
FORM 6-K
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

For the month of September 2016

Commission File Number: 001-36686

Forward Pharma A/S

Østergade 24A, 1
1100 Copenhagen K, Denmark

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F ☒ x

Form 40-F ☐ o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1).

Yes ☐ o

No ☒ x

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7).

Yes ☐ o

No ☒ x

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ☐ o

No ☒ x

If “Yes” is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

Included in this Report of Foreign Private Issuer on Form 6-K is information regarding Forward Pharma A/S’s financial results for the fiscal quarter ended June 30, 2016. All references in this report to Forward Pharma A/S, the “Company” or the “Parent” refer to Forward Pharma A/S and all references in this report to “Group” refer to Forward Pharma A/S and its wholly owned subsidiaries. All references in this report to “we”, “us”, “our”, “Forward Pharma” or similar terms refer to Forward Pharma A/S or Forward Pharma A/S and its wholly owned subsidiaries, as required by the context.

Cautionary Statement Regarding Forward-Looking Statements

This Report contains statements that constitute forward-looking statements. Many of the forward-looking statements contained in this Report can be identified by the use of forward-looking words such as “anticipate,” “believe,” “could,” “expect,” “may,” “should,” “plan,” “intend,” “estimate,” “will,” “would,” and “potential,” among others. Forward-looking statements are based on our management’s beliefs and assumptions and on information currently available to our management. Such statements are subject to risks and uncertainties, and actual results may differ materially from those expressed or implied in the forward-looking statements due to various factors, including, but not limited to: our belief that we could shorten the time to commercialize our product, our belief on how long our cash will last, our expectations on the rate of our spending, and our belief that we will not be required to repay a government grant. Forward-looking statements speak only as of the date they are made, and except as required by law, we do not undertake any obligation to update them in light of new information or future developments or to release publicly any revisions to these statements in order to reflect later events or circumstances or to reflect the occurrence of unanticipated events.

You should read our Annual Report on form 20-F filed with the Securities and Exchange Commission on April 12, 2016 that includes our audited consolidated financial statements as of December 31, 2015 and 2014 and for the years ended December 31, 2015, 2014 and 2013, risk factors as well as other important information about the Group.

Table of Contents

Item 1	Unaudited Interim Condensed Consolidated Financial Statements and Notes thereto	4
Item 2	Management's Discussion and Analysis of Financial Condition and Results of Operations	19
	Recent Developments	25
Signature		26

Item 1. Unaudited Interim Condensed Consolidated Financial Statements and Notes thereto**Interim Condensed Consolidated Statement of Financial Position**

as of June 30, 2016, Unaudited, and December 31, 2015

Assets

	Notes	June 30, 2016 (Unaudited) USD '000	December 31, 2015 USD '000
Equipment		324	352
Available-for-sale financial assets	4.2	83,537	82,746
Other non-current assets		5	5
Total non-current assets		83,866	83,103
Prepaid expenses	3.1	3,265	5,048
Income tax receivable		161	158
Other receivables	3.2	927	689
Available-for-sale financial assets	4.2	41,363	41,637
Cash and cash equivalents	4.2	36,659	52,269
Total current assets		82,375	99,801
Total assets		166,241	182,904

Equity and Liabilities

	Notes	June 30, 2016 (Unaudited) USD '000	December 31, 2015 USD '000
Share capital	4.1	798	796
Share premium		339,955	339,845
Other components of equity:			
Foreign currency translation reserve		(29,458)	(32,875)
Fair value adjustment available-for-sale financial assets		457	102
Accumulated deficit		(155,845)	(131,175)
Equity attributable to shareholders of the Parent		155,907	176,693
Total equity		155,907	176,693
Trade payables		3,985	3,986
Accrued liabilities		6,349	2,225
Total current liabilities		10,334	6,211
Total equity and liabilities		166,241	182,904

See accompanying notes to these interim condensed consolidated financial statements

Unaudited Interim Condensed Consolidated Statement of Profit or Loss

for the three month periods ended June 30, 2016 and 2015

amounts in thousands except per share amounts

Three Month Period Ended
June 30,

	Notes	2016 USD	2015 USD
Research and development costs		(13,460)	(9,999)
General and administrative costs		(3,195)	(3,547)
Operating loss		(16,655)	(13,546)
Foreign exchange rate gain (loss)	2.2	1,422	(4,259)
Interest income		103	115
Other finance costs		(19)	(1)
Net (loss) for the period		(15,149)	(17,691)
Net (loss) for the period attributable to:			
Equity holders of the Parent		(15,149)	(17,691)
Net (loss) per share basic	2.1	(0.32)	(0.38)
Net (loss) per share diluted	2.1	(0.32)	(0.38)

See accompanying notes to these interim condensed consolidated financial statements

5

[Table of Contents](#)

Unaudited Interim Condensed Consolidated Statement of Profit or Loss

for the six month periods ended June 30, 2016 and 2015

amounts in thousands except per share amounts

	Notes	Six Month Period Ended June 30,	
		2016 USD	2015 USD
Research and development costs		(23,142)	(14,319)
General and administrative costs		(6,153)	(7,616)
Operating loss		(29,295)	(21,935)
Foreign exchange rate (loss) gain	2.2	(2,869)	10,051
Interest income		205	223
Other finance costs		(41)	(4)
Net (loss) for the period		(32,000)	(11,665)
Net (loss) for the period attributable to:			
Equity holders of the Parent		(32,000)	(11,665)
Net (loss) per share basic	2.1	(0.68)	(0.25)
Net (loss) per share diluted	2.1	(0.68)	(0.25)

See accompanying notes to these interim condensed consolidated financial statements

6

[Table of Contents](#)

