smaller reporting company", which would allow us to take advantage of many of the same exemptions from disclosure requirements, including reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements.

Based on the aggregate market value of our Class A Ordinary Shares held by non-affiliates as of June 30, 2023, we will become a "large accelerated filer" and no longer qualify as an emerging growth company or smaller reporting company as of December 31, 2023. We will be required, pursuant to Section 404(b) of the Sarbanes-Oxley Act of 2002, to include in our Annual Report on Form 10-K for the year ending December 31, 2023 an attestation report as to the effectiveness of our internal control over financial reporting that is issued by our independent registered public accounting firm. In addition, beginning with our Quarterly Report on Form 10-Q for the quarter ending March 31, 2024, we expect to no longer be permitted to take advantage of the reduced reporting requirements applicable to smaller reporting companies.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are a smaller reporting company, as defined by Rule 12b-2 under the Exchange Act and in Item 10(f)(1) of Regulation S-K, and are not required to provide the information under this item.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to ensure that information required to be disclosed by us in our reports filed under the Exchange Act is recorded, processed, summarized and reported within the time period specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of September 30, 2023. Based on management's evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of September 30, 2023.

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three month period ended September 30, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are not currently subject to any material legal proceedings.

Item 1A. Risk Factors

Any of the risks described in our Annual Report are factors that could cause our actual results to differ materially from those in this Quarterly Report. Any of these factors could result in a significant or material adverse effect upon our business, results of operations or financial condition. Additional risk factors not presently known to us or that we currently deem immaterial may also impair our business, results of operations or financial condition. There have been no material changes to the risk factors that we included in our Annual Report. We may make changes to such risk factors or disclose additional risk factors from time to time in our future filings with the SEC.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q.

No.	Description of Exhibit
3.1	Memorandum and Articles of Association of MoonLake Immunotherapeutics (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on April 11, 2022)
10.1	Sales Agreement, by and between MoonLake Immunotherapeutics and Leerink Partners LLC, dated August 31, 2023 (incorporated by reference to Exhibit 1.2 to the Company's Registration Statement on Form S-3 filed with the SEC on August 31, 2023)
31.1*	Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Principal Financial and Accounting Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification of Principal Financial and Accounting Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	Inline XBRL Instance Document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith.
** Furnished.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MOONLAKE IMMUNOTHERAPEUTICS

			/s/ Dr. Jorge Santos da Silva
Date:	November 14, 2023	Name:	Dr. Jorge Santos da Silva
		Title:	Chief Executive Officer
			(Principal Executive Officer)
			/s/ Matthias Bodenstedt
Date:	November 14, 2023	Name:	Matthias Bodenstedt
		Title:	Chief Financial Officer
			(Principal Financial and Accounting Officer)

Exhibit 31.1

Certification Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Jorge Santos Da Silva, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of MoonLake Immunotherapeutics;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 14, 2023

By: /s/ Jorge Santos Da Silva
Name: Jorge Santos Da Silva
Title: Chief Executive Officer
(*principal executive officer*)

Exhibit 31.2

Certification Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Matthias Bodenstedt, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of MoonLake Immunotherapeutics;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 14, 2023

By: /s/ Matthias Bodenstedt
Name: Matthias Bodenstedt
Title: Chief Financial Officer
(*principal financial and accounting officer)*

Exhibit 32.1

Certification Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Jorge Santos Da Silva, to the best of my knowledge certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of MoonLake Immunotherapeutics (the "Company") for the period ended September 30, 2023 (the "Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 14, 2023

By: /s/ Jorge Santos Da Silva
Name: Jorge Santos Da Silva
Title: Chief Executive Officer
(*principal executive officer*)

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Note: A signed original of this written statement required by Section 906 has been provided to MoonLake Immunotherapeutics and will be retained by MoonLake Immunotherapeutics and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

Certification Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Matthias Bodenstedt, to the best of my knowledge certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of MoonLake Immunotherapeutics (the "Company") for the period ended September 30, 2023 (the "Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 14, 2023

By: /s/ Matthias Bodenstedt
Name: Matthias Bodenstedt
Title: Chief Financial Officer
(*principal financial and accounting officer*)

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Note: A signed original of this written statement required by Section 906 has been provided to MoonLake Immunotherapeutics and will be retained by MoonLake Immunotherapeutics and furnished to the Securities and Exchange Commission or its staff upon request.