CREATING A FOOTPRINT IN UNDERSERVED NICHES

ANNUAL REPORT
2015
MOBERG PHARMA

MOBERG PHARMA 10 YEARS

MOBERG PHARMA IN BRIEF

WHY WE ARE PERFORMING

Moberg Pharma's corporate strategy is to create shareholder value through profitable growth of strategic brands, value adding acquisitions and commercialization of pipeline assets. Long-term, the company targets an EBITDA Margin of 25% with healthy growth.

At Moberg Pharma, we develop and market therapeutic, over-the-counter (OTC) products under well-known and respected brand names among global consumers. Our portfolio strategy centers on building successful brands in attractive niche categories, focusing on topical products for skin diseases and pain. What makes us unique is our approach and commitment to commercial and innovative excellence, which has resulted in rapid growth, outperforming the market.

In the last five years we have established our own OTC marketing & sales operation in the U.S., as well as a global distributor network that spans more than 40 countries around the world. We have also advanced two high potential pipeline assets through clinical development to be phase III ready. We continuously seek out acquisition candidates that fit our strategy and can benefit from our marketing, innovation and execution excellence. We attribute our success to a high performing cross functional team that focuses on consumer needs and applies creativity, an entrepreneurial spirit and excellent capabilities throughout the value chain.

KEY FINANCIALS 2015

- Revenues 286 MSEK +43% (200 MSEK)
- Gross margin 75% (75%)
- EBITDA 47 MSEK, 16% (25 MSEK)
- Commercial EBITDA 70 MSEK, 24% (43 MSEK)
- Net Profit 26 MSEK (12 MSEK)
- Operating Cash Flow 31 MSEK (16 MSEK)

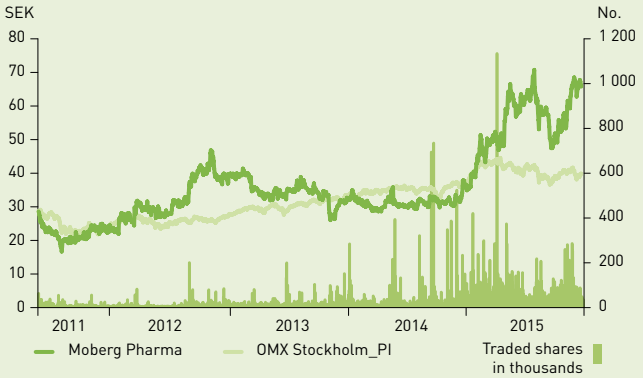
LARGEST SHAREHOLDERS:

Shareholders	% of votes and capital
The Baltic Sea Foundation	16.0
Handelsbanken Fonder AB RE JPMEL	8.1
Insurance company, Avanza Pension	7.0
Banque Carnegie Luxenbourg S.A	4.5
Wolco Invest AB (CEO Peter Wolpert)	4.2

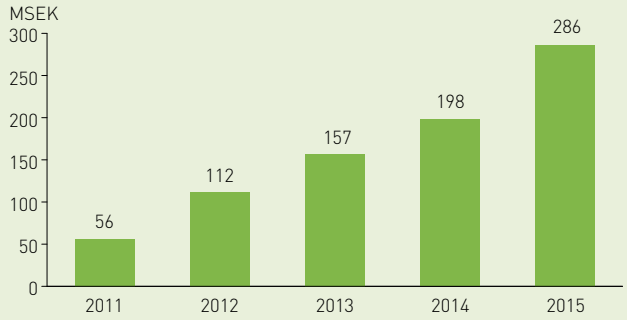
FINANCIAL CALENDAR

Interim report for January–March 2015	May 10, 2016
Annual General Meeting	May 18, 2016
Interim report for January–June 2015	August 9, 2016
Interim report for January–September 2015	November 8, 2016

SHARE PRICE PERFORMANCE SINCE LISTING



SALES REVENUE, 2011 - 2015



ADDITIONAL PAIN REDUCTION IN THE MOUTH BY BUPI, COMPARED TO STANDARD PAIN TREATMENT*

50 %

* Source: Moberg Pharma Phase II data on file

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DEAR FELLOW SHAREHOLDERS

This year we are celebrating the 10th anniversary of Moberg Pharma. I am very proud of what we have accomplished in these ten years. Key highlights in 2015 include revenue growth of 43 percent, the doubling of our profitability to EBITDA of 47 MSEK and the expansion of our footprint in Asia with successful launches in several new markets. Our innovation engine progressed with the acquisition of Balmex®, the advancement of MOB-015 and the delivery of positive phase II results for BUPI in early 2016. Overall, we continued to execute on our strategy - to deliver profitable growth of our base business, increase the value of our pipeline assets and add to our portfolio of strategic brands through acquisitions.

Our strategic brands - Kerasal®, Emtrix®, Domeboro® and Balmex® – were the key growth drivers for the year. Our nail franchise, including the Kerasal Nail® and Emtrix® brands, as well as our partner's brand Nalox/Naloc™, was the strongest contributor to our growth and represented 55 percent of total sales. In the U.S., our lead product, Kerasal Nail® strengthened its #1 position with a 22 percent share of the over-the-counter (OTC) nail fungus market.[1] The overall nail fungus market (Rx and OTC) continues to grow, but the OTC category declined 9 percent in 2015. We strengthened Kerasal's intellectual property estate in 2015 with patent approvals for Kerasal Nail® in the EU and in the U.S. I am also pleased that we secured distribution for our strategic brand Domeboro®in Walmart.

While some line extensions launched in the U.S. last year did not meet our expectations, we believe that the re-branded Kerasal, which is scheduled to launch in spring 2016, will support continued growth of the brand. We are in better position than our competitors to deliver on the brand promise of "visible difference," which we know is a high priority for patients.

Kerasal Nail is the market leader or holds a top three position in the OTC category in many markets including U.S., Canada, Nordics, Malaysia and some EU and Asian markets with market shares ranging from 20 - 70 percent. Through partners, launch preparations are underway in additional markets in Asia as well as Russia.

As anticipated, Asia, the predominant percentage of our rest of world (RoW) sales, became our fastest growing region in 2015, with RoW sales delivering 91 percent growth year over year. The success in Asia was to a large degree the result of our expanded partnership with Menarini Asia-Pacific, which launched Emtrix®/ Kerasal Nail® in Malaysia, China, Hong Kong, Indonesia, the Philippines and Singapore.

The Innovation Engine at Moberg Pharma delivered on its mission of seeking out acquisitions and in-licensing opportunities in 2015. Our acquisition of Balmex® in April 2015 contributed to the 49 percent (21 percent at fixed exchange rates) growth in U.S. direct sales in 2015. Balmex® is an established and trusted brand that fits well in our strategic focus on topical dermatology. The integration and re-positioning of Balmex® is progressing and we expect to be able to drive additional growth of the brand.

Our Innovation Engine also encompasses the development of our pipeline assets and in 2015 we continued to drive toward our long-term vision of leadership in the nail fungus treatment

1 U.S. retail sales of nail fungus products excluding private label in Multioutlet Stores over the last 52 weeks ending December 27, 2015 as reported by SymphonyIRI

Peter Wolpert

market with the advancement of our drug candidate MOB-015. MOB-015 has the potential to become a significant product with an estimated annual peak sales potential of several hundred million dollars. In 2015, we made good progress toward our next milestone - to initiate phase III trials in 2016. We also secured a development partnership with Colep and received patent approvals in the U.S. and the EU.

Early this year we reported that we achieved the primary endpoint in our phase II study of BUPI (bupivacaine lozenge) to provide pain relief to head and neck cancer patients with oral mucositis, an area with a large unmet medical need. It was gratifying to see that BUPI provided significant added benefit to currently available standard pain treatments. Based on these results, we are now executing our de-risked strategy to bring BUPI to the market. To that end, we were awarded a Eurostars grant, and secured a development partnership with Cadila Pharmaceuticals - one of the largest private Indian pharma companies. Cadila will fund one phase III study conducted in India which significantly reduces our investment while we maintain our rights to BUPI in all key territories.

In early 2016, we secured SEK 300 million in debt funding through a bond issue. By qualifying for the bond market, we decrease our cost of capital and secured non-dilutive funds for market expansion and acquisitions. Recently, we further strengthened our cash position with $10 million by divesting three non-strategic brands. The transaction resulted in a capital gain and enables us to focus on our core business.

Finally, I would like to thank our employees for their hard and excellent work; our Board for their support and strategic guidance; and our investors for their belief in our strategy and capabilities. Together we have created a company which now is in better position than ever to deliver value to patients, the medical community, as well as shareholders. We have a profitable base business, an advancing late-stage pipeline and the strategy and funds to make value-adding acquisitions. I look forward to an exciting year in 2016.

Sincerely,

Peter Wolpert
President and founder
April 2016

SIGNIFICANT EVENTS OF 2015

COMMERCIAL OPERATIONS

- Launched Emtrix®/Kerasal Nail® in Southeast Asia, including Malaysia, Singapore, Indonesia, the Philippines and Hong Kong with partner Menarini
- Launched Kerasal Nail® in first region in China
- Launched Domeboro® in Walmart in the U.S.
- Expanded Menarini Group partnership to market Emtrix® in Russia and the Ukraine
- Received U.S. and EU patents for Kerasal Nail®
- Regained rights to Emtrix® in certain European markets, including UK and Poland
- Grew direct sales in the U.S. by 49 percent and strengthened the position of key brands
- Grew distributor sales by 29 percent including significant growth in Asia.

INNOVATION ENGINE

- Received U.S. and EU patents for MOB-015
- Entered into a development agreement with Colep for MOB-015
- Presented Phase II clinical data for MOB-015 at the 73rd Annual Meeting of the American Academy of Dermatology (AAD)
- Received Eurostars grant for further development of BUPI for the treatment of pain associated with oral mucositis
- Acquired U.S. product rights for Balmex® from Chattem, a subsidiary of Sanofi
- Raised SEK 300 million in bond issue to finance growth and acquisitions

BRAND AND PRODUCT MANAGEMENT

KERASAL
Clinically proven formulas that provide a "Visible Difference" in foot care

BALMEX®
Provides "Complete Protection" to treat and prevent diaper rash and other minor irritations.

DOMEBORO®
Provides an effective treatment for relieving minor skin irritations and rashes

The following brands were divested on April 1, 2016

JOINTFLEX®
Topical arthritis and muscle pain reliever

VANQUISH®
Pain reliever for fast, strong headache relief.

FERGON®
High potency iron supplement

GEOGRAPHIC EXPANSION INTO ASIA

ASIA represents a significant market opportunity for Moberg Pharma. Already, Asia accounts for a larger percentage of the company's total sales than Europe. While less developed than the EU or U.S. markets, the significant unmet demand in Asia makes it a market with great potential. We expect the region to continue to be a key future growth driver.

Starting with **MALAYSIA** the Company's marketing partner, Menarini Asia Pacific, launched, Emtrix® in October 2014. Using innovative marketing campaigns that communicate the benefits of Emtrix® with television as the main advertising medium, Emtrix® quickly gained a dominant market share. In the first quarter on the market, Emtrix® became the market leader in the OTC nail fungal market. By the end of 2015, Moberg branded products' market share in Malaysia approximated 70 percent.

In early 2015, Emtrix® was launched in **HONG KONG**, first focusing on promotions designed to build brand awareness. Television advertisements were then added that resulted in accelerated sales. **SINGAPORE** followed in February using a unique, broadly targeted 3-D bus promotion.

A regional launch was initiated in **CHINA** in April 2015. Market testing began in a single province and provided valuable feedback to allow for adjustments of the marketing strategy before further expansion.

In August 2015, the launch was initiated in **INDONESIA** and resulted in good sell through, reflected in sales from August and onward.

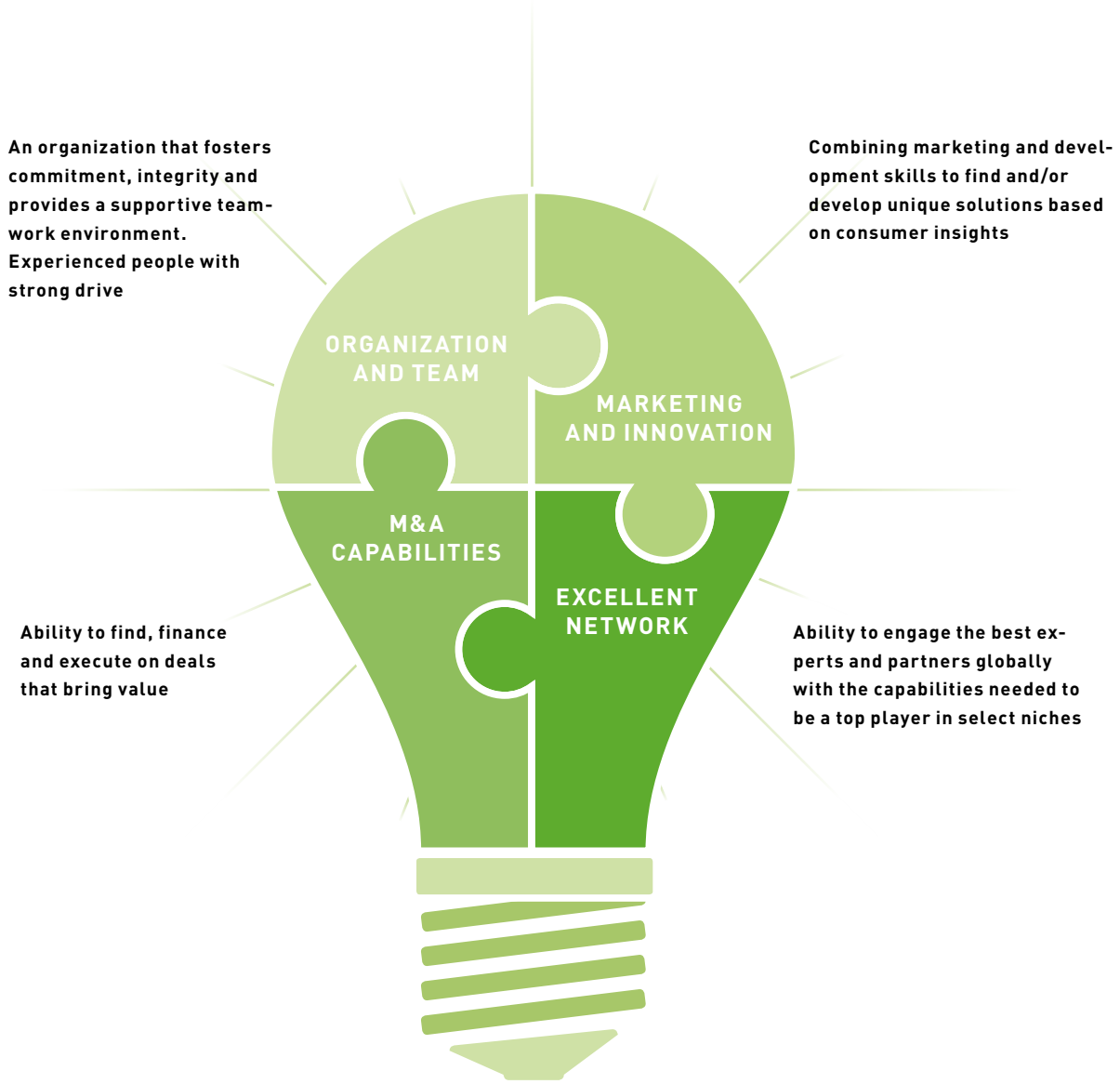
Kerasal Nail® was launched in the **PHILIPPINES** in early November 2015. While posing some challenges from a pricing perspective, the Philippines is a tremendous growth market. It is forecasted to double its GDP by 2024, and become a trillion dollar economy by 2029, enabling long-term growth in overall consumer spending.

INNOVATION ENGINE

Our innovation engine is a key growth driver for Moberg Pharma. It encompasses an integrated view on marketing, development and M&A. We identify opportunities through understanding consumer insights and market dynamics in-depth and drive external and internal opportunities to acquire, in-license and develop the pieces needed to get to a superior product profile.

We are firm believers in the power of brands and the power of innovation. Combining these two create the possibility to deliver outstanding returns, as we did with our launch of Kerasal Nail® in the U.S.

Our innovation engine has over the past three years delivered four acquisitions, two pipeline assets advancing to phase III with several hundred million dollars in peak sales potential and several line extensions for existing brands.



GROWTH DRIVER - BRAND ACQUISITIONS


Amy Scarlatella

BALMEX CASE: REVITALIZING THE BRAND – THE MOBERG INNOVATION ENGINE AT WORK

"We saw a great opportunity to revitalize Balmex after the acquisition in April 2015. Despite the previous owner's recent years of curtailed marketing investment for strategic reasons, brand recognition and consumer equity in the product remained strong. However, brand revitalization does not come easy. Today's marketplace is as dynamic and competitive as it has ever been. Marketers must move fast with strategy and decision making. All must be directed by sound consumer insights and well thought out innovation plans that will deliver long term growth. With this in mind, we plugged into our Innovation Engine process and quickly set out to obtain quantitative and qualitative data related to brand perception and brand promise. This was necessary to; first, re-engage first time moms with a distinctive message and; second, lay the groundwork for long-term growth behind innovation in claims, formulation and brand extension," said Amy Scarlatella, Sr. Director, Marketing and Sales.