Unaudited Interim Condensed Consolidated Statement of Other Comprehensive Income (Loss)

for the three month periods ended June 30, 2016 and 2015

	Notes	Three Month Period Ended June 30,	
		2016 USD '000	2015 USD '000
Net (loss) for the period		(15,149)	(17,691)
Other comprehensive income (loss)			
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:</i>			
Change in fair value of available-for-sale financial assets	4.2	117	(75)
Exchange differences on translation of foreign operations	2.2	(3,842)	8,216
Net other comprehensive (loss) income to be reclassified to profit or loss in subsequent periods		(3,725)	8,141
Other comprehensive (loss) income		(3,725)	8,141
Total comprehensive loss		(18,874)	(9,550)
Attributable to:			

See accompanying notes to these interim condensed consolidated financial statements

[Table of Contents](#)**Unaudited Interim Condensed Consolidated Statement of Other Comprehensive Income (Loss)****for the six month periods ended June 30, 2016 and 2015**

	Notes	Six Month Period Ended June 30,	
		2016 USD `000	2015 USD `000
Net (loss) for the period		(32,000)	(11,665)
Other comprehensive income (loss)			
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:</i>			
Change in fair value of available-for-sale financial assets	4.2	355	568
Exchange differences on translation of foreign operations	2.2	3,417	(18,191)
Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods		3,772	(17,623)
Other comprehensive income (loss)		3,772	(17,623)
Total comprehensive loss		(28,228)	(29,288)
Attributable to:			
Equity holders of the Parent		(28,228)	(29,288)

See accompanying notes to these interim condensed consolidated financial statements

[Table of Contents](#)**Unaudited Interim Condensed Consolidated Statement of Changes in Shareholders' Equity****for the six month periods ended June 30, 2016 and 2015**

	Share capital USD `000	Share premium USD `000	Foreign currency translation reserve USD `000	Fair value adjustment available- for- sale financial assets USD `000	Accumulated deficit USD `000	Total equity USD `000
At January 1, 2015	791	339,695	(10,142)	(238)	(107,712)	222,394
Net loss for the period	—	—	—	—	(11,665)	(11,665)
Other comprehensive (loss) income	—	—	(18,191)	568	—	(17,623)
Total comprehensive (loss) income	—	—	(18,191)	568	(11,665)	(29,288)
Issuance of deferred shares	2	—	—	—	—	2
Exercise of warrants	3	150	—	—	—	153
Share-based payment costs	—	—	—	—	6,260	6,260
Transactions with owners	5	150	—	—	6,260	6,415
At June 30, 2015	796	339,845	(28,333)	330	(113,117)	199,521

	Share capital USD `000	Share premium USD `000	Foreign currency translation reserve USD `000	Fair value adjustment available- for- sale financial assets USD `000	Accumulated deficit USD `000	Total equity USD `000
At January 1, 2016	796	339,845	(32,875)	102	(131,175)	176,693
Net loss for the period	—	—	—	—	(32,000)	(32,000)
Other comprehensive income	—	—	3,417	355	—	3,772
Total comprehensive income (loss)	—	—	3,417	355	(32,000)	(28,228)
Exercise of warrants	2	110	—	—	—	112
Share-based payment costs	—	—	—	—	7,330	7,330
Transactions with owners	2	110	—	—	7,330	7,442
At June 30, 2016	798	339,955	(29,458)	457	(155,845)	155,907

See accompanying notes to these interim condensed consolidated financial statements

[Table of Contents](#)

Unaudited Interim Condensed Consolidated Statement of Cash Flows
for the six month periods ended June 30, 2016 and 2015

	Notes	Six Month Period Ended June 30,	
		2016 USD '000	2015 USD '000
Operating activities:			
Net (loss)		(32,000)	(11,665)
<i>Adjustments to reconcile net (loss) to net cash flows from operating activities:</i>			
Other finance adjustments including foreign exchange rate losses and (gains)		2,664	(10,610)
Share-based payment costs		7,330	6,260
Depreciation expense		63	3
Cash inflow for interest		291	340
Cash inflow for taxes		—	171
Decrease (increase) in prepayments and other receivables		1,648	(1,090)
Increase in trade payables and accrued liabilities		4,232	3,407
Net cash flows used in operating activities		(15,772)	(13,184)
Investing activities:			
Purchase of equipment		(29)	(131)
Net cash flows used in investing activities		(29)	(131)
Financing activities:			
Shares issued for cash	4.1	112	155
Net cash flows from financing activities		112	155
Net decrease in cash and cash equivalents		(15,689)	(13,160)
Net foreign exchange differences		79	(971)
Cash and cash equivalents at beginning of period		52,269	45,349
Cash and cash equivalents at end of period		36,659	31,218

See accompanying notes to these interim condensed consolidated financial statements

[Table of Contents](#)

Notes to Unaudited Interim Condensed Consolidated Financial Statements

Corporate information

Forward Pharma A/S is a limited liability company incorporated and domiciled in Denmark. The registered office is located in Copenhagen, Denmark. The interim condensed consolidated financial statements include the Company's wholly owned German, United States and Danish subsidiaries Forward Pharma GmbH, Forward Pharma USA, LLC and Forward Pharma FA ApS, respectively. The Company's Board of Directors authorized the issuance of the financial statements included herein on August 30, 2016.

The Company is a biopharmaceutical company preparing to initiate a Phase 3 clinical trial using FP187, a proprietary formulation of dimethyl fumarate ("DMF"), for the treatment of multiple sclerosis ("MS") patients. Since the Company's founding in 2005, it has worked to advance unique formulations of DMF as a therapeutic to improve the health and well-being of patients with immune disorders including MS. FP187, the Company's clinical candidate, is a DMF formulation in a delayed and slow release oral dose that the Company plans to advance for the treatment of relapsing remitting MS ("RRMS") and other immune disorders.

Section 1—Basis of Preparation

1.1 Accounting policies and basis of preparation

The interim condensed consolidated financial statements as of June 30, 2016 and for the three and six month periods ended June 30, 2016 and 2015 have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. The interim condensed consolidated financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements included in the Company's 2015 Annual Report on Form 20-F ("Annual Report") filed with the United States Securities and Exchange Commission on April 12, 2016. In the opinion of management, the interim condensed consolidated financial statements as of June 30, 2016 and for the three and six month periods ended June 30, 2016 and 2015 include all adjustments considered necessary for a fair presentation of the results of the interim periods presented. The statement of financial position as of December 31, 2015 included herein was derived from the audited consolidated financial statements included in the Annual Report but does not include all disclosures required by International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The accounting policies disclosed in the Company's audited consolidated financial statements included in the Annual Report are consistent with those used to prepare the accompanying interim condensed consolidated financial statements. The results of operations for the three and six months ended June 30, 2016 are not necessarily indicative of the results expected for the full year.

Unless otherwise stated, all amounts disclosed herein are in United States Dollars ("USD") and are rounded to the nearest thousand ('000).

1.2 New and Amendments to Accounting Standards

The IASB issued new standards and amendments to standards and interpretations that are effective in 2016. None of these new or amended standards effected the Group's financial statements. The Group has historically adopted standards relevant to the Group, when they become effective.

[Table of Contents](#)

Section 2—Results for the Period

2.1 Net (loss) per share

The following reflects the net (loss) attributable to ordinary shareholders and share data used in the basic and diluted net (loss) per share computations for each of the three and six month periods ended June 30, 2016 and 2015:

	Three Month Periods Ended June 30,	
	2016 USD	2015 USD
Net (loss) attributable to ordinary shareholders of the Parent used for computing basic and diluted per share amounts	(15,149)	(17,691)
Weighted average number of ordinary shares used for basic per share amounts	46,933	46,733
Dilutive effect of outstanding options, warrants and deferred shares	—	—
Weighted average number of ordinary shares used for diluted per share amounts	46,933	46,733
Net (loss) per share basic	(0.32)	(0.38)
Net (loss) per share diluted	(0.32)	(0.38)
	Six Month Periods Ended June 30,	
	2016 USD	2015 USD
Net (loss) attributable to ordinary shareholders of the Parent used for computing basic and diluted per share amounts	(32,000)	(11,665)
Weighted average number of ordinary shares used for basic per share amounts	46,902	46,624
Dilutive effect of outstanding options, warrants and deferred shares	—	—
Weighted average number of ordinary shares used for diluted per share amounts	46,902	46,624
Net (loss) per share basic	(0.68)	(0.25)
Net (loss) per share diluted	(0.68)	(0.25)

Amounts within the table above are in `000 except per share amounts

Basic per share amounts are calculated by dividing the net (loss) for the period attributable to ordinary shareholders of the Parent by the weighted average number of ordinary shares outstanding during the period. The diluted per share amounts are calculated by dividing the net (loss) for the period attributable to ordinary shareholders of the Parent by the weighted average number of ordinary shares outstanding during the period increased by the dilutive effect of the assumed issuance of deferred shares and exercise of outstanding options and warrants. As a result of the Company incurring net losses for the three and six month periods ended June 30, 2016 and 2015, the potential shares issuable related to outstanding deferred shares, options and warrants have been excluded from the calculation of diluted loss per share as the effect of such shares is anti-dilutive.

[Table of Contents](#)

2.2 Foreign currency transaction (loss) gain and translation reserve gain (loss)

The Parent, Forward Pharma GmbH and Forward Pharma FA ApS conducted transactions and hold monetary assets and liabilities denominated in currencies that are not their functional currencies which are the Danish Kroner ("DKK"), the Euro ("EUR") and the DKK, respectively. Transactions in foreign currencies are initially recorded by Group entities in their respective functional currency using the spot rate at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate at each reporting date. Differences arising on settlement or translation of monetary items denominated in foreign currency are recognized in the consolidated statement of profit or loss within "Foreign exchange rate gain (loss)." For each of the periods presented herein, the foreign exchange rate gain or loss included within the statement of profit or loss resulted primarily from the Parent holding cash, cash equivalents and available-for-sale financial assets that are denominated in USD (collectively "USD Cash") when the USD Cash is translated to DKK at the reporting date. In periods when USD strengthens against the DKK, a non-cash gain is recognized in the consolidated statement of profit or loss, and in periods when USD weakens against the DKK, a non-cash loss is recognized in the consolidated statement of profit or loss.

The accompanying unaudited interim consolidated financial statements are presented in USD which is not the functional currency of the Parent. In the translation to the presentation currency for entities with a functional currency different from the USD, their assets and liabilities are translated to USD using the closing rate as of the date of the statements of financial position while income and expense items for each statement presenting profit or loss and other comprehensive income (loss) are generally translated into USD at the average exchange rates for the period. Exchange differences arising from such translation are recognized directly in other comprehensive income (loss) and presented in a separate reserve in equity. The translation of the Group's assets, liabilities, income and expenses from DKK or EUR to USD results in a gain when the DKK and/or the EUR strengthen against the USD and a loss when the DKK and/or the EUR weaken against the USD.

Section 3—Operating Assets and Liabilities

3.1 Prepaid expenses

	June 30, 2016 USD '000	December 31, 2015 USD '000
Advanced payments to contract research and manufacturing organizations	2,769	4,430
Other	496	618
Total	3,265	5,048

3.2 Other receivables

	June 30, 2016 USD '000	December 31, 2015 USD '000
Value added tax receivables	396	443
Accrued interest income	444	231
Other receivables	87	15
Total	927	689

13

[Table of Contents](#)

Section 4—Capital Structure and Related Items

4.1 Share Capital

During the three months ended June 30, 2016, 130,000 warrants were exercised yielding proceeds to the Company of \$112,000. See also Note 5.3 for additional share issuance information.

4.2 Financial assets and liabilities

Recognized financial instruments

The Group has recognized the following categories of financial assets and liabilities.