MULTI-FACETED CONSUMER SUPPORT PLAN TO REACH NEW MOMS

Drive long term growth via development of an innovation pipeline

Set aggressive marketing campaign launch dates: Phase 1: September 2015 to kickoff consumer and trade reengagement, and Q1 2016 for full brand market launch.

Engage the trade. Gather input, advise and keep retail trade partners up to date on the re-launch progress

Re-launch Balmex under new brand promise: Complete Protection. Included a new look and fully integrated marketing and sales plan to accompany the brand promise

Develop a unique, differentiated and meaningful brand promise and positioning to re-energize the Balmex brand

Execute the consumer learning plan to gain insights that will enable an effective consumer campaign to re-open relationships with moms

Acquisition of Balmex in April 2015
Kick off integration

BUILDING VALUE BY PROGRESSING OUR PIPELINE ASSETS

MOB-015

"Potential to become a superior topical treatment for onychomycosis and a future market leader"

"Excellent mycological cure, clear nail growth and high terbinafine levels documented in Phase II"*

"Preparations ongoing to initiate the phase III program in 2016"

ABOUT ONYCHOMYCOSIS AND MOB-015

Onychomycosis is a common nail infection caused predominantly by dermatophyte fungi, which typically occurs under the toenails, although fingernails may also be affected. Approximately 10% of the general population suffers from onychomycosis. In the U.S., MOB-015 targets the prescription market, which is highly attractive as it is expected to exceed $2 billion in the U.S. alone by 2020. The untapped potential is significant since the majority of patients today go untreated.

* Source: Moberg Pharma Phase II data on file, as reported on September 17, 2014

BUPI

"BUPI is an innovative and promising treatment for severe oral pain."

*"Positive phase II data reported in January 2016 in head and neck cancer patients with oral mucositis showed a 31 percent reduction in pain in the mouth/pharynx compared to the control group receiving standard pain treatment and 50 percent pain reduction in the mouth**"*

ABOUT ORAL MUCOSITIS AND BUPI

Oral mucositis (OM) is a painful inflammation and ulceration of the mucous membranes lining the mouth that is a complication of cancer treatment. It affects 80 percent of patients with head and neck cancer receiving radiotherapy, almost all patients undergoing bone marrow transplantation, and a wide range of patients receiving chemotherapy. OM makes the patient less likely to comply with their cancer treatment, increases mortality and morbidity and contributes to rising health care costs. In the U.S., every year approximately 400 000 patients suffer from OM during cancer therapy. BUPI is a novel lozenge formulation and a new use of bupivacaine, a well-established local anesthetic currently available on the market for other indications as an injectable.

** Moberg Pharma Phase II data on file as reported on March 22, 2016

GREAT PEOPLE WORKING IN TEAMS

We believe in working in teams comprised of great people striving toward shared goals. This approach affords us the best chance of success for the Company and for creating an environment that is personally rewarding for our teammates.

Our teams consist of dedicated professionals bringing skills and experiences from various areas of the OTC and Pharma industry. We attract and retain top people by fostering a work environment that is professional, team-oriented and focuses on clear goals and strategies. We value drive, commitment and integrity in our employees.

Our board and management have established a governance model in which corporate goals drive the agenda and provide basis for a fair compensation model. Individuals are rewarded for corporate as well as individual performance and are offered participation in long-term incentive programs.

WORKING AT MOBERG PHARMA

Our goal is to offer our employees a desirable, safe and healthy workplace. We promote a healthy lifestyle by supporting preventative health care options and wellness activities.

Our commitment to workplace diversity and equal employment opportunities means we evaluate job applicants based on their merits, drive and commitment to making a difference - without regard to ethnic background, religion, gender, sexual orientation, nationality, age, or disability.

SUSTAINABLE DEVELOPMENT AND ENVIRONMENTAL IMPACT

Moberg Pharma aims to minimize the environmental impact from our business. We work in cooperation with our partners, researchers and consultants to find solutions that make the smallest possible environmental footprint.

Our operations are conducted in accordance with ISO 13485, an international protocol for quality control, as well as the international laws and regulations that govern the production of our products.

ETHICAL CONDUCT OF CLINICAL TRIALS

Moberg Pharma applies responsible and ethical practices in the preclinical and clinical trials of our products. We hold ourselves and our partners to the highest applicable standards set forth in international laws and regulations.

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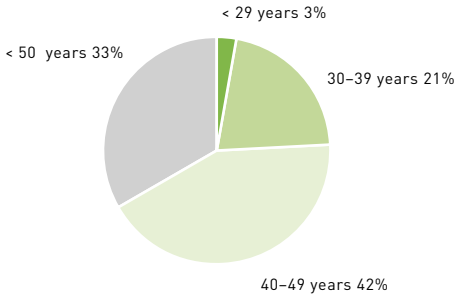
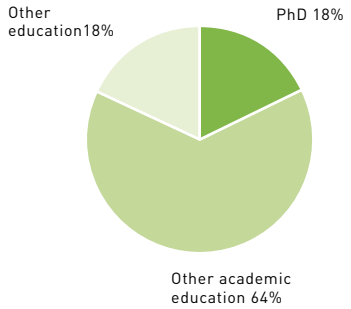
PEOPLE WORKING IN AGILE TEAMS

GENDER BREAKDOWN

AGE STRUCTURE



EDUCATION LEVEL

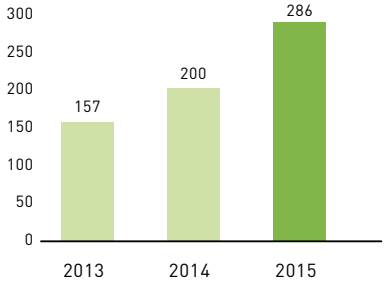


Anna Ljung, CFO

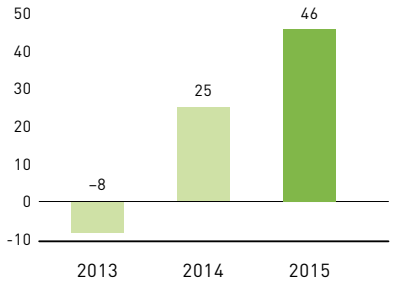
FINANCIAL INFORMATION

"In the last three years, Moberg Pharma has grown rapidly and substantially improved profitability. The main drivers have been positive development in the U.S. and launches in Asia in combination with balanced cost control".

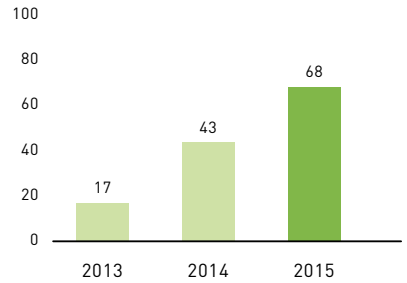
NET SALES, MSEK



EBITDA, MSEK



EBITDA COMMERCIAL OPERATIONS, MSEK



DIRECTORS' REPORT

The Board of Directors and Chief Executive Officer of Moberg Pharma AB (publ), corp. reg. no. 556697-7426, hereby present the annual report and the consolidated financial statements for the financial year January 1, 2015 to December 31, 2015.

DEFINITIONS OF KEY FIGURES

Net receivables – Cash and cash equivalents less interest-bearing liabilities and less on allowance for bad debt.

Debt/equity ratio – Interest-bearing liabilities in relation to shareholders' equity

Equity/assets ratio – Shareholders´ equity in relation to total assets

Return on equity – Profit/loss for the year divided by shareholders' equity

Earnings per share – Annual result after tax divided by the average number of shares outstanding after dilution

Equity per share – Shareholders' equity divided by the number of shares outstanding at year end.

[1] In those periods where a consolidated loss is recognized, no dilution arises. This is because dilution is recognized only when a potential for conversion to common shares would entail lower earnings per share.

FINANCIAL OVERVIEW 2011-2015

A five-year financial overview of the company's operations is provided below.

FROM THE STATEMENT OF COMPREHENSIVE INCOME (KSEK)	**2015**	**2014**	**2013**	**2012**	**2011**
Revenue	285,566	200,180	157,389	112,469	55,943
Gross profit	213,646	151,116	117,422	87,592	39,313
Operating profit/loss	35,184	17,227	-14,055	12,594	-7,598
Net profit/loss for the year	25,537	12,268	-11,358	35,813	-6,384
Comprehensive income/loss	*38,583*	*45,312*	*-12,083*	*32,984*	*-6,384*
FROM THE STATEMENT OF FINANCIAL POSITION (KSEK)	**2015**	**2014**	**2013**	**2012**	**2011**
Non-current assets	278,341	242,275	212,390	179,507	755
Inventories	22,200	13,135	6,968	9,739	1,239
Current receivables	51,557	41,847	25,113	38,093	16,407
Cash and bank balances	45,356	62,463	27,138	53,423	74,052
Total assets	*397,454*	*359,720*	*271,609*	*280,762*	*92,453*
Shareholders' equity	352,823	303,749	201,494	178,234	76,787
Non-current liabilities	0	3,333	18,527	42,270	0
Current receivables	44,631	52,638	51,588	60,258	15,666
Total equity and liabilities	*397,454*	*359,720*	*271,609*	*280,762*	*92,453*
FROM THE STATEMENT OF CASH FLOWS (KSEK)	**2015**	**2014**	**2013**	**2012**	**2011**
Cash flow from operating activities	30,719	16,162	-3,150	9,476	-9,020
Cash flow from investing activities	-43,883	-24,497	-47,158	-97,696	-535
Cash flow from financing activities	-4,211	42,604	24,049	67,590	80,846
Cash flow for the year	*-17,375*	*34,269*	*-26,259*	*-20,629*	*71,291*
KEY DATA	**2015**	**2014**	**2013**	**2012**	**2011**
Net receivables (KSEK)	42,023	45,797	-2,862	13,423	73,902
Debt/equity ratio	1%	5%	15%	22%	0%
Equity/assets ratio	89%	84%	74%	63%	83%
Return on equity	7%	4%	-6%	20%	-8%
Research and development expenses (KSEK)	-23,255	-19,930	-29,039	-30,782	-26,808
Personnel expenses (KSEK)	-43,685	-38,551	-37,014	-27,952	-19,075
Number of employees at year-end	33	29	29	29	15
Share data					
Earnings per share before dilution (SEK)	1.80	0.96	-1.01	3.85	-0.82
Earnings per share after dilution (SEK)[1]	1.78	0.95	-1.01	3.68	-0.82
Equity per share (SEK)	24.82	21.75	16.94	16.48	8.46
Dividend per share	-	-	-	-	-
Number of shares at end of period	14,217,522	13,962,537	11,893,572	10,812,572	9,079,020

Amounts are expressed in thousands of Swedish Krona (KSEK) unless otherwise stated. Amounts shown in parentheses are comparative figures for the preceding financial year.

OPERATIONS

Moberg Pharma AB (publ) was formed in 2006 and is a rapidly growing Swedish pharmaceutical company with direct sales through its U.S. subsidiary and sales through distributors in more than 40 countries. The company's product portfolio includes Kerasal Nail™/Emtrix®/Nalox™, a product for topical treatment of nail fungus, Kerasal®, for the treatment of dry feet and cracked heals, Domeboro®, a topical drug for the treatment of itching and irritated skin, Balmex ® for diaper rash, Jointflex® for joint and muscle pain, Vanquish®, a pain-reliever and Fergon®, an iron supplement.

Kerasal Nail®/Emtrix®/Nalox™ are the leading OTC pharmaceuticals for the treatment of nail disease in the U.S., Canada and the Nordic region. The portfolio is being developed through acquisitions and the licensing-in of products, as well as through product development with a focus on innovative drug delivery of proven substances. The company has two pharmaceutical projects in the development phase. Moberg Pharma's products are based on tried-and-tested compounds, thus reducing time to market, development costs and risk. The company has offices in Stockholm and New Jersey and its shares are traded in the Small Cap segment of NASDAQ OMX Nordic Exchange Stockholm (OMX: MOB).

COMPANY INFORMATION

The Group is an active limited liability company registered in Stockholm, Sweden, and has a subsidiary registered in the U.S. The office's address is Gustavlundsvägen 42, 5th floor, SE-167 51 Bromma. The Group consists of the Parent Company, Moberg Pharma AB (publ), corp. reg. no. 556697-7426, and its wholly owned subsidiaries Moberg Derma Incentives AB, corp. reg. no. 556750-1589, as well as Moberg Pharma North America LLC (formerly Alterna LLC). The sole business conducted by Moberg Derma Incentives AB is administration of Moberg Pharma's employee stock option programs. The operations of Moberg Pharma North America LLC comprise the marketing and sales of non-prescription products.

RESULTS AND FINANCIAL POSITION

Sales

During 2015, revenue amounted to MSEK 285.6 (200.2), up 43 percent. Also adjusted for milestone payments, revenue increased 43 percent. The majority, MSEK 154.5 (112.8), is derived from product sales of Nalox™/ Kerasal Nail®. Sales amounted to MSEK 31.1 (29.0) for Kerasal®, MSEK 36.5 (30.9) for JointFlex® and MSEK 60.9 (25.4) for other products. The Balmex® product was acquired from Chattem, Inc, the Sanofi division for OTC products in the U.S., on April 27, 2015 and sales of Balmex are included in the income statement from that date. Sales growth primarily occurred in the Rest of the World (Asia) and the Americas., where sales rose 91 percent and 43 percent, respectively. Sales amounted to MSEK 32.2 (30.1) in Europe, MSEK 211.4 (148.1) in the Americas and MSEK 42.0 (22.0) in the rest of the world.

Other operating income primarily comprised exchange-rate gains of MSEK 5.5 (5.3) and a research grant of MSEK 0.8 (0).

RESULTS

Operating profit for 2015 was MSEK 35.2 (17.2). Cost of goods sold was MSEK 71.9 (49.1). Operating expenses, excluding cost of goods sold, was MSEK 185.2 compared to MSEK 139.7 the year prior. The profit after financial items amounted to MSEK 34.6, compared with MSEK 16.6 in 2014. The earnings improvement was primarily attributable to higher sales and reduced overhead expenditure, with sales revenue increasing 43 percent in 2015 and the cost of goods sold rising 47 percent, while operating expenses during the year rose 33 percent compared with 2014.

The largest item in operating expenses was selling expenses, which amounted to MSEK 133.2 (93.2) for the period, flat as a percent of revenue but a cost increase in absolute figure. This is explained by an increase in distribution of Kerasal Nail® and marketing efforts for the strategic brands Kerasal Nail®, Domeboro, and Balmex®. Selling expenses include costs of MSEK 9.7 (7.2) for amortization of product rights.

Profit after tax was MSEK 25.5 (12.3) and comprehensive income was MSEK 38.6 (45.3). The improvement in comprehensive income includes currency translation gains on translation of foreign operations of MSEK 13.0 due to the stronger USD.

INVESTMENTS

Capital expenditures in intangible fixed assets primarily relate to the acquisition of product rights of Balmex® in April 2015 for MSEK 33.3.

In addition to the Balmex® acquisition, the company's investments in intangible fixed assets during 2015 were MSEK 1.8 (1.9) for computer systems and MSEK 8.5 (3.3) in capitalized expenditure for developing two ongoing development projects being the next generation of Kerasal Nail®/Nalox™, as well as MOB-015. All development work directly attributable to the next generation of Kerasal Nail®/Nalox™ was capitalized in 2015. From Q2 in 2015, phase III preparations for MOB-015 were initiated, where direct development expenses for MOB-015 were capitalized from that quarter. In addition to capitalized expenditures for R&D, Moberg Pharma had R&D costs of MSEK 23.3 (19.9) that were expensed directly in the reported result, of which MSEK 16.0 (12.3) was related to future products.

In 2015, the company invested MSEK 0.4 in property, plant and equipment, compared with MSEK 0.1 the year prior.

LIQUIDITY AND FINANCIAL POSITION

To date, Moberg Pharma's operations have been financed by shareholder contributions through new issues, loan financing and revenues generated from product sales. Going forward, investments are expected to be financed by existing funds plus revenues from product sales. Should the opportunity arise for expediated growth, for example through acquisitions, Moberg Pharma may raise additional capital through issuing new share or loans. In January 2016, Moberg Pharma announced that the company had decided to issue a five-year unsecured bond loan of MSEK 300 maturing on January 29, 2021.

At year-end, the equity/assets ratio was 89 percent (84 percent). Cash flow from operations amounted to MSEK 30.7 for 2015, compared with MSEK 16.2 in the preceding year. Cash and cash equivalents amounted to MSEK 45.4 at the end of the year compared with MSEK 62.5 at the end of 2014.

KEY EVENTS IN 2015

Expanded distribution

- *Kerasal Nail® approved and launched in China*
  In January 2015, Moberg Pharma's partner, Menarini Asia-Pacific, obtained approval for Kerasal Nail® in China. The product launch in China, including television commercials and other marketing, commenced in May.

- *Moberg Pharma and Menarini Group expanded collaboration to include Russia and Ukraine*
  In February 2015, Berlin-Chemie AG, part of the Menarini Group, was granted exclusive rights to market and sell Emtrix® in Russia and Ukraine.

- *Moberg Pharma took back the rights for certain European markets*
  In November, Moberg Pharma took back the rights to Emtrix® for six European markets, including the U.K. and Poland.