Financial assets:

Loans and receivables as of June 30, 2016 and December 31, 2015

	June 30, 2016		December 31, 2015	
	Carrying amount USD '000	Fair value USD '000	Carrying amount USD '000	Fair value USD '000
Other receivables	927	927	689	689
Total	927	927	689	689

Available-for-Sale Financial Assets as of June 30, 2016 and December 31, 2015

The Company's available-for-sale financial assets include debt instruments issued by the governments of Germany, the United Kingdom and the United States.

	June 30, 2016		December 31, 2015	
Included in current assets	Carrying amount USD '000	Fair value USD '000	Carrying amount USD '000	Fair value USD '000
Germany	17,372	17,372	17,223	17,223
United Kingdom	3,955	3,955	4,438	4,438
United States	20,036	20,036	19,976	19,976
Total	41,363	41,363	41,637	41,637

The face values of the German, United Kingdom and United States available-for-sale financial assets are approximately 15.6 million EUR, 2.9 million British Pounds ("GBP") and 20.0 million USD.

14

Included in non-current assets	June 30, 2016		December 31, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
	USD '000	USD '000	USD '000	USD '000
Germany	44,238	44,238	43,558	43,558
United Kingdom	1,689	1,689	1,855	1,855
United States	37,610	37,610	37,333	37,333
Total	83,537	83,537	82,746	82,746

The face values of the German, United Kingdom and United States available-for-sale financial assets are approximately 39.3 million EUR, 1.2 million GBP and 37.5 million USD.

Financial Liabilities:

Financial liabilities at amortized cost as of June 30, 2016 and December 31, 2015

	June 30, 2016		December 31, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
	USD '000	USD '000	USD '000	USD '000
Trade payables	3,985	3,985	3,986	3,986
Total	3,985	3,985	3,986	3,986

Fair value of trade payables is deemed to be their carrying amount based on payment terms that are generally 30 days.

Cash, cash equivalents and available-for-sale financial assets:

The Company's cash and cash equivalents are held primarily at one bank in Denmark with a Moody's long-term credit rating of Aa3. The Company's available-for-sale financial assets are invested in government instruments with maturities not exceeding three years that are carried at fair value based on price quotations at the reporting date. Moody's credit rating of each of the individual governments is Aa1 or better.

Valuation hierarchy:

Financial instruments recognized at fair value are allocated to one of the following valuation hierarchy levels of IFRS 13:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities. The Company's available-for-sale financial assets meet the definition of Level 1.

Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly. The Group does not have financial instruments allocated to this level as of June 30, 2016 or December 31, 2015.

Level 3: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data. The Group does not have financial instruments allocated to this level as of June 30, 2016 or December 31, 2015.

For all periods presented there were no transfers of financial instruments between Levels 1, 2 or 3.

Section 5—Other Disclosures

5.1 Related party disclosures

The Company is controlled by NB FP Investment K/S and its affiliates (collectively "NB"). The ultimate controlling party of the Company is Mr. Florian Schönharting who controls NB. See also Note 5.2 for an additional related party transaction.

A Director of the Company, who was elected to the Board of Directors on July 20, 2015, was a partner in the law firm that provided Danish legal services to the Group. As of January 1, 2016 the Director became a partner in another Danish law firm, which now provides Danish legal services to the Group. The Director serves on the Company's Board of Directors in his individual capacity and not as a representative of any of the law firms. Remuneration paid to the law firms while the partner was a member of the Company's Board of Directors is referred to below as "Danish Legal Services."

A Director of the Company, who was elected to the Board of Directors on May 6, 2016, entered into a four-year consulting agreement with the Company in September 2015. The consulting agreement provided for the granting of 25,000 deferred shares as full compensation for services to be rendered. The deferred shares vest in equal increments annually over four years. Remuneration paid to the consultant, consisting only of share-based compensation, while the consultant was a member of the Company's Board of Directors is referred to below as "Consulting Services."

Beginning in 2013, the Company was part of a Danish joint tax scheme with Tech Growth Invest ApS and subsidiaries of Tech Growth Invest ApS. The Company's participation in the Tech Growth Invest ApS Danish joint tax group ceased on January 1, 2016. On January 1, 2016, the Company became part of a new Danish joint taxation scheme with NB FP Investment General Partner ApS and Forward Pharma FA ApS (the Company's wholly owned subsidiary). See Note 5.2 for additional information.

The following tables provide the total amount of transactions that have been entered into with related parties for the relevant periods and the amounts due to or from related parties.

	Three months ended June 30,	
	2016	2015
	USD '000	USD '000
Purchase of services from NB	21	21
Danish Legal Services	217	—
Consulting Services	54	—
	Six months ended June 30,	
	2016	2015
	USD '000	USD '000
Purchase of services from NB	42	45
Danish Legal Services	427	—
Consulting Services	54	—
	June 30, 2016	December 31, 2015
	USD '000	USD '000
Amounts owed to related parties	306	271
Amounts owed by related parties	—	—

[Table of Contents](#)

Terms and conditions of transactions with related parties

The purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Amounts payable to related parties are uncollateralized and interest free. There have been no guarantees provided or received for any related party receivables or payables. For the six month periods ended June 30, 2016 and 2015, the Group had no receivables relating to amounts owed by related parties.

Transactions with key management and the board of directors

The Group has not granted any loans, guarantees, or other commitments to or on behalf of any of the members of the board of directors or key management personnel.

Other than the amounts disclosed above and the remuneration paid for services rendered, including share-based compensation, no other transactions have taken place with members of the board of directors or key management personnel during the periods presented herein.

5.2 Contingent liabilities

Contingent liabilities are liabilities that arose from past events but whose existence will only be confirmed by the occurrence or non-occurrence of future events that in many situations are beyond the Groups' control.

Forward Pharma GmbH ("FP GmbH") received a government grant totaling 3.8 million EUR that subsidized certain product development costs incurred by the Group during the period from March 2007 to December 2012. The grant plus interest is contingently repayable under certain defined conditions. As of June 30, 2016, the contingent repayment liability, including interest, is 4.4 million EUR or approximately \$4.9 million based on the June 30, 2016 exchange rate. FP GmbH has determined that the government grant has not become repayable under International Accounting Standard No. 20 *Accounting for Government Grants and Disclosure of Government Assistance*. Consequently, the accompanying financial statements do not include any financial liability related to this contingency.

During the period January 19, 2013 to December 31, 2015 ("Joint Taxation Period"), the Company was subject to a Danish joint taxation scheme with Tech Growth Invest ApS and entities under Tech Growth Invest ApS's control (collectively "Tech Growth"). A subsidiary of Tech Growth Invest ApS experienced a change in ownership on December 31, 2015. The effect of the change in ownership resulted in the year ended December 31, 2015 being the final year that the Company was part of the joint taxation scheme with Tech Growth. On January 1, 2016, the Company became part of a new Danish joint taxation scheme with NB FP Investment General Partner ApS and Forward Pharma FA ApS (the Company's wholly owned subsidiary). The Company remains liable with other entities in the joint taxation scheme with Tech Growth Invest ApS for Tech Growth's Danish tax liabilities that can be allocated to the Joint Taxation Period and is liable with NB FP Investment General Partner ApS and Forward Pharma FA ApS for Danish tax liabilities resulting from the newly formed joint taxation scheme.

In July 2016, the German tax authorities concluded an audit of the tax returns of FP GmbH for each of the years in the three year period ended December 31, 2012. The audit findings resulted in no change in the tax filing positions taken by FP GmbH for each of the years that were under audit nor was an assessment of taxes, penalties or interest made against FP GmbH by the German tax authorities.

In 2004, a private Swedish company Aditech Pharma AB (together with its successor-in-interest, a Swiss company Aditech Pharma AG, "Aditech"), controlled by NB, began developing and filing patents for, among other things, formulations and dosing regimens of DMF. In 2005, the Company entered into a patent license agreement with Aditech to license this patent family from Aditech. In 2010, the Company acquired this patent family from Aditech pursuant to a patent transfer agreement which replaced the patent license agreement. Under the Company's agreement with Aditech, the Company obtained, among other things, Aditech's patents and associated know-how related to DMF formulations and delivery systems (the "Aditech IP"), subject to both diligence and minimum annual expenditure (one million EUR per year) obligations on the part of the Company. Aditech has the option to receive

back, for no consideration, all of the Company's DMF related assets (which include patent and other rights related to DMF, including FP187) should the Company fail to satisfy these obligations. The Company is required to pay Aditech a royalty of up to 2% of net sales generated from the Company's DMF products and processes, regardless of whether such net sales are generated by the Company or its affiliates, assignees or licensees. Included in the determination of the Company's payment to Aditech is any cash or non-cash consideration generated from the Company's DMF products and processes and received by the Company or its assignees, affiliates and licensees. Further, the Company's agreement with Aditech gives Aditech a 90-day right of first offer to acquire non-DMF related intellectual property assets that the Company might choose to sell. The Company's annual expenditures related to our DMF formulations and delivery systems are expensed as incurred. To date, the Company has not incurred the royalty; however, in the future if we were to realize net sales or other income, as defined, from the Aditech IP, the royalty would be expensed in the period when the net sales are recognized in our operating results. Aditech Pharma AG is considered to be a related party of the Company due to control over Aditech Pharma AG by NB.

5.3 Events after the reporting period

Subsequent to June 30, 2016 there were no events that were required to be reported except the vesting and issuance of 142,000 deferred shares to the Company's Chief Financial Officer during July 2016.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with the unaudited condensed consolidated interim financial statements, including the notes thereto, included elsewhere herein as well as our Annual Report on Form 20-F filed with the Securities Exchange Commission on April 12, 2016 that includes our audited consolidated financial statements as of December 31, 2015 and 2014 and for the years ended December 31, 2015, 2014 and 2013, risk factors as well as other important information about the Group. The following discussion is based on our unaudited condensed consolidated financial information prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), which might differ in material respects from generally accepted accounting principles in other jurisdictions. The following discussion includes forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in forward-looking statements.

Overview

Forward Pharma A/S is a limited liability company incorporated and domiciled in Denmark. The registered office is located in Copenhagen, Denmark. The interim condensed consolidated financial statements include the Company's wholly owned German, United States and Danish subsidiaries Forward Pharma GmbH, Forward Pharma USA, LLC and Forward Pharma FA ApS, respectively.

The Company is a biopharmaceutical company preparing to initiate a Phase 3 clinical trial using FP187, a proprietary formulation of dimethyl fumarate ("DMF"), for the treatment of multiple sclerosis ("MS") patients. Since the Company's founding in 2005, it has worked to advance unique formulations of DMF as a therapeutic to improve the health and well-being of patients with immune disorders including MS. FP187, the Company's clinical candidate, is a DMF formulation in a delayed and slow release oral dose that the Company plans to advance for the treatment of relapsing remitting MS ("RRMS") and other immune disorders.

Unless otherwise stated, all amounts disclosed herein are in United States Dollars ("USD").

Liquidity

As of June 30, 2016, the Group had \$161.6 million in cash, cash equivalents and available-for-sale financial assets. The Group has experienced recurring operating losses and negative cash flow from operations and expects these conditions to continue for the foreseeable future. Management believes, based on current estimates, that cash, cash equivalents and available-for-sale financial assets held at June 30, 2016 will provide adequate funding to allow the Group to meet its planned operating activities, including increased levels of research and development activities, in the normal course of business for the next twelve months. Unforeseen expenses or other usages of cash could negatively impact management's planned operating activities resulting in the use of our capital resources sooner than we currently expect. The Group will need to raise funds to complete the development and commercialization of FP187. Such funding could be in the form of either additional equity or debt financing or in exchange for product rights in all or certain markets. There can be no assurances that the Group will be able to obtain additional financing if needed in the future. The long-term success of the Group will be based on successfully commercializing FP187 and defending its intellectual property. There can be no assurance that the Group will commercialize a product, achieve or sustain positive cash flows from operations or become profitable. See "Funding Requirements" below and our Annual Report on Form 20-F for additional information.