- *Acquisition of OTC products in the U.S.*
  Balmex®, a well-established U.S. brand was acquired in April 2015 from Chattem, Inc, the Sanofi division for OTC products in the U.S. Sales of the Balmex products exceed MUSD 4 annually. Consideration amounted to MSEK 33.3 (MUSD 3.9) and was financed by existing funds. Balmex® has been a well-known brand for many years, offering products for diaper rash, primarily for children. A product line for skin irritation among adults was launched in 2013. Balmex is sold via Moberg's established sales channels in the U.S., including drugstore chains such as CVS, Walgreens and RiteAid and mass retailers such as Walmart and specialty baby retailers such as Baby's "R" Us and buybuyBABY.

Product and project development

- *Approved patents in the U.S. and Europe*
  The USPTO approved U.S. patent number 8 952 070, and the EPO issued European patent number 2 672 962 applying to MOB-015, with expected patent term until 2032. The USPTO also issued a U.S. patent number 8 987 330, and the EPO also issued European patent number 2 777 689 for Kerasal Nail®, with expected patent terms until 2034.

- *Eurostars awarded a research grant of MSEK 8.4*
  Eurostars awarded a research grant of MSEK 8.4 (MEUR 0.9) for further product development and clinical studies of BUPI. The project will be led by Moberg Pharma and carried out in collaboration with six external partners in Sweden and Denmark: Oracain ApS, TFS Trial Form Support ApS, Aarhus University Hospital, Herlev University Hospital, PCG Clinical Services AB and Skåne University Hospital. The grant from Eurostars will be used to co-finance the continued development of the products including a clinical Phase III study.

- *Moberg Pharma and Colep entered a Development Agreement for MOB-015*
  Under the agreement, Colep's Healthcare Division will share funding by conducting a pharmaceutical development program which will include scale-up of manufacturing process, stability programs and supply of clinical trial material for the Phase 3 program for MOB-015 as well as the documentation required to file for marketing authorization in the U.S. and EU. Moberg has appointed Colep the exclusive commercial supplier of MOB-015 for the agreed territories. Moberg will own all data and documentation generated from the pharmaceutical development program and plans to initiate a clinical phase 3 program in 2016.

Financial events

- *Higher number of shares*
  The number of shares and voting rights rose 39,000 to 14,001,537 in July 2015. The number of shares and voting rights rose 215,985 to 14,217,522 in December 2015. The changes were due to warrants in Moberg Pharma being exercised under the framework of the company's share-based incentive schemes.

EVENTS AFTER THE YEAR-END

- *Positive Phase II results for BUPI*
  In January 2016, the company announced positive top-line results from a phase II study with BUPI for pain relief in oral mucositis in patients with head- and neck cancer. BUPI achieved a statistically significant reduction in oral pain. Some 32 patients completed the phase II study, where the efficacy of BUPI was compared with standard treatment for oral pain. The open clinical study was conducted in two hospitals in Denmark. The primary efficacy variable was oral pain 60 minutes after ingesting BUPI compared with the average pain during the day for the control group. The group that received BUPI had 31 percent lower level of pain (VAS* 35,14 for BUPI and 50,94 for the control group, p=0.0032). Both groups had access to standard pain treatment during the study. The control group also had access to locally administered oral anesthetic in the form of a lidocaine gel. The difference in the oral cavity (excluding the throat) was even more pronounced, where BUPI reduced the pain by 50 percent compared with standard treatment (VAS 17.93 and 36.10, respectively, p=0.0002). No serious side effects were reported in the group that received BUPI. Following positive phase II results, the board has approved a de-risked strategy to continue development through phase III, including one phase III trial to be conducted in Europe co-funded by a grant from Eurostars. A second phase III study will be conducted in India and financed by Moberg's partner Cadila Pharmaceuticals.

- *Moberg Pharma and Cadila Pharmaceuticals enters agreement for late-stage development and commercialization of BUPI*
  Under the Development and License Agreement, Cadila Pharmaceuticals will conduct a phase III program in India and is granted an exclusive license to commercialize BUPI in India and Africa, with the exception of South Africa. Moberg will receive the rights to use all data generated from the Development program in all territories outside India and Africa and a royalty on sales in India and Africa.

- *Bond issue of SEK 300 million in the Nordic bond market to finance growth, acquisitions and update of financial objectives*
  In January 2016, Moberg Pharma issued a five-yearunsecured bond for SEK 300 million to mature on January 29, 2021. The bonds carry a variable interest rate of STIBOR 3m + 6 percent and carry a total framework amount up to SEK 600 million. The bonds became listed on Nasdaq Stockholm In February 2016. To facilitate future growth, Moberg Pharma intends to implement significant investments in 2016, with a focus on strengthening brand platforms for the company's strategic brands in the U.S., broadened international distribution, the acquisition of additional products, as well as the start of proprietary phase III studies for MOB-015. Due to decisions on investing activities, the EBITDA margin for 2016 will be lower than the previously announced margin of at least 25 percent. The long-term objective for an EBITDA margin of at least 25 percent remains.

- *Moberg Pharma divests three brands for $10.0 million*
  In March 2016, Moberg Pharma announced that the company has entered into an agreement with Strides Pharma Inc. to divest the brands Jointflex, Fergon and Vanquish for a total consideration of $10 million plus the inventory value at closing. Divesting the three brands enables Moberg Pharma to focus on its core business. The three divested brands had total net sales of $6.1 million in 2015 and originated from earlier acquisitions where the primary purpose was to acquire strategic assets in specialty skin care. The divestment results in a capital gain of $3 million.

INSURANCE

In addition to corporate insurance, Moberg Pharma's insurance policies include coverage for patients who participate in clinical trials and product liability insurance for products under development and in the market. The insurance coverage is subject to continuous review. The Board deems that the company's insurance coverage is appropriate for the current scope of the business.

ENVIRONMENT AND LIABILITY

Moberg Pharma conducts no operations that involve particular environmental risk or that require environmental permits or decisions from authorities. Moberg Pharma is of the opinion that the company generally operates under applicable health and safety regulations and offers its employees a safe and healthy working environment.

DISPUTES

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

WORK OF THE BOARD IN 2015

At the Annual General Meeting (AGM) in 2015, seven Board Members were elected for the period until the next AGM. The Board of Director's expertise encompass the fields of drug development, medical research, marketing, financial and strategic issues. The Board held 14 minuted meetings during the year, of which six were via conference calls and one was held by correspondence. Reports at the meetings were presented mainly by the CEO but also by other members of the management team.

The main focus of the Board's work in 2015 was on strategic issues, particularly matters relating to acquisitions, product development, business development and capital procurement, as well as the further development of the Group's business plan. The Board's work follows established rules of procedure, which regulate areas such as the division of responsibility, the number of compulsory meetings, the form of convening notices, fundamental documentation and minutes, conflicts of interest, obligatory matters that the CEO should submit to the Board and authorized company signatories. The Board handles on an ongoing basis matters such as the current business situation, closing of accounts for each period, budget, strategies and external information.

The Board has a remuneration committee, which has prepared proposals on remuneration issues. Other than this, all issues have been addressed by the Board as a whole.

For detailed information about Board Members, see page 57.

NOMINATING COMMITTEE

The Nominating Committee for the 2016 Annual General Meeting consists of four members: Per-Olof Edin, Katja Bergqvist, Anders Rodebjer and Mats Pettersson. The Nominating Committee submits proposals for the appointment of a Chairman and other Board Members, as well as proposals on fees and other remuneration to be paid to Board Members. The Nomination Committee also submits proposals concerning the election and remuneration of Auditors. The Nomination Committee's proposals will be presented in the official notice convening the 2016 AGM.

CORPORATE GOVERNANCE

Moberg Pharma has applied the Swedish Corporate Governance Code since May 26, 2011, the date when Moberg Pharma's shares were listed on NASDAQ OMX Nordic Exchange Stockholm. See page 49, for the Corporate governance report.

INFORMATION DISCLOSURE

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

PROPOSAL TO THE 2016 AGM – BOARD OF DIRECTORS' MOTION FOR RESOLUTION ON PRINCIPLES FOR REMUNERATION OF SENIOR EXECUTIVES

The Board of Directors' proposal for resolution on principles for remuneration of senior executives is consistent with previous years' principles for remuneration and is mainly based on existing contracts between the company and senior executives. Moberg Pharma is to offer a market-aligned total remuneration package that facilitates the recruitment and retention of qualified senior executives. The remuneration paid to the Chief Executive Officer and other senior executives is to comprise basic salary, variable remuneration, other benefits and pension benefits. The total remuneration is to be based on the basic salary and is to be proportionate to the executive's responsibilities and authority. Variable remuneration is capped at 25–50 percent of each executive's basic annual salary. Variable remuneration is to be based on results achieved in relation to individually defined qualitative and quantitative targets, as well as the Group's results in relation to goals set by the Board of Directors. Pensionable salary is based on basic salary only. To the extent that Board members perform work for the company or any other Group company, in addition to work on the Board of Directors, a market-aligned consultancy fee may be payable.

In case of termination, the notice period is to be three months if this is on the initiative of the senior executive and between three and 12 months if initiated by the company. Severance amounts are not payable. Any share and share-price-related programs must be adopted at an AGM. Granting from such programs must comply with a resolution from an AGM. With the exception of the employee stock options that have been granted and vested, and what is provided for under employment contracts as referred to above, senior executives are not entitled to any post-employment/assignment benefits.

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

OUTLOOK FOR 2016

Moberg Pharma aims to create value and generate a solid return to shareholders through profitable growth, targeting a long-term EBITDA margin of at least 25 percent. The company's growth strategy includes organic sales growth, acquisitions/in-licensing of new products and commercialization of development projects.

During 2016, considerable focus will be placed on identifying further business opportunities, advancing the company's development programs and supporting the company's distributors and retailers. To facilitate future growth, Moberg Pharma intends to implement significant investments in 2016, with a focus on strengthened brand platforms for the company's strategic brands in the U.S., broadened international distribution, the acquisition of additional products, as well as the execution of phase III studies for MOB-015.

PARENT COMPANY MOBERG PHARMA AB (PUBL)

Moberg Pharma AB (Publ), Corp. Reg. No. 556697-7426, is the Parent Company of the Group. Group operations are pursued primarily in the Parent Company (in addition to the sales organization in the U.S.) and comprise research and development, marketing and administrative functions. Parent Company revenue for 2015 amounted to MSEK 106.5, compared with MSEK 93.8 in 2014. Operating expenses, excluding the cost of goods sold, amounted to MSEK 61.9 (50.0) and profit after financial items to MSEK 20.1 (20.9). Cash and cash equivalents were MSEK 21.5 (56.1) at the end of the period.

PROPOSED DISTRIBUTION OF UNAPPROPRIATED EARNINGS (KSEK)

The amount available for appropriation at the Annual General Meeting comprise the following unrestricted reserves, earnings brought forward and the profit for the year in the Parent Company:

Share premium reserve	246,613
Earnings brought forward	60,979
Net profit/loss for the year	14,986
	322,578

The Board of Directors propose that profit for the year be carried forward. Following appropriation, unrestricted shareholders' equity amounts to:

Share premium reserve	246,613
Earnings brought forward	75,965
	322,578

RISK FACTORS

Moberg Pharma's business is exposed to risk. Risks pertain to events or decisions beyond Moberg Pharma's control that could lead to business interruption, damage or loss with a substantial adverse impact on the prospect of achieving the Group's objectives. How risks are managed is of fundamental significance to Moberg Pharma's success. In order to manage risk in a well-balanced way, risks must be identified and assessed. Moberg Pharma engages in risk management that involves evaluating risks in a systematic manner. Risk factors considered to be of particular importance to Moberg Pharma's future development are described below. The list does not purport to be exhaustive, and risks are not listed in any order of significance. There is no guarantee that Moberg Pharma can successfully address the following or other risks.

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

RISKS RELATED TO OPERATIONS				RISKS RELATED TO THE COMPANY'S SHARES
Development of new products	**Marketing and sales**	**Organization**	**Financial risks**	
• Preclinical and clinical studies • Official decisions	• Side effects • Competition and pricing • Proprietary sales • Business partners • Disputes • Product liability • Patents and trademarks • Production • Inventories	• Dependence on key individuals • Recruitment needs	• Currency risk • Tax loss carryforwards • Economic trends • Future capital requirements • Tax • Non-sustainable sources of income • Goodwill • Financial obligations • Intangible assets	• Share price and liquidity • Dividend
RISK MANAGEMENT AND CONTROL STRATEGIES				
• Policy documents, manuals and recommendations • Internal control activities, either preventive or detective • Analyses • Quality control in accordance with ISO13485		• Regulatory documentation prepared in parallel with clinical studies • Reduced dependence on partners through a proprietary sales organization in the United States • Product liability insurance • Cooperation with reputable patent agents • Structured investment decisions aided by Innovation Engine		

RISK MANAGEMENT AND CONTROL STRATEGIES

The Group's Board conducts continuous and systematic risk-assessment work aimed at identifying risks and taking the necessary actions to manage risk. The company applies a risk-management policy in order to identify and assess risks, and to formulate a risk-management plan. Both the policy and the plan are revised at least annually and approved by the Board. The internal control environment mainly comprise the following five components: control environment, risk assessment, control activities, information and communication, as well as monitoring compliance.

For each identified risk of a significant nature, a risk-management strategy and an action plan are formulated. Planning work involves world-leading external expertise in terms of, for example, regulatory matters or the design of clinical studies.

DEVELOPMENT OF NEW PRODUCTS

Preclinical and clinical studies

Moberg Pharma engages in the development of new pharmaceuticals and other medical products. To obtain permits from authorities to commence sales, Moberg Pharma – or potential partners – must demonstrate the efficacy and safety of potential pharmaceuticals for each given indication. It cannot be guaranteed that current or future clinical studies can demonstrate sufficient efficacy and safety to obtain requisite authoritative approval, or that these will lead to products that can be sold in the market.

Official decisions

Moberg Pharma develops and commercializes medical products and, like other companies in the industry, depends on assessments and decisions made by regulatory authorities. Such assessments include authorizations for clinical trials, licenses to market and sell pharmaceuticals or medical device products, conditions for the prescribing of pharmaceuticals, pricing of pharmaceuticals covered by reimbursement schemes and discounts on pharmaceuticals. It cannot be guaranteed that Moberg Pharma will obtain the authoritative decisions necessary to generate commercially and financially valuable products in the market.

Moberg Pharma's commercialized medical device have been approved by an independent regulatory body, allowing the products to be marketed throughout the EU/EEA. The possibility cannot be excluded that national authorities may take a contrary view or act to stop the product being sold in the country, which could lead to delays or withdrawal of market approval.

As some of the products marketed by Moberg Pharma are currently classified as cosmetics, which do not require approval by the regulatory authorities in certain markets, the possibility cannot be excluded that in the future regulatory authorities may make a different assessment, which could prohibit sales of the products.

MARKETING AND SALES

Competition and pricing

The pharmaceutical industry is a highly competitive industry. It cannot be guaranteed that Moberg Pharma's products will be preferred to other existing or new products in the market. Price pressure for medical products in Moberg Pharma's indication areas is considerable and is expected to remain so in the future. Future products currently being developed by other companies could entail an increase in competition and result in diminished opportunities for Moberg Pharma to achieve or retain attractive market shares and prices for its products.

Proprietary sales

Moberg Pharma conducts proprietary sales operations in the US. Should one of the company's retailers decide to no longer offer any of Moberg Pharma's products, the Group is obligated to repurchase and destroy unsold products, a factor that – in addition to reduced sales – could have an adverse impact on Moberg Pharma's operations, earnings and financial position.

Moberg Pharma maintains inventories for proprietary sales, which could entail exposure to the risk of obsolescence and an increase in tied-up capital.

Moberg Pharma produces and distributes marketing material. The possibility of competitors or regulatory authorities demanding damages or amendment of such marketing material in the event that, for example, it is deemed to contravene applicable marketing legislation cannot be ruled out.

Partners and distributors

Moberg Pharma depends on cooperation and distribution agreements with partners or distributors for the marketing and sale of its products in certain markets. It cannot be guaranteed that such agreements can be entered into on favorable conditions or that counterparties will meet their obligations in accordance with concluded agreements, which could include registration of the products in the said country.

Accordingly, Moberg Pharma's growth is highly dependent on the ability to uphold such partnerships and their implementation. If important partnerships cannot be concluded, are terminated or function unsatisfactorily, this could have an adverse impact on the company's continued development, growth and financial position. It cannot be guaranteed that future launches and sales will generate results at the level achieved to date.

Disputes

The possibility cannot be excluded that Moberg Pharma may become involved in legal processes associated with the company's operating activities. Such legal processes could include disputes involving infringements of intellectual property and the validity of certain patents (see "Patents and trademarks" below), as well as commercial disputes.

Side-effects

There is a risk that patients who use the company's products, participate in clinical studies or in some other manner come into contact with the company's products could be exposed to side-effects. The consequences of such potential side-effects could delay or halt the continued product development, and could restrict or prevent the commercial use of products. Another consequence that cannot be excluded is that the company may be sued by patients suffering from side-effects, whereby the company could be liable for payment of damages.

Product liability and insurance

Moberg Pharma sells medical products and conducts clinical trials of medical products, which entails risks associated with product liability. Moberg Pharma has the insurance cover customary to the industry for its clinical trial activities and holds product liability insurance policies for products under development and in the market. The company's current product liability insurance provides protection up to MSEK 75 per claim and a maximum of MSEK 75 annually and is valid worldwide. Despite this coverage, it cannot be guaranteed that the insurance will provide sufficient cover against claims for damages in the event of injuries caused by the company's products or product candidates. In the future, Moberg Pharma may also fail to obtain or maintain insurance cover on acceptable terms.