Results of Operations

Comparison of the three month periods ended June 30, 2016 and 2015

	Three month periods ended June 30,		
	2016	2015	Change
(USD in thousands)			
Research and development costs	(13,460)	(9,999)	(3,461)

General and administrative costs	(3,195)	(3,547)	352
Operating loss	(16,655)	(13,546)	(3,109)
Foreign exchange rate gain (loss)	1,422	(4,259)	5,681
Interest income	103	115	(12)
Other finance costs	(19)	(1)	(18)
Net (loss) for the period	(15,149)	(17,691)	2,542

Research and development costs for the three month periods ended June 30, 2016 and 2015

Research and development costs for the three month periods ended June 30, 2016 and 2015 were \$13.5 million and \$10.0 million, respectively. The increase in research and development costs for the three months ended June 30, 2016 of \$3.5 million was primarily related to increased costs to register and safeguard our intellectual property. Fees to patent advisors and other patent-related costs increased from \$2.8 million in the three month period ended June 30, 2015 to \$5.6 million in the three month period ended June 30, 2016. Fees to patent advisors and other patent-related costs include the cost to conduct the interference case at the U.S. Patent and Trademark Office involving Biogen, Inc.'s U.S. Patent No. 8,399,514. The balance of the increase in research and development costs for the three months ended June 30, 2016 relates to ongoing preparatory work for our planned Phase 3 trial of FP187 in RRMS. We anticipate that our rate of spend for research and development will increase in future periods as our clinical and pharmaceutical development programs and our patent prosecution (including our interference proceeding) advance.

General and administrative costs for the three month periods ended June 30, 2016 and 2015

General and administrative costs for the three month periods ended June 30, 2016 and 2015 were \$3.2 million and \$3.5 million, respectively. The decrease in general and administrative costs in the three month period ended June 30, 2016 of \$352,000 resulted principally from a reduction in legal, accounting and consulting fees during the three-month period ended June 30, 2016 compared to the same period in 2015 as the nature and timing of these activities lessened in the three month period ended June 30, 2016 compared to the corresponding period in 2015. We expect our quarterly rate of general and administrative spending could increase in the future as we expand our business, hire additional employees and advance our intellectual property portfolio including expenditures in connection with the lawsuit against Biogen Idec GmbH, Biogen Idec International GmbH and Biogen Idec Ltd. (collectively "Biogen") in the Regional Court in Dusseldorf, Germany, asserting infringement by Biogen's marketing of Tecfidera® in Germany.

Non-operating income (expense) for the three month periods ended June 30, 2016 and 2015

During the three month period ended June 30, 2016, the Group recognized a foreign exchange gain of \$1.4 million. The \$1.4 million non-cash foreign exchange gain resulted primarily from the Company holding over \$80 million in cash, cash equivalents and available-for-sale financial assets that are denominated in USD (collectively "USD Cash") while the Parent's functional currency is the Danish Kroner ("DKK"). The gain is the direct result of the strengthening of the USD compared to the DKK during the period that is reflected as a non-cash foreign exchange gain when the USD Cash is converted to DKK at June 30, 2016. During the three month period ended June 30, 2015, the Company recognized a non-cash foreign exchange loss of \$4.3 million. The \$4.3 million foreign exchange loss resulted primarily from the weakening of the USD compared to the DKK during the period that is reflected as a non-cash foreign exchange loss when the USD Cash is converted to DKK at June 30, 2015.

[Table of Contents](#)

During the three month periods ended June 30, 2016 and 2015, the Company recognized interest income from available-for-sale financial assets of \$103,000 and \$115,000, respectively.

Comparison of the six month periods ended June 30, 2016 and 2015

	Six month periods ended June 30,		
	2016	2015	Change
	(USD in thousands)		
Research and development costs	(23,142)	(14,319)	(8,823)
General and administrative costs	(6,153)	(7,616)	1,463
Operating loss	(29,295)	(21,935)	(7,360)
Foreign exchange rate (loss) gain	(2,869)	10,051	(12,920)
Interest income	205	223	(18)
Other finance costs	(41)	(4)	(37)
Net (loss) for the period	(32,000)	(11,665)	(20,335)

Research and development costs for the six month periods ended June 30, 2016 and 2015

Research and development costs for the six month periods ended June 30, 2016 and 2015 were \$23.1 million and \$14.3 million, respectively. The increase in research and development costs for the six months ended June 30, 2016 of \$8.8 million was primarily related to increased costs to register and safeguard our intellectual property and higher share-based compensation. Fees to patent advisors and other patent-related costs increased from \$3.9 million in the six month period ended June 30, 2015 to \$10.1 million in the six month period ended June 30, 2016. Fees to patent advisors and other patent-related costs include the cost to conduct the interference case at the U. S. Patent and Trademark Office involving Biogen, Inc.'s U.S. Patent No. 8,399,514. Share-based compensation increased from \$2.5 million in the six month period ended June 30, 2015 to \$3.9 million in the six month period ended June 30, 2016 as the result of equity awards granted during the six months ended June 30, 2016 and the year ended December 31, 2015 to employees and consultants involved in research and development activities. The balance of the increase in research and development costs for the six months ended June 30, 2016 relates to ongoing preparatory work for our planned Phase 3 trial of FP187 in RRMS. We anticipate that our rate of spend for research and development will increase in future periods as our clinical and pharmaceutical development programs and our patent prosecution (including our interference proceeding) advance.