Moberg Pharma conducts operations in the United States, where the risk of litigation and judicial procedures is significantly more common than, for example, in Europe and often entails significant sums of money.

Patents and trademarks

In the type of operations conducted by Moberg Pharma there is always subject to a risk that the company's patents, trademarks or other intellectual property rights will not sufficiently protect the company or that the company's rights cannot be asserted.

Furthermore, patent infringement could occur, which could lead to costly disputes. The outcome of such disputes cannot be guaranteed in advance. For the losing party, a negative outcome to a dispute over intellectual property rights could result in the loss of protection, a ban on continuing to use the right concerned or an obligation to pay damages. For some of the company's product candidates, patent applications have been filed, but patents have not yet been granted. Nor can it be guaranteed that these patents will be granted. For the company's current products in the market, future patent outcomes and the advent of duplicates in the market could have an adverse impact on the company's sales.

Moberg Pharma's operations include the acquisition of new products and trademarks. There can be no guarantee that acquired trademarks will not be questioned by competing companies that appeal against Moberg Pharma's entitlement to these trademarks. Moberg Pharma is also exposed to the risk that the value of its trademarks could diminish due to unforeseen events.

Manufacturing

Because Moberg Pharma uses contract manufacturers for production, the company is dependent on external deliveries meeting agreed requirements for example for quantity, quality and time of delivery. There is no guarantee that Moberg Pharma will not be impacted by delayed or failed deliveries, which could impact sales.

ORGANIZATION

Key individuals

Moberg Pharma is dependent on the company's senior executives and other key individuals, in part to be able to engage in high-quality development, marketing, sales and related operations. Should the company lose one of its key employees, this could delay or cause interruptions to development programs, the licensing-out or commercialization of the company's product candidates.

In addition to senior executives, Moberg Pharma also depends on certain executives employed by sales and distribution organizations, contract manufacturers and other key suppliers. Since there is no guarantee that these relationships will be maintained over time, this could give rise to costs or reduced revenues for the company.

Recruitment requirement

There is a risk that Moberg Pharma will not be able to recruit the number of new highly qualified employees that expansion of the operations requires. Accordingly, there is a risk that recruitment difficulties could have an adverse impact on the company's growth.

Integration

Integration processes related to implemented or future company and product acquisitions could become more costly or time consuming than expected, and anticipated synergies could fail to materialize either in full or in part.

FINANCIAL RISKS

For information on financial risk factors, see Note 28.

RISKS RELATED TO THE COMPANY'S SHARES

Share performance and liquidity

Investing in shares is by its very nature associated with the risk that the value of the investment can decline. There is no guarantee for how the company's shares will perform. The price of the Moberg Pharma share has been volatile ever since the company's share was listed on NASDAQ Nordic Exchange Stockholm and the share's liquidity has varied. It is impossible to anticipate the extent to which investor interest in Moberg Pharma will lead to active trading in the shares or how trading in the shares will develop in the future. If active and liquid trading does not develop, or at least in a sustainable manner, this could result in difficulties for the holders of shares to sell their shares without this having an adverse impact on the market price, or in selling the shares at all.

Dividend

To date, the company has not paid a dividend. Since Moberg Pharma will find itself in an expansionary phase in the years immediately ahead, any capital surplus will be invested in the business. Due to this, the Board of Directors does not intend to propose a dividend for the current year or to commit itself to any fixed proportion for paying a dividend. Should Moberg Pharma's cash flow from operating activities subsequently exceed the company's capital requirement, the Board intends to propose to the Annual General Meeting to resolve on payment of a dividend. However, no guarantees can be made either that future cash flow will exceed the company's capital requirement or that the Annual General Meeting will resolve to pay future dividends.

THE MOBERG PHARMA SHARE

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

NEW ISSUES DURING THE YEAR

The number of shares and voting rights rose 39,000 to 14,001,537 in July 2015. The number of shares and voting rights rose 215,985 to 14,217,522 in December 2015. The changes were due to warrants in Moberg Pharma being exercised under the framework of the company's share-based incentive schemes.

SHARE PERFORMANCE

The closing price on December 31, 2015 was SEK 66.0, yielding market capitalization for Moberg Pharma of MSEK 938.

Since introduction on the stock market on May 26, 2011, Moberg Pharma's share price has risen by 128 percent. During the same period, the Nasdaq Stockholm PI (general index) has risen by 39 percent. The highest and lowest share prices noted for the Moberg Pharma share during 2015 were SEK 72.00 and SEK 34.50, respectively.

During 2015, the Moberg Pharma share had a total turnover of 20.3 million shares (10.7), equivalent to a value of about MSEK 1,097 (344). The average daily turnover was 80,924 shares (42,876). At year-end, the company had a total of 3,510 shareholders[2] (1,732), with the 20 largest shareholders accounting for 63.1 percent (69.1) of the shares in Moberg Pharma.

SHAREHOLDERS AT DECEMBER 30, 2015

Shareholders	No. of shares	% of voting rights and capital
The Baltic Sea Foundation	2,272,806	16.0
Handelsbanken Fonder AB RE JPMEL	1,156,702	8.1
Insurance Company, Avanza Pension	999,133	7.0
Banque Carnegie Luxembourg S.A, (Funds)	639,394	4.5
Wolco Invest AB[3]	600,000	4.2
Fondita Nordic Micro Cap Sr	404,000	2.8
Grandeur Peak International	371,800	2.6
J P Morgan Clearing CORP, W9	287,211	2.0
Societe Generale	265,206	1.9
Nordnet Pensionsförsäkring AB	248,497	1.8
Grandeur Peak Global, Opportunities	245,880	1.7
Morgan Stanley & CO LLC, W9	203,505	1.4
State Street Bank & Trust Com., Boston	200,000	1.4
Synskadades Stiftelse	172,201	1.2
Fondita 2000+	167,214	1.2
Deutsche Bank AG LDN-PRIME, BROKERAGE	153,612	1.1
Ml, Pierce, Fenner & Smith Inc	147,414	1.0
Lundmark, Anders	147,000	1.0
BNY GCM Client Accounts (E) BD	146,601	1.0
State Street Bank & Trust Com., Boston	140,000	1.0
Total, 20 largest shareholders	**8,968,176**	**63.1**
Other shareholders	5,249,346	36.9
Total	**14,217,522**	**100**

OWNERSHIP STRUCTURE

	No. of owners[2]	No. of shares	%
1-500	2,341	418,276	2.94%
501-1,000	518	455,946	3.21%
1,001-5,000	460	1,093,129	7.69%
5,001-10,000	84	634,641	4.46%
10,001-15,000	26	325,105	2.29%
15,001-20,000	18	344,837	2.43%
20,001-	63	10,945,588	76.99%
Total	**3,510**	**14,217,522**	**100%**

DISTRIBUTION OF OWNERSHIP

	No. of shares	Share capital, %	No. of owners[2]
Physical entities	3,134,260	22.05%	3,197
Legal entities	11,083,262	77.95%	313
Total	**14,217,522**	**100%**	**3,510**
- of whom, residing in Sweden	8,295,719	58.35%	3,330

[2] Excluding individuals holding nominee registered shares, for example via Avanza Pension.

[3] Owned by Moberg Pharma's CEO, Peter Wolpert

DIVIDENDS AND DIVIDEND POLICY

Moberg Pharma is in a phase of expansion. The Board is therefore of the opinion that the company's earnings are best used to finance further development and expansion of the business. The Board does not intend to propose any dividend until such a time when it is warranted by Moberg Pharma's earnings, financial position and capital requirements.

ANALYSTS WHO MONITOR MOBERG PHARMA

Stefan Gustafsson, ABG Sundal Collier	**Finlay Heppenstall and Peter Östling** Pareto Securities	**Jerry Isaacson,** LifeSci Capital
Christian Lee, Remium Nordic AB	**Klas Palin,** Redeye	

TREND IN SHARE CAPITAL

Date[4]	Transaction	Change in number of shares	Changes in share capital	No. of shares	Total share capital, SEK	Quotient value, SEK	Exercise price, SEK	Invested capital
Jan 2006	Ready-made company acquired	1,000,000	100,000.00	1,000,000	100,000.00	0.10	0.10	100,000
May 2006	Private placement	47,984	4,798.40	1,047,984	104,798.40	0.10	15.00	719,760
Dec 2006	Private placement	171,120	17,112.00	1,219,104	121,910.40	0.10	33.10[5]	5,334,072
Sept 2007	New share issue	613,866	61,386.60	1,832,970	183,297.00	0.10	45.12	27,697,634
Jan 2008	New share issue	305,457	30,545.70	2,138,427	213,842.70	0.10	65.50	20,007,434
Apr 2008	New share issue	305,457	30,545.70	2,443,884	244,388.40	0.10	65.50	20,007,434
Aug 2009	New share issue	458,492	45,849.20	2,902,376	290,237.60	0.10	65.50	30,031,226
Dec 2009	New share issue	144,723	14,472.30	3,047,099	304,709.90	0.10	65.50	9,479,357
June 2010[6]	New share issue	9,895	989.50	3,056,994	305,699.40	0.10	65.50	648,123
Nov 2010	Bonus issue	3,056,994	305,699.40	6,113,988	611,398.80	0.10	-	-
Mar 2011	New share issue	414,508	41,450.80	6,528,496	652,849.60	0.10	29.00	12,020,735
May 2011	New share issue	2,550,524	255,052.40	9,079,020	907,902.00	0.10	29.00	73,965,196
Oct 2012	Private placement	907,900	90,790.00	9,986,920	998,692.00	0.10	35.00	31,776,500
Nov 2012	Cash-in-kind issue	825,652	82,565.20	10,812,572	1,081,257.20	0.10	40.27	33,249,006
July 2013	Private placement	1,081,000	108,100.00	11,893,572	1,189,357.20	0.10	33.54	36,256,740
June 2014	Private placement	2,068,965	206,896.50	13,962,537	1,396,253.70	0.10	29.00	59,999,985
July 2015	Warrants exercised	39,000	3,900.00	14,001,537	1,400,153.70	0.10	38.43	1,498,790
December 2015	Warrants exercised	215,985	21,598.50	14,217,522	1,421,752.20	1.10	36.10	7,797,467
		14,217,522	**1,421,752.20**					

[4] Refers to the date of registration at the Swedish Companies Registration office.

[5] Also includes a private placement of 10,000 B shares to Karolinska Institutet Holding at an issue price of SEK 0,10.

[6] New issue in order to attract specific expertise to the company.

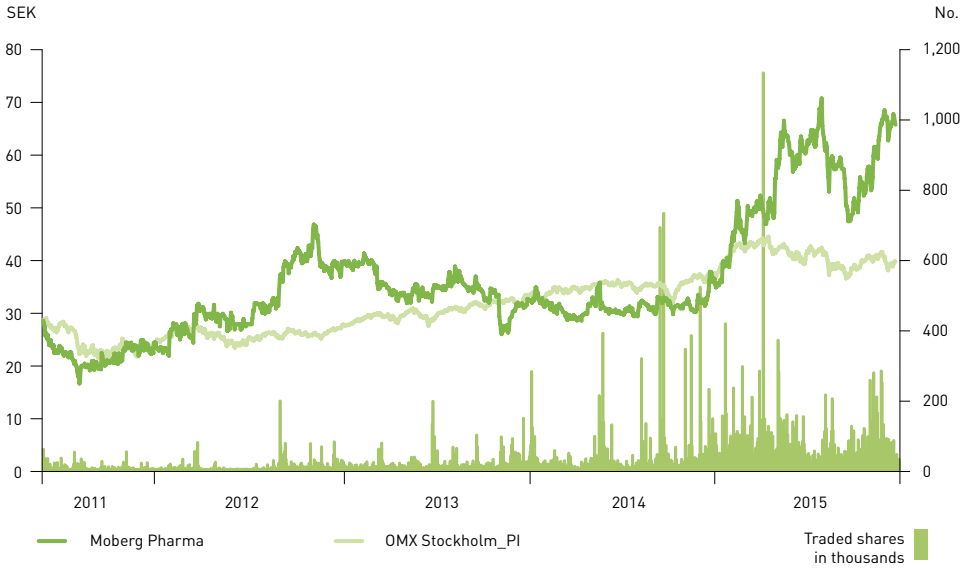
WARRANTS OUTSTANDING

On May 11, 2015, the Annual General Meeting of Moberg Pharma AB resolved to implement a private placement of 326,739 warrants (equivalent to 326,739 shares) to the company's wholly owned subsidiary Moberg Derma Incentives AB and to introduce the employee stock option scheme 2015:1. As part of the employee stock option scheme 2015:1, 288,500 stock options were allotted and 38,239 warrants were reserved to cover future social security expenses for the employee stock options. If all 979,969 outstanding warrants were to be exercised to subscribe for shares, the total number of shares would increase by 1,208,739, from 14,217,522 shares to 15,426,261, corresponding to dilution of 7.8 percent. Group costs for the employee stock option program (excluding estimated social security costs) for 2015 were MSEK 0.3; costs for 2014 were MSEK 0.3.

The warrants granted to employees under the company's incentive program represent maximum dilution of 5.6 percent. The remaining options are owned by the company's subsidiary Moberg Derma Incentives AB for the purpose of securing funds for future social security contributions payable upon redemption of employee stock option schemes. For more information about the employee stock option program, see Notes 7 and 19.

SHARE PERFORMANCE

The price of the Moberg Pharma share compared with the OMX Stockholm PI (general index) since the share listing on May 26, 2011.



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(KSEK)	Note	Jan-Dec 2015	Jan-Dec 2014
Revenue	2	285,566	200,180
Cost of goods sold		-71,920	-49,064
Gross profit		**213,646**	**151,116**
Selling expenses		-133,170	-93,198
Business development and administrative expenses		-25,642	-26,553
Research and development expenses		-23,255	-19,930
Other operating income	4	6,709	5,791
Other operating expenses		-3,104	-
Operating profit/loss	5-9	**35,184**	**17,227**
Interest income and similar items	10	37	905
Interest expense and similar items	10	-654	-1,555
Profit/loss before tax		**34,567**	**16,577**
Income taxes	11	-9,030	-4,309
Net profit/loss for the year		**25,537**	**12,268**
Items that may be reclassified into the incomestatement			
Translation differences on foreign operations		13,046	33,044
Other comprehensive translation of income/loss		**13,046**	**33,044**
COMPREHENSIVE INCOME FOR THE YEAR		**38,583**	**45,312**
Profit/loss attributable to Parent Company shareholders		25,537	12,268
Profit/loss attributable to non-controlling interests		-	-
Comprehensive income/loss attributable to Parent Company shareholders		38,583	45,312
Comprehensive income attributable to non-controlling interests		-	-
Earnings per share before dilution	12	**1.80**	**0.96**
Earnings/loss per share after dilution	12	**1.78**	**0.95**
Average number of shares before dilution		14,172,130	12,719,642
Average number of shares after dilution		14,386,605	12,859,499
Number of shares at year-end		14,217,522	13,962,537

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (KSEK)	Note	**2015.12.31**	**2014.12.31**
NON-CURRENT ASSETS			
Intangible non-current assets			
Capitalized expenditure for research and development work	13	11,736	3,647
Capitalized expenditure for computer systems	13	2,887	1,832
Goodwill	13	90,393	84,542
Product rights	13	149,327	119,476
Patents, licenses and similar rights	13	6,850	6,865
Total intangible non-current assets		*261,193*	*216,362*
Tangible fixed assets			
Machinery and equipment	*14*	*878*	*934*
Financial and other non-current assets			
Other financial fixed assets		1	76
Deferred tax assets	11	16,269	24,903
Total other non-current assets		*16,270*	*24,979*
Total non-current assets		**278,341**	**242,275**
CURRENT ASSETS			
Inventories	15	22,200	13,135
Current receivables			
Trade receivables	16	38,436	30,109
Other receivables	16	6,839	4,740
Prepaid expenses and accrued income	17	6,282	6,998
Total current receivables		*51,557*	*41,847*
Cash and bank balances	*18*	*45,356*	*62,463*
Total current assets		**119,113**	**117,445**
TOTAL ASSETS		**397,454**	**359,720**

EQUITY AND LIABILITIES (KSEK)	Note	**2015.12.31**	**2014.12.31**
SHAREHOLDERS' EQUITY	19		
Shareholders' equity attributable to Parent Company shareholders			
Share capital		1,422	1,396
Other capital contributions		367,772	357,305
Translation reserve		42,535	29,490
Accumulated deficit		-84,442	-96,707
Net profit/loss for the year		25,536	12,265
Total shareholders' equity		**352,823**	**303,749**
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities	20	-	3,333
Other non-current liabilities	11, 20	-	-
Total non-current liabilities		-	*3,333*
Current liabilities			
Trade payables		15,180	6,793
Interest-bearing current liabilities	21	3,333	13,333
Other current liabilities	21	11,292	9,977
Accrued expenses and deferred income	22	14,826	22,535
Total current liabilities		*44,631*	*52,638*
Total liabilities		**44,631**	**55,971**
TOTAL EQUITY AND LIABILITIES		**397,454**	**359,720**
Pledged assets	23	198,708	212,559
Contingent liabilities	23	-	-

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Shareholders' equity attributable to Parent Company's shareholders				
(TSEK)	Share capital	Other capital contributions	Translation reserve	Earnings carried forward including profit/loss for the year	Total shareholders' equity
Shareholders' equity on January 1, 2014	**1,189**	**300,569**	**-3,554**	**-96,710**	**201,494**
Comprehensive income/loss for the period				12,268	12,268
Other comprehensive income - translation differences on translation of foreign operations			33,044		33,044
Total			**33,044**	**12,268**	**45,321**
New share issues	207	59,793			60,000
Transaction expenses, new share issues		-4,063			-4,063
Tax on transaction expenses, new share issues		894			894
Employee stock option schemes		112			112
Shareholders' equity on December 31, 2014	**1,396**	**357,305**	**29,490**	**-84,442**	**303,749**
Shareholders' equity on January 1, 2015	**1,396**	**357,305**	**29,490**	**-84,442**	**303,749**
Comprehensive income/loss for the period				25,536	25,536
Other comprehensive income - translation differences on translation of foreign operations	13,046		13,045		13 045
Total			**13,045**	**25,536**	**38,581**
New share issues	26	9,271			9,297
Transaction expenses, new share issues		-175			-175
Tax on transaction expenses, new share issues		39			39
Employee stock option schemes		1,333			1,333
Shareholders' equity on December 31, 2015	**1,422**	**367,772**	**42,535**	**-58,906**	**352,823**

Additional information on the share and its performance is available on pages 21-22.