General and administrative costs for the six month periods ended June 30, 2016 and 2015

General and administrative costs for the six month periods ended June 30, 2016 and 2015 were \$6.2 million and \$7.6 million, respectively. The decrease in general and administrative costs in the six month period ended June 30, 2016 of \$1.5 million resulted principally from a reduction in share-based compensation from \$3.8 million in the six month period ended June 30, 2015 to \$3.4 million in the six month period ended June 30, 2016 in connection with equity awards issued during the years ended December 31, 2015 and 2014 that included graded vesting provisions resulting in expense recognition that decreases in the latter years of vesting. In addition, we experienced decreased legal, accounting and consulting fees during the six month period ended June 30, 2016 compared to the same period in 2015 as the nature and timing of these activities lessened in the six month period ended June 30, 2016 compared to the corresponding period in 2015. We expect our rate of general and administrative spending could increase in the future as we expand our business, hire additional employees and advance our intellectual property portfolio including expenditures in connection with the lawsuit against Biogen in the Regional Court in Dusseldorf, Germany, asserting infringement by Biogen's marketing of Tecfidera® in Germany.

Non-operating income (expense) for the six month periods ended June 30, 2016 and 2015

During the six month period ended June 30, 2016, the Group recognized a foreign exchange loss of \$2.9 million. The \$2.9 million non-cash foreign exchange loss resulted primarily from the Company holding USD Cash while the Parent's functional currency is the DKK. The loss is the direct result of the weakening of the USD compared to the DKK during the period that is reflected as a non-cash foreign exchange loss when the USD Cash is converted to DKK at June 30, 2016. During the six month period ended June 30, 2015, the Company recognized a non-cash foreign exchange gain of \$10.1 million. The \$10.1 million foreign exchange gain resulted primarily from the strengthening of the USD compared to the DKK during the period that is reflected as a non-cash foreign exchange gain when the USD Cash is converted to DKK at June 30, 2015.

[Table of Contents](#)

During the six month periods ended June 30, 2016 and 2015, the Company recognized interest income from available-for-sale financial assets of \$205,000 and \$223,000, respectively.

Liquidity and Capital Resources

Cash flows

Comparison of the six month periods ended June 30, 2016 and 2015

Our cash and cash equivalents as of June 30, 2016 and 2015 were \$36.7 million and \$31.2 million, respectively. The table below summarizes our consolidated statement of cash flows for each of the six month periods ended June 30, 2016 and 2015:

	Six month periods ended June 30,	
	2016	2015
	(USD in thousands)	
Net cash flows used in operating activities	(15,772)	(13,184)
Net cash flows used in investing activities	(29)	(131)
Net cash flows from financing activities	112	155
Net (decrease) in cash and cash equivalents	(15,689)	(13,160)
Net foreign exchange differences	79	(971)
Cash and cash equivalents beginning of period	52,269	45,349
Cash and cash equivalents end of period	36,659	31,218

Net cash flows used in operating activities increased to \$15.8 million in the six month period ended June 30, 2016 from \$13.2 million in the six month period ended June 30, 2015. The increase in 2016 in cash used in operating activities is primarily due to an increase in research and development costs as discussed above.

Cash flows used in investing activities during the six month periods ended June 30, 2016 and 2015 related to the purchase of equipment totaling \$29,000 and \$131,000, respectively.

Net cash flows from financing activities for the six month periods ended June 30, 2016 and 2015 were \$112,000 and \$155,000, respectively. The net cash flows from financing activities for the six months ended June 30, 2016 and 2015 were the result of proceeds received in connection with the issuance of deferred shares and the exercise of warrants.

Funding requirements

We believe that the cash, cash equivalents and available-for-sale financial assets will enable us to fund our operating expenses and capital expenditure requirements for the next twelve months. We have based this belief on assumptions that may prove to be wrong, and we could use our capital resources sooner than we currently expect. We have no long-term financial commitments, such as lines of credit or guarantees, which are expected to affect our liquidity, other than an office lease, which we consider immaterial.

Our present and future funding requirements will depend on many factors, including, among other things:

- our successful planning of the required clinical development program for FP187 and the timing and success of that program;

[Table of Contents](#)

- our efforts to secure and protect our intellectual property;

- our product development and need to increase production capacity to commercial scale through our contract manufacturing organizations;
- our ability to identify additional contract manufacturing organizations to provide DMF and FP187 tablets and increase manufacturing capacity;
- capital expenditures for manufacturing equipment that may be needed to meet production requirements of FP187 tablets;
- the scope and timing of our pre-clinical and clinical testing programs; and
- the continued growth and development of our internal organization and structure needed for a public company, including the hiring of additional personnel and developing appropriate policies and procedures.

Capital Expenditures

Our capital expenditures in the past have not been significant and we currently do not have any significant capital expenditures planned for 2016; however, it is possible that we may need to acquire additional manufacturing equipment in the near term that would be placed in service at our contract manufacturers to be used on our behalf to manufacture FP187 tablets. It is uncertain at this time what, if any, manufacturing equipment we may need to acquire. The timing and amount of any manufacturing equipment purchases we make in the future will be determined based on the terms and conditions of any long-term supply contracts we may enter into with our contract manufacturers. We currently do not have any long-term supply agreements with our vendors; however, it is possible we will execute such agreements in the future.

Contingent Liabilities

See Note 5.2 (Contingent liabilities) to the accompanying Unaudited Interim Condensed Consolidated Financial Statements.

Critical Accounting Policies

There have been no significant changes to the critical accounting policies as disclosed in our Annual Report on Form 20-F that was filed with the Securities and Exchange Commission on April 12, 2016.

Quantitative and Qualitative Disclosures about Intellectual Property and Financial Risks

Intellectual Property Risk

Biogen, Inc., or Biogen, has several issued patents and is also prosecuting a number of additional patent applications that could adversely impact our commercial efforts if a commercialized FP187 product of ours were ultimately found to infringe any valid claim by Biogen.