CONSOLIDATED STATEMENT OF CASH FLOWS

(KSEK)	Note	2015	2014
Operating activities			
Operating profit/loss before financial items		35,183	17,231
Financial items, received and paid		-399	-1,350
Taxes paid		-18	3
Adjustments for non-cash items:			
Depreciation/amortization	9	11,216	8,068
Employee stock option expenses		1,333	112
Cash flow before change in working capital		47,315	24,064
Change in working capital			
Increase (-)/Decrease (+) in inventories		-9,065	-2,529
Increase (-)/Decrease (+) in operating receivables		-8,124	-13,259
Increase (+)/Decrease (-) in operating liabilities		593	7,886
Net cash from operating activities		**30,719**	**16,162**
Investing activities			
Net investments in intangible assets	13	-43,529	-7,230
Net investments in equipment and tools	14	-354	-42
Net investments in subsidiaries	25	0	-17,225
Net cash from investing activities		**-43,883**	**-24,497**
Financing activities			
Loan repayment (-)	20	-13,333	-13,333
Share issues		9,297	60,000
Issue expenses		-175	-4,063
Net cash from financing activities		**-4,211**	**42,604**
CHANGE IN CASH AND CASH EQUIVALENTS		**-17,375**	**34,269**
Cash and cash equivalents on January 1		62,463	27,138
Exchange-rate difference in cash and cash equivalents		268	1,056
Cash and cash equivalents on December 31	18	45,356	62,463
Supplementary disclosures to the statement of cash flows			
Interest received/paid			
Interest received		79	186
Interest paid		-478	-1,706

PARENT COMPANY INCOME STATEMENT

(KSEK)	Note	Jan–Dec 2015	Jan–Dec 2014
Revenue	2	106,510	93,775
Cost of goods sold		-30,997	-29,322
Gross profit		**75,513**	**64,453**
Selling expenses		-15,224	-13 293
Business development and administrative expenses		-21,188	-16 746
Research and development expenses		-22,371	-19,930
Other operating income	4	6,584	5,791
Other operating expenses		-3,082	-
Operating profit/loss	5-9, 28	**20,232**	**20,275**
Interest income and similar items	10	533	2,122
Interest expense and similar items	10	-642	-1,546
Profit/loss before tax		**20,123**	**20 851**
Tax on net profit for the year	11	-5,137	-4,822
PROFIT/LOSS		**14,986**	**16,029**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

(KSEK)	Jan–Dec 2015	Jan–Dec 2014
Net profit/loss for the year	**14,986**	**16,029**
Other comprehensive income	-	-
COMPREHENSIVE INCOME FOR THE YEAR	**14,986**	**16,029**

PARENT COMPANY BALANCE SHEET

ASSETS (KSEK)	Note	**2015.12.31**	**2014.12.31**
NON-CURRENT ASSETS			
Intangible non-current assets			
Capitalized expenditure for research and development work	13	11,736	3,647
Capitalized expenditure for computer systems	13	2,887	1,832
Product rights	13	61,678	30,622
Patents, licenses and similar rights	13	6,850	6,865
Total intangible assets		*83,151*	*42,966*
Tangible non-current assets			
Machinery and equipment	14	574	470
Financial and other non-current assets			
Participations in Group companies	26	178,106	178,106
Other financial non-current assets		1	1
Deferred tax asset	11	12,761	17,859
Total other non-current assets		*190,868*	*195,966*
Total non-current assets		**274,593**	**239,402**
CURRENT ASSETS			
Inventories	15	*406*	*155*
Current receivables			
Trade receivables	16	9,656	10,983
Receivables from Group companies	16	35,264	23,914
Other receivables	16	6,163	4,740
Prepaid expenses and accrued income	17	4,197	4,324
Total current receivables		*55,280*	*43,961*
Cash and bank balances	18	*21,500*	*56,062*
Total current assets		**77,186**	**100,178**
TOTAL ASSETS		**351,779**	**339,580**

EQUITY AND LIABILITIES (KSEK)	Note	**2015.12.31**	**2014.12.31**
SHAREHOLDERS' EQUITY	19		
Restricted equity			
Share capital		1,422	1,396
Total restricted equity		*1,422*	*1,396*
Unrestricted shareholders' equity			
Share premium reserve		246,613	235,907
Profit carried forward/accumulated deficit		60,979	44,951
Net profit/loss for the year		14,986	16,029
Total unrestricted equity		*322,578*	*296,887*
Total shareholders' equity		**324,000**	**298,283**
LIABILITIES			
Non-current liabilities			
Interest-bearing non-current liabilities	20	-	3,333
Total long-term liabilities		-	*3,333*
Current liabilities			
Trade payables		6,104	6,807
Interest-bearing current liabilities	21	3,333	13,333
Other current liabilities	21	11,279	9,976
Accrued expenses and deferred income	22	7,063	7,848
Total current liabilities		*27,779*	*37,964*
Total liabilities		**27,779**	**41,297**
TOTAL EQUITY AND LIABILITIES		**351,779**	**339,580**
Assets pledged	23	198,708	198,708
Contingent liabilities	23	-	-

CHANGES IN EQUITY FOR THE PARENT COMPANY

(KSEK)	Share capital	Share premium reserve	Other unrestricted shareholders' equity	Total shareholders' equity
Shareholders' equity on January 1, 2014	**1,189**	**179,016**	**44,951**	**225,156**
Comprehensive income for 2014			16,029	16,029
Appropriation of profits according to resolution by the AGM			-	-
New share issues	207	59,793		60,000
Transaction expenses, new share issues		-4,063		-4,063
Tax on transaction expenses, new share issues		894		894
Employee stock option schemes		267		267
Shareholders' equity on December 31, 2014	**1,396**	**235,907**	**60,980**	**298,283**
Shareholders' equity on January 1, 2015	**1,396**	**235,907**	**60,980**	**298,283**
Comprehensive income for 2015			14,986	14,986
Appropriation of profits according to resolution by the AGM			-	-
New share issues	26	9,271		9,297
Transaction expenses, new share issues		-175		-175
Tax on transaction expenses, new share issues		39		39
Employee stock option schemes		1,571		1,571
Shareholders' equity on December 31, 2015	**1,422**	**246,612**	**75,966**	**324,000**

PARENT COMPANY CASH FLOW STATEMENT

(KSEK)	Note	Jan–Dec 2015	Jan–Dec 2014
Operating activities			
Operating profit/loss before financial items		20,232	20,275
Financial items, received and paid		-401	-123
Adjustments for non-cash items:			
Depreciation/amortization	9	3,594	1,878
Employee stock option expenses		626	267
Cash flow before change in working capital		24,051	22,297
Change in working capital			
Increase (-)/Decrease (+) in inventories		-251	-155
Increase (-)/Decrease (+) in operating receivables		-9,859	-12,394
Increase (+)/Decrease (-) in operating liabilities		-3,409	5,963
Cash flow from operating activities		**13,532**	**15,711**
Investing activities			
Net investments in intangible assets	13	-43,529	-7,230
Net investments in equipment and tools	14	-354	-42
Net investments in subsidiaries	25, 26	-	-17,225
Cash flow from investing activities		**-43,883**	**-24,497**
Financing activities			
Loan repayment (-)	20	-13,333	-13,333
Share issues		9,297	60,000
Issue expenses		-175	-4,063
Cash flow from financing activities		**-4,211**	**42,604**
CHANGE IN CASH AND CASH EQUIVALENTS		**-34,562**	**33,818**
Cash and cash equivalents on January 1		56,062	22,244
Cash and cash equivalents on December 31	18	21,500	56,062
Supplementary disclosures to cash-flow statement			
Interest received/paid			
Interest received		18	1,403
Interest paid		-419	-1,526

NOTES

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

NOTE 1. ACCOUNTING POLICIES

Company information
The 2015 Annual Report for Moberg Pharma AB was approved for publication in accordance with a Board decision made on April 18, 2016. The Annual Report will be submitted to the Annual General Meeting (AGM) for adoption on May 18, 2016. Moberg Pharma AB (publ), corporate registration number 556697-7426, is a limited liability company registered in Bromma, Sweden. The company's main business is described in the Directors' Report.

Basis of preparation and IFRS
The following accounting and valuation principles pertain to both the consolidated financial statements and the Parent Company's financial statements unless otherwise specified.

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

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

The Parent Company financial statements have been prepared in accordance with Swedish law (the Annual Accounts Act) by application of Recommendation RFR 2 of the Swedish Financial Reporting Board. This means that, as the main rule, the IFRS valuation and disclosure rules, as applied in the consolidated financial statements, also apply to the Parent Company.

Standards, amendments and interpretations to be applied as of 2015
It is the first time that the Group and the Parent Company will apply the amendments of standards and interpretations that are to be applied for fiscal years starting on January 1, 2015 or later. These amendments have had no material impact on the consolidated or Parent Company financial statements.

Standards, amendments and interpretations to be applied as of 2016 or thereafter and that have not yet been approved by the EU. A number of new or revised IFRSs have been published but have yet to take effect. None of these have been applied prospectively by Moberg Pharma. The IFRSs that could impact the consolidated or Parent Company financial statements are presented below.

IFRS 9 Financial Instruments Recognition and Measurement:
IFRS 9 Financial Instruments comes into effect on January 1, 2018 and will then replace IAS 39 Financial Instruments: Accounting and Measurement. The new standard has been revised in various respects, in part concerning accounting and measurement of financial assets and in part concerning financial liabilities. The EU has not yet approved the standard. The Group has not yet assessed the effects of the new standard.

IFRS 15, Revenue from Contracts with Customers:
IFRS 15 comes into effect on January 1, 2018. The standard replaces previously issued standards and interpretations addressing revenue. IFRS 15 contains an integrated model for revenue recognition of contracts with customers. The EU has not yet approved the standard. The Group has not assessed the effects of the new standard.

IFRS 16 Leases:
IFRS 16 replaces IAS 17 as of January 1, 2019. There is currently no information about when the EU is expected to approve the standard. An assessment of the effects of the standard has yet to be initiated.

Translation of foreign currency
Functional currency and reporting value
Items included in the financial statements of the various Group companies are measured in the currency used in the economic environment in which the particular companies are active (functional currency). Moberg Pharma AB's functional currency is Swedish kronor (SEK), which also represents the reporting currency of the Parent Company and the Group. Consequently, the company's financial reports are presented in Swedish kronor and rounded to the nearest thousand unless otherwise stated. Due to the rounding component, totals may not sum up.

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

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

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

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

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

Income
Two types of income are included in revenue: product sales and milestone payments. Revenue is recognized at the fair value of the consideration received or that will be received, after deduction of discounts and recorded as follows:

- *Product sales* are invoiced upon delivery and recognized in profit or loss when material risks and benefits associated with ownership of the goods have been transferred to the buyer.
- *Milestone payments* are recognized when all terms and conditions for entitlement to the agreement have been met.

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

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

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

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

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

Product rights	15 years-25 years
Patents	useful life of the patent
Capitalized expenditure for research and development work	anticipated useful life
Capitalized expenditure for computer systems	5 years
Machinery	7 years
Equipment	5 years
Computer equipment[7]	3 years

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

[7] PCs are not recognized as assets but are instead recognized in profit or loss as the cost arise.

Research and development costs
Research costs are expensed as incurred.

Expenditure relating to internally generated development projects is capitalized as intangible assets in accordance with IAS 38 Intangible Assets insofar as this expenditure is expected to generate future economic benefits. The cost of such intangible assets is amortized over the asset's estimated useful life. Other development costs are expensed as incurred. Moberg Pharma's assessment of this policy for ongoing development projects is presented on page 34 (Significant estimates and assessments). Expenditure arising before the time when all capitalization criteria have been fulfilled will continue to be expensed. Direct expenses of completing the product, such as those for patents, registration applications and product testing, including employee benefits, are recognized in cost. Depreciation/amortization will be applied using the straight-line method to distribute development expenses on the basis of estimated useful life. The useful life is based on the service life of the underlying patent; depreciation/amortization is applied on a straight-line basis from the date of commercialization until the end of the patent, or on a straight-line basis across the anticipated useful life if this is less than the underlying patent term. Accordingly, the amortization period for capitalized development expenditure will exceed the five years that, according to the Annual Accounts Act, should normally be the amortization period in the Parent Company. The reason for the longer amortization period is that the next generation of Kerasal Nail®/Nalox™ is expected to generate revenue throughout the entire term of the patents. Expenditure relating to acquired development projects is capitalized as intangible assets.

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

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

Receivables
An assessment of doubtful receivables is made when it is no longer likely that the full amount will be received. Doubtful receivables are written off in their entirety upon a confirmed loss.

Leasing
Leases in which a significant share of the risks and benefits of ownership are retained by the lessor are classified as operating leases. All lease agreements have been classified as operating leases. The leasing fee for operational leases is expensed straight line over the leasing period unless another systematic approach better reflects the user's economic utility over time.

Inventories
Inventories are recognized at the lower of cost (weighted average price) and net realizable value. Acquisition costs are defined as costs for finished goods and raw materials. Cost includes purchasing costs, customs and transport costs and other direct costs associated with the purchase of goods. Net realizable value is the estimated selling price in the company's operating activities less selling expenses. The risk of obsolescence and confirmed obsolescence have been taken into account in the valuation. As the goods in inventory are sold, the carrying amount is expensed during the period in which the corresponding revenue is recognized. Losses on goods in inventory are recognized in profit and loss during the period to which they relate.

Financial instruments
Financial instruments that are recognized in the balance sheet include trade receivables, cash and bank balances, accounts payable, certain accrued costs, interest-bearing liabilities and other liabilities. The Group does not currently have any derivative instruments.

Trade receivables
Trade receivables are recognized in the balance sheet upon dispatch of invoice. Trade receivables are stated at cost less any provisions for impairment. A provision for impairment of trade receivables is made when there is objective evidence that the Group will not be able to recover all overdue amounts in accordance with the original terms and conditions for the receivables. The amount of the provision is recognized in the reported profit or loss.

Cash and cash equivalents
Cash and cash equivalents consist of bank balances.

Trade payables
Since the expected maturity of trade payables is short, the liability is recognized at the nominal amount with no discount by applying the amortized cost method.

Interest-bearing liabilities
All loans are initially recognized at cost, which is defined as the fair value of what has been received. Subsequently, the loans are recognized at amortized cost. Interest expense is recognized as a financial expense in the period in which they belong. Non-current liabilities have an expected maturity of more than one year while current liabilities have a maturity of less than one year.

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

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

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

Employee stock option schemes
Share-based incentive schemes are accounted for in accordance with IFRS 2. Existing share-based incentive schemes consist of Employee Stock Option Schemes 2008:1, 2008:2, 2009:1, 2010:1, 2010:2, 2012:1, 2012:2, 2013:1, 2014:1 and 2015:1.

Under IFRS 2, the cost of share-based payments to employees is recognized at fair value at the date of granting. The cost is recognized, along with a corresponding increase in equity, in the period in which the performance or vesting conditions were met, until the date when the employees are fully entitled to the remuneration (the vesting date).

The accumulated cost recognized at each reporting date until the vesting date reflects the extent to which the vesting period has been completed and Moberg Pharma's estimate of the number of share-based instruments that will ultimately vest.

The company's employee stock option schemes constitute a transaction that is settled through equity instruments in accordance with IFRS 2, where the fair value of the granted employee stock options is recognized in profit or loss as a personnel expense over the vesting period. The fair value of the employee stock options is determined at the date of granting using the Black-Scholes option pricing model. Vesting conditions are included in assumptions about the number of options that are expected to become exercisable. These estimates are reviewed on a regular basis. Moberg Pharma recognizes any effect of the review of the original estimate in profit or loss along with a corresponding effect in equity during the remainder of the vesting period. Funds received upon exercise of employee stock options, net of any directly attributable transaction costs, are recognized in equity.

Related-party transactions
Remuneration and benefits to senior executives are recognized in accordance with IAS 19 Employee Benefits and IFRS2 Share-based Payment. Other disclosures on related-party transactions are recognized in accordance with IAS 24 Related Party Disclosures and the Swedish Annual Accounts Act; see Note 30.

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

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

In accordance with the balance sheet method, deferred tax is recognized in its entirety on all temporary difference arising between the tax-assessment value of assets and liabilities and their carrying amount in the consolidated financial statements.

Deferred tax is calculated by applying the tax rates and laws that have been enacted or that in principle have been enacted on the balance sheet date and that are expected to apply when the deferred tax asset is realized or the deferred tax liability is settled.

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

In connection with the acquisition of the U.S. operation in 2012, push down accounting was applied, which entails that surplus value is recognized in a legal entity. Fair-value adjustments totaling MUSD 17.87 are deductible in connection with income taxation in the US, primarily through tax depreciation over a 15-year period following the acquisition. The temporary difference that arises over time results in a deferred tax liability in the Group.

Parent Company accounting policies
The Parent Company's accounting policies essentially comply with the accounting policies of the Group. For the Parent Company, an income statement and a statement of comprehensive income are presented, while for the Group, this is presented in a single report in the statement of comprehensive income. Furthermore, for the Parent Company, the terms balance sheet and cash flow statement are used for those statements that in the Group are called statement of financial position and statement of cash flows, respectively. The income statement and balance sheet for the Parent Company are drawn up according to the presentation stipulated in the Annual Accounts Act, while the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the Group are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows. The differences concerning the consolidated financial statements that are relevant to the Parent Company's income statements and balance sheets consist mostly of the recognition of equity and intangible assets.

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

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

Impairment testing of goodwill and other intangible assets
The Group regularly tests goodwill and development projects in progress for impairment. Other intangible assets are tested for impairment when events or changes indicate that the carrying amount is not recoverable. In calculating value in use, future cash flows are discounted at an interest rate that takes into account the market's assessment of risk-free interest and risk (WACC). The Group bases these calculations on achieved earnings, forecasts and business plans. The estimations and assumptions made by management during impairment testing can have a major impact on consolidated profit for the year. Impairment losses, which are recognized if the estimated value in use is less than the carrying amount, are charged against profit. For further information on the material assumptions made, see Note 13. The possibility that goodwill may have to be impaired cannot be excluded, which would have a material impact on Moberg Pharma's financial position and earnings. At December 31, 2015, the value of goodwill was MSEK 90.4 (84.5).

Product rights
The measurement of product rights depends on certain assumptions. These assumptions pertain to forecasts of future sales revenues, contribution to profit and the costs incurred by the particular product. Assumptions are also made concerning discount interest rates, product life and royalty rates. The maximum period of amortization for product rights applied by Moberg Pharma is 25 years. The possibility cannot be excluded that the carrying amount of product rights may have to be impaired, which would have a material impact on Moberg Pharma's financial position and earnings. At December 31, 2015, the value of product rights was MSEK 149.3 (119.5).

Tax
Deferred tax assets pertaining to tax-deductible temporary differences and tax losses carried forward are recognized only insofar as it is considered likely that they will be utilized and will result in lower tax payments in the future. The deferred tax asset has been calculated on the basis of the assessment made by management and the Board of Directors concerning the future utilization, in the foreseeable future, of tax deficits accumulated in the Group. A changed assessment of how losses carried forward can be recovered through future taxable surpluses could impact recognized taxes on earnings and on items in the balance sheet in forthcoming periods. At December 31, 2015, the value of deferred tax assets was MSEK 16.3 (24.9).

Internal development expenditure
Development expenses are to be capitalized as intangible assets when it is probable that the project will succeed. Each development project is unique and must be assessed based on its particular merits. The earliest assessed timing for capitalization is during phase III development or equivalent final development steps for types of products other than pharmaceuticals. But even after completion of such development steps, a number of uncertainty factors could remain so that the criteria for capitalization cannot be considered satisfied. Given premature capitalization, there is a risk that a project will fail and that the costs offset will not be justified, but will have to be expensed directly. In turn, this would imply that previous and current year results would be misleading because of an excessively optimistic assessment of the likelihood of success.

The Board is of the opinion that two ongoing development projects, the next generation of Kerasal Nail®/ Nalox™ and, MOB-015 as of December 31, 2015 fulfill all capitalization criterias. This assessment is made according to the criteria defined in IFRS:

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

- Efficacy and safety has been proven in phase II studies, and is supported by previous *in vitro* and *ex vivo* studies.
- The product candidates are based on proven molecules. The regulatory process is simplified for medicines based on proven molecules. Significant parts of the regulatory dossier can be based on literature data when applying for market approval which potentially may lead to a shorter path to approval.
- Scientific advice meetings with regulatory agencies have been conducted to discuss the development program to market approval.
- Moberg Pharma has been granted patents and has pending patent applications in major territories.

Moberg Pharma has the intention to complete the intangible asset

- The Board of Directors has approved the development plans.
- The company has entered into several agreements with external parties to progress the assets to market.

Moberg Pharma has the ability to use or sell the intangible asset

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

The intangible asset will generate probable future economic benefits

- In the U.S. the prescription market for Onychomycosis is highly attractive and is expected to exceed $2 billion in the U.S. alone by 2020.The untapped potential is significant since the majority of patients today go untreated.

Moberg Pharma has adequate technical, financial and other resources to complete the development and to use or sell the intangible asset

- Moberg Pharma has secured the availability of all necessary resources

From Q2 in 2015, phase III preparations for MOB-015 were initiated, which mean that direct development expenses for MOB-015 will be capitalized from this quarter. At December 31, 2015, the value of capitalized expenditure for research and development was MSEK 11.7 (3.6).

NOTE 2. SALES

	Parent Company		Group	
Distribution of net sales	**2015**	**2014**	**2015**	**2014**
Sales of products	103,657	91,606	282,983	198,011
Milestone payments	2,853	2,169	2,583	2,169
	106,510	**93,775**	**285,566**	**200,180**

During 2015, the Group had one customer who accounted for MSEK 62.4, 22 percent (MSEK 62.4, 31 percent) of the Group's revenue (customer headquartered in the U.S.), one customer who accounted for MSEK 36.4, 13 percent (MSEK 34.6, 17 percent) of the Group's revenue (customer headquartered in Sweden), one customer who accounted for MSEK 34.9, 12 percent (MSEK 11.3, 6 percent) of the Group's revenue (customer headquartered in Italy), and one customer who accounted for MSEK 34.6, 12 percent (MSEK 36.1, 18 percent) of the Group's revenue (customer headquartered in the U.S.).

	Parent Company		Group	
Net sales by geographical market	**2015**	**2014**	**2015**	**2014**
Europe	31,205	30,115	32,244	30,115
America	44,534	52,989	211,343	148,112
Rest of the world	30,771	10,671	41,979	21,953
	106,510	**93,775**	**285,566**	**200,180**

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

	Parent Company		Group	
Net sales by product category	**2015**	**2014**	**2015**	**2014**
Nalox™/ Kerasal Nail®	93,982	79,202	157,093	114,878
Kerasal®	0	0	31,086	29,035
Jointflex®	0	0	36,451	30,908
Other products	12,528	14,573	60,936	25,359
	106,510	**93,775**	**285,566**	**200,180**

The Balmex® product was acquired from Chattem, Inc, the Sanofi division for OTC products in the U.S., on April 27, 2015 and sales of Balmex are included in the income statement, under other products, from this date.

NOTE 3. SEGMENT INFORMATION

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

NOTE 4. OTHER OPERATING REVENUE

	Parent Company		Group	
	2015	**2014**	**2015**	**2014**
Research grants received	807	-	807	-
Exchange-rate gains	5,445	5,262	5,505	5,262
Other	332	529	396	529
	6,584	**5,791**	**6,709**	**5,791**

Research grants received pertain to research grants from Vinnova. Moberg Pharma counter-finances the research grants with its own funds. Research grants are disbursed when interim and final targets of the projects are reported in accordance with a pre-determined time frame.

NOTE 5. COSTS BROKEN DOWN BY TYPE

	Parent Company		Group	
Operating expenses	**2015**	**2014**	**2015**	**2014**
Cost of goods sold	30,997	29,322	71,920	49,064
Personnel costs	34,402	29,495	43,685	38,551
Depreciation/amortization	3,594	1,878	11,208	8,068
External R&D costs	6,653	10,471	7,537	10,471
External selling expenses	3,455	4,030	99,393	69,167
Distribution	-	-	8,255	4,683
Other expenses	13,761	4,094	15,093	8,741
	92,862	**79,291**	**257,091**	**188,745**

	Parent Company		Group	
Depreciation/amortization by function	**2015**	**2014**	**2015**	**2014**
Research and development expenses	903	397	903	397
Selling expenses	2,506	1,359	10,084	7,549
Business development and administrative expenses	186	122	230	122
	3,594	**1,878**	**11,216**	**8,068**

Depreciation of selling expenses pertains mainly to acquired product rights.

NOTE 6. LEASING

Moberg Pharma has no financial leasing liabilities. Moberg Pharma's operational leasing obligations are presented below. Leasing fees for operational leases are to be expensed straight line over the leasing period. On the balance-sheet date, the total amount of future minimum leasing fees pertaining to non-cancelable operational leases was distributed as follows:

	Parent Company		Group	
Operational leasing	**2015**	**2014**	**2015**	**2014**
Due for payment within one year	1,834	2,324	2,367	2,820
Due for payment between one year and five years.	255	1,776	2,473	4,392
Due for payment between later than five years.	-	-	1,223	1,729
	2,088	**4,100**	**6,063**	**8,941**

	Parent Company		Group	
Operational leasing costs during the year	**2015**	**2014**	**2015**	**2014**
Leasing of premises	2,555	2,567	3,086	3,050
Leasing of parking spaces	137	120	137	125
Cleaning contracts	102	98	102	98
Leasing of machinery	105	125	105	125
	2,900	**2,910**	**3,431**	**3,398**

NOTE 7. PERSONNEL

	2015				2014			
	Average number of employees			Number of employees at Dec 31	Average number of employees			Number of employees at Dec 31
Number of employees	**Women**	**Men**	**Total**	**Total**	**Women**	**Men**	**Total**	**Total**
Sweden	14	7	21	24	13	8	21	20
USA	5	4	9	9	5	4	9	9
Total	**19**	**11**	**30**	**33**	**18**	**12**	**30**	**29**

	2015		2014	
Reporting of gender distribution of members of Parent Company senior management	**Women**	**Men**	**Women**	**Men**
Board of Directors	1	6	1	4
Other senior executives	1	4	1	4

	2015		2014	
Reporting of gender distribution of members of Group senior management	**Women**	**Men**	**Women**	**Men**
Boards of Directors[8]	1	7	1	5
Other senior executives[9]	1	5	1	5

[8] Boards of Directors of one Group is business operating companies.

[9] Management teams in one Group is business operating companies.

	Parent Company		Group	
Total salaries, social security expenses and pensions	**2015**	**2014**	**2015**	**2014**
Salaries and other remuneration, including pension costs	22,699	21,924	31,666	30,033
Employee stock option costs	626	266	1,147	260
Social security expenses	9,928	6,892	11,359	7,302
Training	189	56	189	56
Recruitment	595	62	595	62
Other expenses	365	295	-1,270	838
Total	**34,402**	**29,495**	**43,685**	**38,551**

In 2015, variable remuneration for all employees was MSEK 3.5 (4.4), of which the Parent Company accounted for MSEK 2.4 (2.8). Variable remuneration corresponded to approximately 8% of the Group's total personnel expenses. All permanent employees who have been employed for more than six months have a variable salary component, which is linked to the fulfillment of individual targets and company goals for the year.

Senior executive benefits

Board and committees

The Chairman of the Board and other Board members receive director fees as resolved by the AGM.

President and CEO

For 2015, the company paid the CEO Peter Wolpert MSEK 2.0 in basic salary and MSEK 0.6 in variable remuneration. Since the CEO has a defined contribution pension, the company has no further pension obligations in addition to those stated here. Premium payments corresponded to 27% of basic salary for 2015. The notice period is six months if the CEO resigns at his own initiative and 12 months if the company terminates his employment.

Other senior executives

The remuneration paid to other senior executives consists of basic salary, variable remuneration, other benefits and pension benefits. The term other senior executives in Parent Company pertains to the four executives who, in addition to the CEO, comprise the Executive Management Group. In addition to the CEO, the Executive Management Group consisted of the following individuals in 2015:

- Vice President, Research and Development
- Chief Financial Officer
- Vice President, Sales and Marketing
- President of Moberg Pharma North America

In addition to the Executive Management Group above, the CFO of Moberg Pharma North America is included in the management teams of the Group's operating companies and thus in the senior executives below.

Remuneration of senior executives

At the AGM on May 11, 2015, the following guidelines were resolved for senior executives of Moberg Pharma: Moberg Pharma is to offer a market-aligned total remuneration package that facilitates the recruitment and retention of qualified senior executives. The remuneration paid to the Chief Executive Officer and other senior executives is to comprise basic salary, variable remuneration, other benefits and pension benefits. The total remuneration is to be based on the basic salary and is to be proportionate to the executive's responsibilities and authority. Variable remuneration is capped at 25–50% of each executive's basic annual salary. Variable remuneration is based on results achieved in relation to individually defined qualitative and quantitative targets, as well as the company's result in relation to goals set by the Board of Directors. The pensionable salary comprises only the basic salary. To the extent that Board members perform work for the company or any other Group company, in addition to work on the Board of Directors, a market-aligned consultancy fee may be payable.

In case of termination, the notice period is to be at least three months if this is on the initiative of the senior executive and between three and 12 months if the company takes the initiative. Severance amounts are not payable. Any share and share-price-related programs must be adopted by an AGM. Allowment from such programs must comply with a resolution from an AGM. With the exception of the employee stock options that have been allowed and vested, and what is provided for under employment contracts as referred to above, senior executives are not entitled to any post-employment/assignment benefits.

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

Remuneration and other benefits during the year for senior executives in the Group

	Basic salary/ Board fee[10]	Variable remu-nera-tion[12]	Other benefits	Pension expenses	Share-based remune-ration[11]	Other remu-neration	Total
Chairman of the Board, Mats Pettersson	300	-	-	-	-	-	300
Deputy Chairman of the Board, Wenche Rolfsen	200	-	-	-	-	-	200
Director, Torbjörn Koivisto	150	-	-	-	-	-	150
Member of the Board, Geert Cauwenbergh	150	-	-	-	-	-	150
Member of the Board, Thomas Eklund (elected in May 2015)	150	-	-	-	-	-	150
Member of the Board, Mattias Klintemar (elected in April 2015)	150	-	-	-	-	-	150
Member of the Board, Thomas Thomsen	150	-	-	-	-	-	150
President and CEO, Peter Wolpert	1,956	719	-	528	103	-	3,306
Other senior executives (5 pers.)	6,681	1,485	-	868	714	-	9,748
Total	**9,887**	**2,204**	**0**	**1,396**	**817**	**0**	**14,304**

[10] The directors Wenche Rolfsen, Thomas Thomsen, Mattias Klintemar, Thomas Eklund and Geert Cauwenbergh has invoiced its directors' fees, plus social security contributions and VAT through companies. This procedure is cost neutral for Moberg Pharma.

[11] These costs will have no payment and does not affect the company's cash flow. Estimated social security costs are not included in the reported values.

[12] Variable renumeration pertaining to the year 2015, the variable renumeration was paid in 2016

Incentive program

Moberg Pharma has introduced a share-based incentive plan in the form of employee stock options intended to promote the company's long-term interests by motivating and rewarding senior executives and other employees. All permanent employees who had been employed for at least 12 months on December 31, 2015 are now either shareholders or are included in the company's incentive plan. Information on the number of shares and warrants held by Directors, the CEO and other senior executives is presented under the Board of Directors on page 57 and Executive Management on page 56. For further information on share-based remuneration, refer to Note 19.

NOTE 8. INFORMATION ON REMUNERATION OF THE AUDITOR

	Parent Company		Group	
Ernst & Young	**2015**	**2014**	**2015**	**2014**
Audit assignment	270	420	420	420
Auditing in addition to the assignment	125	124	125	124
Tax advice	-	62	-	62
Other services	136	272	136	272
	531	**878**	**681**	**878**

Audit assignments are defined as the examination of the Annual Report and accounting records and of the Board of Directors and CEO's administration of the company, other tasks incumbent on the auditor, as well as advice and other assistance occasioned by observations made in the course of such examinations or the performance of such other tasks. Audit work in addition to the assignment comprises examinations of interim reports, prospectus, pro forma and issue-in-kind certificates and preparing other opinions in accordance with the Companies Act. Other services in 2015 were primarily connected to transfer pricing and capital procurement.