In the U.S., Biogen's patent applications include U.S. Patent Application No. 13/266,997 (notice of allowance mailed on August 14, 2014, but the application was abandoned), U.S. Patent Application No. 14/540,136 (non-final rejection mailed May 5, 2016), U.S. Patent Application No. 13/767,014 (notice of allowance mailed on March 20, 2015, but the application was abandoned), U.S. Patent Application No. 14/718,962 (notice of allowance sent on June 27, 2016), U.S. Patent Application No. 14/119,373 (abandoned), U.S. Patent Application No. 14/124,562 (issued on August 23, 2016 as U.S. Patent No. 9,422,226), U.S. Patent Application No. 13/827,228 (Biogen response filed July 26, 2016), U.S. Patent Application No. 13/760,916 (abandoned as of April 15, 2015, for failure to respond to office action), U.S. Patent Application No. 14/679,716 (a restriction requirement issued April 26, 2016, and Biogen filed a response on July 26, 2016) and others. In Europe, Biogen's pending patent applications include EP2629097, EP2653873, EP2424357, EP14824664.8 and others. One or more of these applications could adversely impact our commercial efforts if our marketing of FP187, once approved by the FDA and/or the European regulator for the treatment of RRMS and/or psoriasis, was ultimately found to infringe any valid patent claim issuing from any one of these applications. Further, we could be required to pay substantial damages.

[Table of Contents](#)

Market risk

Foreign currency exchange rate risk

We are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the DKK, the USD, the Great British Pound ("GBP"), and the EUR. The Company's functional currency is the DKK, our wholly owned subsidiary Forward Pharma GmbH's functional currency is the EUR, our wholly owned subsidiary Forward Pharma USA, LLC's functional currency is the USD and our wholly owned subsidiary Forward Pharma FA ApS's functional currency is the DKK. Our expenses to date have been largely denominated in DKK, GBP, USD, and EUR and, therefore, we are impacted by changes in foreign currency exchange rates.

As of June 30, 2016, we have invested \$124.9 million in interest bearing available-for-sale financial assets issued by the governments of Germany, the United Kingdom and the United States with maturities not exceeding three years. While we intend to structure the currencies and maturities of these investments to be consistent with our projected cash requirements, strengthening or weakening of the USD, the DKK, the GBP or the EUR could have a material impact, which could be negative, on our financial position and results of operations. Included in operating results for the six month period ended June 30, 2016 was a non-cash foreign exchange loss of \$2.9 million that resulted primarily from the weakening of the USD compared to the DKK. During the six month period ended June 30, 2015, the USD strengthened compared to the DKK resulting in the recognition in operating results of a non-cash foreign exchange gain of \$10.1 million. Future foreign exchange rate changes will likely result in volatility in our reported profits and losses that potentially could result in material losses.

We do not believe there is currently a need to enter into specific contracts to reduce the exposure to changes in foreign exchange rates, such as by entering into options or forward contracts. However, in the future we may use options or forward contracts to manage currency transaction exposures.

We estimate a 10% increase in the value of the USD relative to the EUR and the DKK would have decreased our net loss for the six months ended June 30, 2016 by \$3.1 million. We estimate a 10% decrease in the value of the USD relative to the EUR and the DKK during the six months ended June 30, 2016 would have increased our net loss by \$3.1 million.

Interest rate risk

Our investment strategy is to protect principal and accordingly, we invest in only highly rated financial instruments with maturities not exceeding three years. We do not use financial instruments for trading or speculative purposes and plan to hold our investments until they mature. If interest rates rise in the future it could, however, negatively impact our financial position and could result in realized losses if we need to dispose of an investment before it matures.

Credit Risk

Our investment criteria require preservation of capital by investing in a diversified group of highly rated debt instruments. The Company's cash and cash equivalents are held primarily at one bank in Denmark with a Moody's long-term credit rating of Aa3. The Company's available-for-sale financial assets are invested in government instruments with maturities not exceeding three years that are carried at fair value based on price quotations at the reporting date. Moody's credit rating of each of the individual governments is Aa1 or better.

24

[Table of Contents](#)

Liquidity Risk

We believe that our cash, cash equivalents and available-for-sale financial assets held at June 30, 2016, will enable us to fund our operating expenses and capital expenditure requirements for the next twelve months.

RECENT DEVELOPMENTS

Intellectual Property Update

In the second quarter of 2016, we continued to advance our intellectual property portfolio. As previously reported, on August 19, 2015, the USPTO re-declared the interference between Forward Pharma and a subsidiary of Biogen, Inc. regarding claims to the treatment of MS, with a 480 mg daily dose of DMF, the active ingredient in Tecfidera®. The USPTO confirmed Forward Pharma as the senior party based on having an earlier benefit date of our U.S. Patent Application No. 11/576,871. Biogen was deemed the junior party with respect to its U.S. Patent No. 8,399,514. In August 2015, the parties filed priority statements and motions related to validity and benefit. The parties filed oppositions to motions on June 1, 2016. Both parties filed replies to the oppositions on August 8, 2016. The oral argument remains scheduled for November 30, 2016.

Clinical Update

Our development plan for our lead drug, FP187, is focused primarily on the RRMS indication. In consultation with a clinical research organization, we are continuing to prepare for a single beta interferon-controlled Phase 3 trial in RRMS. In parallel, we are evaluating alternative Phase 3 clinical strategies in RRMS, which could shorten our time to commercialization and/or reduce costs. We expect to complete these evaluations as we continue to upscale production of FP187 during 2016, in anticipation of beginning the Phase 3 trial in the first half of 2017.

We are currently performing additional Phase 1 studies on FP187.

Our nonclinical development plan for FP187 is designed to support regulatory submissions with a complete toxicology package.

25

[Table of Contents](#)

Signature

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.

FORWARD PHARMA A/S

Date: September 1, 2016

By: /s/ Joel Sendek
Joel Sendek
Chief Financial Officer

26