NOTE 9. DEPRECIATION/AMORTIZATION OF TANGIBLE AND INTANGIBLE NON-CURRENT ASSETS

	Parent Company		Group	
	2015	**2014**	**2015**	**2014**
Equipment and inventory	250	226	444	376
Intangible fixed assets	3,344	1,653	10,772	7,693
	3,594	**1,878**	**11,216**	**8,068**

NOTE 10. FINANCIAL ITEMS

	Parent Company		Group	
Interest income and similar items	**2015**	**2014**	**2015**	**2014**
Interest income	533	1,403	37	186
Other financial income	-	719	-	719
	533	**2,122**	**37**	**905**

	Parent Company		Group	
Interest expense and similar items	**2015**	**2014**	**2015**	**2014**
Interest expense	443	1,307	455	1,316
Costs for loans raised	199	239	199	239
	642	**1,546**	**654**	**1,555**

NOTE 11. TAXES

	Parent Company		Group	
Tax recognized in profit or loss.	**2015**	**2014**	**2015**	**2014**
Current tax	-	-	-13	-11
Deferred tax	-5,137	-4,822	-9,016	-4,298
	-5,137	**-4,822**	**-9,030**	**-4,309**
Applicable tax rate in Sweden	22.0%	22.0%	22.0%	22.0%

	Parent Company		Group	
Income taxes	**2015**	**2014**	**2015**	**2014**
Profit/loss before tax	20,123	20,851	34,567	16,577
Tax according to the applicable tax rate for the Parent Company	-4,427	-4,587	-7,605	-3,647
Effects of other tax rates for foreign subsidiaries	N/A	N/A	-717	-299
Non-taxable income	0	0	0	0
Non-deductible expenses	-710	-235	-708	-363
Tax recognized	**-5,137**	**-4,822**	**-9,030**	**-4,309**

	Parent Company		Group	
Deferred tax	**2015**	**2014**	**2015**	**2014**
Losses carried forward, January 1	-81,176	-99,031	-88,077	-104,471
Change in losses carried forward for the year	20,827	17,855	20,582	16,394
Losses carried forward, December 31	**-60,349**	**-81,176**	**-67,495**	**-88,077**

	Parent Company		Group	
Deferred tax assets/tax liabilities	**2015**	**2014**	**2015**	**2014**
Deferred tax assets on deficits	12,761	17,859	21,681	25,976
Deferred tax assets - other temporary differences	-	-	1,077	3,099
Deferred tax liabilities	-	-	-6,490	-4,171
	12,761	**17,859**	**16,269**	**24,903**

Deferred tax assets pertaining to tax-deductible temporary differences and tax losses carried forward are recognized only insofar as it is considered likely that they will be utilized and will result in lower tax payments in the future. Since the Board is of the opinion that the company's development means that there are convincing reasons to believe that future taxable surpluses will be available against which unused tax losses can be offset, the losses have been assigned a value. Current tax loss carryforwards can be utilized for an unlimited time in Sweden and over a period of 20 years in the U.S.

Deferred tax assets - other temporary differences in the Group pertains in part to provisions for doubtful track receivables, partly to provisions for UNICAP, variable salary and inventory obsolescence.

In connection with the acquisition of the U.S. operation in 2012, push down accounting was applied, which entails that surplus value is recognized in a legal entity. Fair-value adjustments totaling MUSD 17.87 (MSEK 116.2) are deductible in connection with income taxation in the US, primarily through tax depreciation over a 15-year period following the acquisition. The temporary difference that arises over time results in a deferred tax liability in the Group.

NOTE 12. EARNINGS PER SHARE

Calculations have been made in accordance with IAS 33 Earnings per share. Earnings per share before dilution are calculated by dividing the results for the year by a weighted average number of shares outstanding during the year.

Earnings per share	2015	2014
Consolidated net profit/loss	25,537	12,268
Weighted average number of shares before dilution	14,172,130	12,719,642
Dilution effect of employee stock option schemes	214,476	139,857
Weighted average number of shares after dilution	14,386,605	12,859,499
Earnings/loss per share before dilution	1.80	0.96
Earnings/loss per share after dilution	1.78	0.95

If all 979,969 outstanding warrants were to be exercised to subscribe for shares, the total number of shares would increase by a total of 1,208,739, from 14,217,522 shares to 15,426,261, corresponding to dilution of 7.8 percent.

NOTE 13. INTANGIBLE NON-CURRENT ASSETS

	Parent Company		Group	
Capitalized expenditure for development work	**2015**	**2014**	**2015**	**2014**
Opening accumulated cost	3,730	383	3,730	383
Capitalized expenditure for the year, own development	8,439	3347	8,439	3347
Carrying amount at the end of the period	**12,169**	**3,730**	**12,169**	**3,730**
Opening amortization	-83	-	-83	-
Amortization for the year	-350	-83	-350	-83
Closing amortization	-433	-83	-433	-83
Carrying amount at the end of the period	**11,736**	**3,647**	**11,736**	**3,647**

Costs for research and development that were not capitalized amounted to MSEK 23.3, compared with MSEK 19.9 in 2014.

Capitalized expenditure for research and development pertain to capitalized development costs for the next generation of Kerasal Nail®/Nalox™ and for MOB-015. The useful life is based on the term of the underlying patent; amortization is applied on a straight-line basis from the date of commercialization until the end of the patent, or on a straight-line basis across the anticipated useful life if this is less than the underlying patents term.

	Parent Company		Group	
Capitalized expenditure for computer systems	**2015**	**2014**	**2015**	**2014**
Opening accumulated cost	1,912	-	1,912	-
Capitalized expenditure for the year	1,758	1912	1,758	1912
Carrying amount at the end of the period	**3,670**	**1,912**	**3,670**	**1,912**
Opening amortization	-80	-	-80	-
Amortization for the year	-703	-80	-703	-80
Closing amortization	-783	-80	-783	-80
Carrying amount at the end of the period	**2,887**	**1,832**	**2,887**	**1,832**

	Parent Company		Group	
Goodwill	**2015**	**2014**	**2015**	**2014**
Opening accumulated cost	-	-	84,542	70,021
Acquisitions for the year attributable to business acquisitions	-	-	-	-
Translation differences	-	-	5,851	14521
Carrying amount at the end of the period	**-**	**-**	**90,393**	**84,542**

Goodwill refers to the acquisition of Moberg Pharma North America (Alterna LLC) in 2012. Goodwill has an indefinite useful life and is tested annually to assess whether impairment is required.

	Parent Company		Group	
Product rights	**2015**	**2014**	**2015**	**2014**
Opening accumulated cost	31,898	31,897	135,083	117,359
Acquisitions for the year	33,331	1	33,331	1
Translation differences	-	-	7,215	17723
Closing accumulated cost	*65,229*	*31,898*	*175,629*	*135,083*
Opening amortization	-1,276	-	-15,607	-6,172
Amortization for the year	-2,275	-1,276	-9,703	-7,316
Translation differences		-	-992	-2,119
Closing amortization	*-3,551*	*-1,276*	*-26,302*	*-15,607*
Carrying amount at the end of the period	**61,678**	**30,622**	**149,327**	**119,476**

Specification of product rights	2015	Rate of amortization, years	Remaining amortization period, years
Product rights for Kerasal®	59,335	15	11.9
Product rights for Jointflex®	28,314	15	11.9
Product rights for Fergon®, Domeboro® and Vanquish®	29,346	25	23.0
Product rights for Balmex®	32,332	25	24.3
Carrying amount at the end of the period	**149,327**		

Amortization of product rights is applied on a straight-line basis across the estimated useful life.

	Parent Company		Group	
Patents, licenses and similar rights	**2015**	**2014**	**2015**	**2014**
Opening accumulated cost	7,150	300	7,150	300
Acquisitions for the year	-	6850	-	6850
Closing accumulated cost	*7,150*	*7,150*	*7,150*	*7,150*
Opening amortization	-285	-71	-285	-71
Amortization for the year	-15	-214	-15	-214
Closing amortization	*-300*	*-285*	*-300*	*-285*
Carrying amount at the end of the period	**6,850**	**6,865**	**6,850**	**6,865**

Investments in patents pertain primarily to the acquisition of rights from Oracain II Aps for a patent-pending formulation of the known substance bupivacaine for the treatment of oral pain.

Testing of impairment requirement

Intangible assets with an indeterminable useful life are tested at least annually to assess impairment requirements. Assets amortized according to plan and assets under development are assessed for impairment whenever events or changes in
relationships indicate that the carrying amount could be impaired.

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

WACC

The discount rate used has been calculated as WACC (weighted average cost of capital) and was 12 percent (12) before tax. The discount rate is based on a market-based assessment of the average capital cost taking into account the estimated existing risk level.

Other significant assumptions

Calculations are based on a five-year forecast and and the growth rate beyond the forecast period is expected tobe 2 percent (2) per year. All of the company's operations are treated as a single cash generating unit.

Sensitivity analysis

Sensitivity analyses are conducted to analyze how changes in WACC and growth rates influence the calculated useful life of product rights and operations in the U.S. Sensitivity analyses indicate that no reasonable changes in significant assumptions lead to a need for impairment.

NOTE 14. TANGIBLE NON-CURRENT ASSETS

	Parent Company		Group	
	2015	**2014**	**2015**	**2014**
Opening accumulated cost	1,951	1,909	2,741	2,563
Capital expenditures	355	42	355	42
Translation differences	-	-	55	135
Divestments/disposals	-	-	-	-
Closing cost	*2,306*	*1,951*	*3,150*	*2,741*
Opening depreciation	-1,481	-1,256	-1,807	-1,383
Translation differences			-23	-27
Depreciation for the year	-250	-226	-442	-397
Closing depreciation	*-1,731*	*-1,481*	*-2,272*	*-1,807*
Carrying amount at the end of the period	**574**	**470**	**878**	**934**

NOTE 15. INVENTORIES

	Parent Company		Group	
Inventories	**2015**	**2014**	**2015**	**2014**
Raw materials	406	-	2,960	3,494
Finished products and goods for resale	-	155	19,240	9,641
	406	**155**	**22,200**	**13,135**

NOTE 16. TRADE RECEIVABLES AND OTHER RECEIVABLES

	Parent Company		Group	
Trade receivables and other receivables	**2015**	**2014**	**2015**	**2014**
Trade receivables	9,656	10,983	38,556	30,222
Provisions for doubtful trade receivables	-	-	-119	-113
Carrying amount at the end of the period, trade receivables	**9,656**	**10,983**	**38,437**	**30,109**
Receivables from Group companies	35,264	23,914	N/A	N/A
Other receivables	6,163	4,740	6,839	4,740
	51,083	**39,637**	**45,275**	**34,849**

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

Large outstanding trade receivables for the Group:	Outstanding trade receivables, December 31, 2015	% of total trade receivables
Company A	7,929	21%
Company B	6,879	18%
Company C	4,336	11%

Large outstanding trade receivables for the Parent Company:	Outstanding trade receivables, December 31, 2015	% of total trade receivables
Company X	6,879	71%
Company Y	2,777	29%

On December 31, 2015, trade receivables amounting to MSEK 14.5 (5.9) became past due in the Group without any need for impairment. The age analysis is shown below.

	Parent Company		Group	
Age analysis of trade receivables	**2015**	**2014**	**2015**	**2014**
Not overdue	9,656	10,888	24,042	24,274
Overdue, Less than 3 months	-	95	14,395	4,641
Overdue, 3 to 6 months	-	-	15	1,250
Overdue, More than 6 months	-	-	106	-
	9,656	**10,983**	**38,557**	**30,165**

	Parent Company		Group	
Changes in provisions for doubtful trade receivables	**2015**	**2014**	**2015**	**2014**
On January 1	-	-1,672	-121	-1,786
Additional provisions for doubtful trade receivables	-	-	-	-
Receivables depreciated during the year as non-recoverable	-	-	-	-
Reversed unutilized amount	-	1,672	-	1,672
Carrying amount at the end of the period	**0**	**0**	**-121**	**-114**

	Parent Company		Group	
	2015	**2014**	**2015**	**2014**
Trade receivables excluding overdue trade receivables and financial statement receivables with impairment requirement	9,656	10,888	23,921	24,218

NOTE 17. PREPAID EXPENSES AND ACCRUED INCOME

	Parent Company		Group	
	2015	**2014**	**2015**	**2014**
Accrued expenses	2,174	2,489	2,173	2,489
Leasing of premises	648	651	648	691
Other property expenses	12	8	12	8
Insurance expenses	863	731	863	802
Pension expenses	291	232	291	232
Marketing expenses	-	-	373	-
Other prepaid expenses	209	214	1,922	2,777
	4,197	**4,324**	**6,282**	**6,998**

NOTE 18. CASH AND CASH EQUIVALENTS

Moberg Pharma receives interest on cash and cash equivalents at rates based on the banks' daily deposit rates. The statement of cash flows includes the following cash and cash equivalents.

	Parent Company		Group	
Cash and cash equivalents	**2015**	**2014**	**2015**	**2014**
Cash and bank balances	21,500	56,062	45,356	62,463
Carrying amount	**21,500**	**56,062**	**45,356**	**62,463**

Cash and cash equivalents include MSEK 0.7 used as bank guarantees in both the Parent Company and the Group.

NOTE 19. SHAREHOLDERS' EQUITY

Capital

Moberg Pharma's managed assets comprise shareholders' equity. Changes in managed shareholders' equity are stated in the "Consolidated statement of changes in equity," page 25. Moberg Pharma aims to create value and generate a solid return for shareholders through profitable growth from organic sales growth, acquisitions and in-licensing of new products.

Share capital

Date[13]	Transaction	Change in number of shares	Changes in share capital	No. of shares	Total share capital, SEK	Quotient value, SEK	Exercise price, SEK[14]	Invested capital
Opening balance, January 2014				**11,893,572**	**1,189,357.20**	**0.10**		
June 2014	Private placement	2,068,965	206,896.50	13,962,537	1,396,253.70	0.10	29.00	59,999,985
Closing balance, 2014				**13,962,537**	**1,396,253.70**	**0.10**		
Opening balance, January 2015				**13,962,537**	**1,396,253.70**	**0.10**		
July 2015	Warrants exercised	39,000	3,900.00	14,001,537	1,400,153.70	0.10	38.43	1,498,790
December 2015	Warrants exercised	215,985	21,598.50	14,217,522	1,421,752.20	0.10	36.10	7,797,467
Closing balance, 2015				**14,217,522**	**1,421,752.20**	**0.10**		

[13] Refers to the date of registration at the Swedish Companies Registration office.

[14] Average exercise price.

Share-based remuneration

Employee stock options	2008:1	2008:2	2009:1	2010:1	2010:2	2011:1	2012:1	2012:2	2013:1	2014:1	2015:1
Start day	Jun 30, 2008	Jun 30, 2008	Apr 20, 2009	May 19, 2010	May 19, 2010	Apr 18, 2011	Apr 23, 2012	Nov 27, 2012	May 2, 2013	May 22, 2014	May 11, 2015
Closing day	Jun 30, 2016	Jun 30, 2016	Jun 30, 2017	Jun 30, 2018	Jun 30, 2018	Dec 31, 2015	Dec 31, 2016	Dec 31, 2018	Dec 31, 2017	Dec 31, 2018	Sept. 28, 2012
Vesting date	Direct and Dec 31, 2009	Dec 31, 2009	Dec 31, 2010	Dec 31, 2011/ Dec 31, 2012	Dec 31, 2011/ Dec 31, 2012	Dec 31, 2013	Jun 30, 2015	¼ each on December 31, 2014, 2015, 2016 and 2017, respectively.	Jun 30, 2016	Jun 30, 2017	June 30, 2018 and some also on June 30, 2019 and September 30, 2018
Exercise price, SEK per share	16.55	32.75	32.75	32.75	32.75	29.00	32.22	42.81	36.77	37.64	65.47
Number originally allocated	30,000	16,498	13,833	89,501	40,576	121,747	50,750	125,000	60,750	196,500	288,500
Outstanding, January 2015	30,000	13,499	13,500	89,501	40,576	121,000	35,000	50,000	47,250	146,500	-
Allocated in 2015	-	-	-	-	-	-	-	-	-	-	288,500
Forfeited prior years	-	2,999	333	-	-	747	15,750	75,000	13,500	50,000	-
Forfeited in 2015	-	-	-	-	-	-	7,000	-	7,000	-	-
Exercised in 2015	5,000	2,666	2,667	2,667	-	121,000	28,000	25,000	-	-	-
Expire in 2015	-	-	-	-	-	-	-	-	-	-	-
Outstanding, Dec 31, 2015	25,000	10,833	10,833	86,834	40,576	0	0	25,000	40,250	146,500	288,500
Number of shares that may be subscribed through employee stock options	**50,000**	**21,666**	**21,666**	**173,668**	**81,152**	**0**	**0**	**25,000**	**40,250**	**146,500**	**288,500**
Vested, Dec 31, 2015	25,000	10,833	10,833	86,834	40,576	-	-	12,500	-	-	-

A total of 674,326 employee stock options were outstanding (including 186,576 vested employee stock options) at December 31, 2015 and 848,402 shares may be subscribed for based on the employee stock options. Employee stock options are issued by the subsidiary Moberg Derma Incentives AB. The employee stock options may be exercised by the holder at any time after the vesting day through the closing day, with each employee stock option entitling the holder to subscribe for one warrant. Each warrant in turn entitles the holder to subscribe for one common share in Moberg Pharma, with the exception of the 2008:1, 2008:2, 2009:1, 2010:1 and 2010:2 employee stock option programs, which entitle holders to two common shares per warrant. If employment is terminated, any granted, unvested employee stock options are forfeited.

For employee stock options entitling the holder to acquire warrants, which are automatically and simultaneously exercised to subscribe for new shares, Moberg Pharma is required to pay social security contributions on the difference between the market price of the share when the option is exercised and the exercise price paid by the employee. The expected social security contributions have been calculated and a provision has been made in the accounts.

Using the Black-Scholes valuation model, the fair value of the employee stock options granted during the period was determined at SEK 12.88 per option in the 2015:1 program. Key input data used in the model for the 2015:1 option program was the market price per share of SEK 59.52, exercise price of SEK 65.47, risk-free interest of 0.1%, volatility 30 percent, expected term 4.6 years, staff turnover 0 percent, dilution of 2.3 percent and no dividend. Group costs for the employee stock option program (excluding estimated social security costs) for 2015 were MSEK 0.6; costs for 2014 were MSEK 0.3.

A total of 979,969 warrants have been issued to the subsidiary Moberg Derma Incentives AB. These warrants are intended to be transferred and used for subscription of new shares upon exercise of the same number of employee stock options and to cover any social security contributions arising from the utilization of employee stock options.

Share-based remuneration

Outstanding warrants	Moberg Derma Incentives AB	Total
2008 - Closing date for subscription: Dec 31, 2018 Subscription price SEK 0.10	51,498	51,498
2009 - Closing date for subscription: Dec 31, 2019 Subscription price SEK 0.10	18,344	18,344
2010 - Closing date for subscription: Dec 31, 2019 Subscription price SEK 0.10	158,928	158,928
2012:1 - Closing date for subscription: Dec 31, 2016 Subscription price SEK 32.22	9,200	9,200
2012:2 - Closing date for subscription: Dec 31, 2018 Subscription price SEK 42.81	101,813	101,813
2013:1 - Closing date for subscription: Dec 31, 2017 Subscription price SEK 36.77	77,096	77,096
2014:1 - Closing date for subscription: Dec 31, 2018 Subscription price SEK 37.64	236,351	236,351
2015:1 - Closing date for subscription: Dec 31, 2019 Subscription price SEK 65.47	326,739	326,739
	979,969	**979,969**

If all 979,969 outstanding warrants were to be exercised to subscribe for shares, the total number of shares would increase by 1,208,739, from 14,217,522 shares to 15,426,261 shares, corresponding to a dilution of 7.8 percent.

NOTE 20. NON-CURRENT LIABILITIES

	Parent Company		Group	
Non-current borrowings	**2015**	**2014**	**2015**	**2014**
Non-current bank loans	-	3,333	-	3,333
Other non-current liabilities	-	-	-	-
Carrying amount at the end of the period	**0**	**3,333**	**0**	**3,333**

	Parent Company		Group	
Due dates for non-current borrowings	**2015**	**2014**	**2015**	**2014**
Date of maturity 1-2 years from the balance-sheet date	-	3,333	-	3,333
Date of maturity 2–5 years from the balance-sheet date	-	-	-	-
Date of maturity more than 5 months from the balance-sheet date	-	-	-	-
Carrying amount at the end of the period	**0**	**3,333**	**0**	**3,333**

	Parent Company		Group	
Expected future interest payments	**2015**	**2014**	**2015**	**2014**
Date of maturity 1-2 years from the balance-sheet date	12	582	12	582
Date of maturity 2–5 years from the balance-sheet date	-	-	-	-
Date of maturity more than 5 months from the balance-sheet date	-	-	-	-
Total expected future interest payments	**12**	**582**	**12**	**582**

	Parent Company		Group	
Carrying amount in KSEK, per currency, for non-current borrowings:	**2015**	**2014**	**2015**	**2014**
SEK	-	3,333	-	3,333
USD	-	-	-	-
	0	**3,333**	**0**	**3,333**

The Group has loan financing totaling MSEK 3.3 from Swedbank as at December 31, 2015. This credit facility is available providing the company fulfills certain financial covenants pertaining to EBITDA and cash flow. The loan carries variable interest rates. The loan matures on January 30, 2016, with quarterly amortization from April 30, 2014.

NOTE 21. CURRENT LIABILITIES

	Parent Company		Group	
Interest-bearing current liabilities	**2015**	**2014**	**2015**	**2014**
Current bank loans	3,333	13,333	3,333	13,333
Carrying amount at the end of the period	**3,333**	**13,333**	**3,333**	**13,333**

	Parent Company		Group	
Other current liabilities	**2015**	**2014**	**2015**	**2014**
Employee withholding taxes	627	492	634	492
Settled social security contributions	1,727	345	1,727	345
Provisions for social security contributions for employee stock option schemes	3,811	1,652	3,811	1,652
Contingent purchase consideration	4,897	7,092	4,897	7,092
Other current liabilities	217	396	223	397
	11,279	**9,976**	**11,292**	**9,977**

Contingent purchase consideration pertains to a contingent purchase consideration of MSEK 4.9 in connection with the acqusition of BUPI.

NOTE 22. ACCRUED EXPENSES AND DEFERRED INCOME

	Parent Company		Group	
	2015	**2014**	**2015**	**2014**
Accrued personnel expenses	4,919	4,995	6,221	7,828
Accrued Board expenses	784	524	784	524
Audit fees	90	295	236	295
Market Development Funds	-	-	4,261	5,978
Accrued marketing expenses	-	-	74	2,192
Returns and discounts	-	-	929	1,967
Other accrued expenses	1,270	2,033	2,321	3,751
	7,063	**7,848**	**14,826**	**22,535**

	Parent Company		Group	
Accrued personnel expenses	**2015**	**2014**	**2015**	**2014**
of which, accrued salaries	2,359	2,836	3,661	5,669
of which, accrued vacation pay liability	1,818	1,243	1,818	1,243
of which, accrued social security contributions	742	891	742	891
of which, accrued pension costs	-	25	-	25
	4,919	**4,995**	**6,221**	**7,828**

NOTE 23. PLEDGED ASSETS AND CONTINGENT LIABILITIES

Moberg Pharma has no contingent liabilities. As collateral for the loan financing raised during 2012, Moberg Pharma provided chattel mortgages in the amount of MSEK 20 and pledged shares in Moberg Pharma North America LLC. This pledging expired after the balance-sheet date, in connection with repayment of the loan in January 2016. In addition, there are previously blocked bank deposits of MSEK 0.7.

	Group	
Pledged assets in the Group	**2015**	**2014**
Shares in the subsidiary Moberg Pharma North America	206,832	191,857
Chattel mortgage	20,000	20,000
Bank guarantee, cash and cash equivalents	702	702
	227,534	**212,559**

	Parent Company	
Pledged assets in the Parent Company	**2015**	**2014**
Shareholders' equity in the subsidiary Moberg Pharma North America	178,006	178,006
Chattel mortgage	20,000	20,000
Bank guarantee, cash and cash equivalents	702	702
	198,708	**198,708**

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

Financial assets and liabilities by category **December 31, 2015**	**Assets/liabilities measured at fair value via profit or loss**	**Loan receivables and accounts receivable**	**Other financial liabilities**	**Total**
Assets in the balance sheet				
Trade receivables and other receivables (excluding interim receivables)		45,275		45,275
Cash and cash equivalents		45,356		45,356
Total	**0**	**90,631**	**0**	**90,631**
Liabilities in the balance sheet				
Bank loans			3,333[15]	3,333
Contingent purchase consideration (level 3)	4,897[16]			4,897
Trade payables and other liabilities excluding non-financial liabilities			19,217[17]	19 217
Total	**4,897**	**0**	**22,547**	**27,444**

[15] Consists of long-term borrowing of 3,333 plus current borrowings of 13,333; See Note 20

[16] See Note 21

[17] Consists of trade payables of 15,180 plus other current liabilities (excluding contingent consideration, employee withholding taxes and social security contributions) of 4,034; see Note 21

Financial assets and liabilities by category December 31, 2014	Assets/liabilities measured at fair value via profit or loss	Loan receivables and accounts receivable	Other financial liabilities	Total
Assets in the balance sheet				
Trade receivables and other receivables (excluding interim receivables)		34,849		34,849
Cash and cash equivalents		62,463		62,463
Total	**0**	**97,312**	**0**	**97,312**
Liabilities in the balance sheet				
Bank loans			16,666[18]	16,666
Contingent purchase consideration (level 3)	7,092			7,092
Trade payables and other liabilities excluding non-financial liabilities			8,840[19]	8,840
Total	**7,092**	**0**	**25,507**	**32,599**

[18] Consists of long-term borrowing of 3,333 plus current borrowings of 13,333; See Note 20

[19] Consists of trade payables of 6,793 plus other current liabilities (excluding contingent consideration, employee withholding taxes and social security contributions) of 2,047; see Note 21

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

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

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

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

For all items above, with the exception of borrowing, the carrying amount is an approximation of the fair value, which is why these items are not divided into levels according to the measurement hierarchy.

The fair value of borrowing for disclosure purposes amounted to MSEK 3.4 (18.9) and is based on future cash flows of capital and interest, discounted to current market rates on the balance-sheet date, meaning level 2 in the measurement hierarchy.

NOTE 25. IMPACT OF CASH FLOW FROM INVESTMENTS IN SUBSIDIARIES - FOR THE GROUP

	2015	2014
Contingent purchase consideration regarding participations in subsidiaries paid for in cash during the year	-	-17,225
Current balance in acquired company	-	-
Group's cash flow impact	**0**	**-17,225**

The acquisition of Alterna LLC (currently Moberg Pharma North America LLC) included contingent purchase considerations triggered when revenue for the acquired company reached a certain amount. The targets for all contingent purchase considerations were achieved, for which MUSD 2.5 was disbursed during 2014.

NOTE 26. PARTICIPATIONS IN GROUP COMPANIES

Holdings in subsidiaries	Corp. Reg. No.	Reg. Office	Proportion	Carrying amount
Moberg Derma Incentives AB	556750-1589	Stockholm, Sweden	100%	100
Moberg Pharma North America LLC	N/A	New Jersey, USA	100%	178,006

Change in carrying amounts, shares in subsidiaries	2015	2014
Opening cost	178,106	178,106
Closing accumulated cost	**178,106**	**178,106**
Closing carrying amount	**178,106**	**178,106**

NOTE 27. INTRA-GROUP TRANSACTIONS

Intra-Group transactions from the Parent Company's perspective	Parent Company	
	2015	2014
Sale of goods	52,680	43,128
Purchase of goods	-11,907	-83
Interest on intra-Group loans	498	1,218
	41,271	**44,263**

NOTE 28. FINANCIAL RISKS AND FINANCE POLICY

Financial risk management

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

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

Refinancing risk

Moberg Pharma is in an expansion phase and conducts development-intense activities with investments aimed at generating future income. These activities consume cash and cash equivalents. The company's operations have been financed by revenue from product sales, shareholder contributions through new share issues and loans. Future investments are expected to be financed by revenue from current cash flow and existing funds, as well as via bonds of MSEK 300 issued by the company in January 2016. Should the opportunity arise for faster growth, for example through acquisitions, Moberg Pharma may need to raise additional capital through new share issues or additional borrowing; the limit for the bond is MSEK 600.

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

The Group had loan financing of MSEK 3.3 at December 31, 2015. Credit facilities are available providing the company fulfills certain financial covenants pertaining to EBITDA and cash flow.

Currency risk

Currency risk is the risk that changes in exchange rates will have a negative impact on Moberg Pharma's income statement, financial position and/or cash flows. Exchange-rate risks exit in the form of transaction and translation risks.

Translation exposure exist since the company has operations outside Sweden in currencies other than SEK. For Moberg Pharma, this risk is attributable to USD (through the subsidiary Moberg Pharma North America).

The distribution and licensing agreements signed with counterparties outside Sweden are often concluded in currencies other than SEK. As revenue from such agreements increases, the company's currency exposure will gradually increase. Moberg Pharma's revenue in foreign currency is expected to increase significantly in the future, with exposure primarily in USD and EUR.

Moberg Pharma uses contract manufacturers for production and the majority of production purchases were made in EUR and USD. About one third of the company's staff are employed in the U.S., which means that the company's personnel expenses and other fixed expenditure occur in USD. In addition, most of the invoicing of the company's marketing activities occurs in USD. Certain consulting services are purchased in EUR, USD or GBP. Earnings are also exposed to currency fluctuations in connection with the purchasing of clinical trials, research services and material.Most of these purchases today are denominated in SEK.

The Group did not use currency hedging in 2015 but will regularly review the need for currency hedging as the business expands. Operating expenses for the fiscal year totaled MSEK 256.5, of which costs in foreign currencies accounted for approximately 69 percent. Of total revenue in 2015 of MSEK 285.6, revenue in foreign currencies accounted for about 81 percent. Most of the exposure was in USD, both in terms of revenue and expenses, where revenue in USD accounted for about 67 percent of the Group's total revenue and expenses in USD accounted for approximately 66 percent of the total operating expense.

The corresponding figures for 2014 were operating expenses MSEK 188.7, of which costs in foreign currency accounted for approximately 77 percent. Of total net sales in 2015 of MSEK 200.2, revenues in foreign currencies accounted for approximately 87 percent. Most of the exposure was in USD, both in terms of revenue and expenses, with revenue in USD accounting for about 75 percent of the Group's total revenue and expenses in USD accounting for approximately 59 percent of the total operating expense.

Operating profit was impacted during the fiscal year by net exchange gains of MSEK 2.4 (5.2). Future revenue and expenses will be affected by fluctuations in foreign currencies.

Sensitivity analysis of foreign currency risk 2015 (KSEK)

Effect on the Group's revenue and operating profit should the SEK appreciate by 1 percent.

Currency	Revenue	Operating expenses	Operating profit
Euro	-414	26	-387
GBP	-	25	25
USD	-1,908	1,681	-227
DKK	-	20	20
Other	-	1	1
Total	**-2,322**	**1,754**	**-568**

Of the Group's outstanding receivables at December 31, 2015, MSEK 41.9 pertained to foreign currency, of which 84 percent in USD and 16 percent in EUR. Of the Group's outstanding liabilities at December 31, 2015, MSEK 25.4 pertained to foreign currency, of which 67 percent in USD, 12 percent in EUR and 21 percent in other currencies. The corresponding figures for December 31, 2014 were outstanding receivables of MSEK 35.1 in foreign currency, of which 75 percent in USD and 25 percent in EUR. Of the Group's outstanding liabilities as at December 31, 2014, MSEK 42.5 pertained to foreign currency, of which 81 percent in USD, 6 percent in EUR and 13 percent in other currencies.

Interest risk and liquidity risk

Liquidity risk is defined as the Group being unable to pay foreseen or unforeseen costs. Excess liquidity is placed in bank accounts or invested in fixed income instruments subject to a low interest risk, issued by established banks or credit institutions. Moberg Pharma secures its short-term ability to meet payment obligations by maintaining adequate liquidity in the form of cash balances.

Interest-rate risk pertains to the risk that changes in the general interest-rate situation will have a negative impact on the Group's net profit. The speed by which changes in interest rates will impact the net profit depends on the fixed-interest period for the loan. Moberg Pharma's current loan has a fixed-interest period of three months. Outstanding interest-bearing liabilities are reported in Note 20.

Counterparty risk

Counterparty risk is the risk that a party to a transaction involving financial instruments will be unable to meet its obligations and thus incur a loss for the other party. Moberg Pharma is exposed to counterparty risk primarily in connection with distribution and licensing agreements and financial investments. When a distribution or licensing agreement is to be entered into, the counterparty is always evaluated prior to signing the agreement. Payment of accounts receivable is monitored continuously, thus making Moberg Pharma's exposure to doubtful receivables low. The Group limits its current counterparty risk in connection with financial investments by investing excess liquidity with counterparties with very high credit ratings.

NOTE 29. EVENTS AFTER THE BALANCE-SHEET DATE

No significant events have occurred after the end of the period, other than those described in the Director's Report, see page 15.

NOTE 30. RELATED-PARTY TRANSACTIONS

Remuneration to the Board of Directors and management is stated in Note 7. All transactions with related parties have been made on market terms for the company. No other Board Members or senior executives, or related parties to these, have or have had any direct or indirect involvement in any business transactions with Moberg Pharma that are or were unusual in terms of their character or contract terms and that took place in the current year. Nor has Moberg Pharma granted loans, issued guarantees or provided surety bonds to or on behalf of any Board Member or senior executive of the company.

ASSURANCE BY THE BOARD OF DIRECTORS

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

Stockholm April 18, 2016

Mats Pettersson
Chairman

Wenche Rolfsen
Vice Chair

Geert Cauwenbergh
Board member

Torbjörn Koivisto
Board member

Thomas Thomsen
Board member

Thomas Eklund
Board member

Mattias Klintemar
Board member

Peter Wolpert
CEO

Our audit report was issued on April 18, 2016

Ernst & Young AB

Björn Ohlsson
Authorized Public Accountant

AUDITOR 'S REPORT

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

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED FINANCIAL STATEMENTS

We have audited the annual accounts and consolidated financial statements of Moberg Derma AB (publ) for the year 2015. The company's annual accounts and consolidated financial statements are included in this document on pages 13-47.

Responsibilities of the Board of Directors and the CEO for the annual accounts and consolidated financial statements

The Board of Directors and the CEO are responsible for the preparation and fair presentation of the annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the CEO determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit.

We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated financial statements. The auditor chooses such procedures based on such assessments as the risk of material misstatement in the annual accounts and consolidated financial statements, whether such misstatement is due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

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

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of 31 December 2015 and of its financial statements and cash flows for the year in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2015 and of its financial statements and cash flows for the year in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The Director's Report is consistent with the other parts of the annual accounts and consolidated accounts.

We also recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the Parent Company, and the statement of comprehensive income and the statement of financial position for the Group.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the CEO of Moberg Derma AB (publ) for the year 2015.

Responsibilities of the Board of Directors and the President

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the President are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

Opinions

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

Stockholm, April 18, 2016
Ernst & Young AB

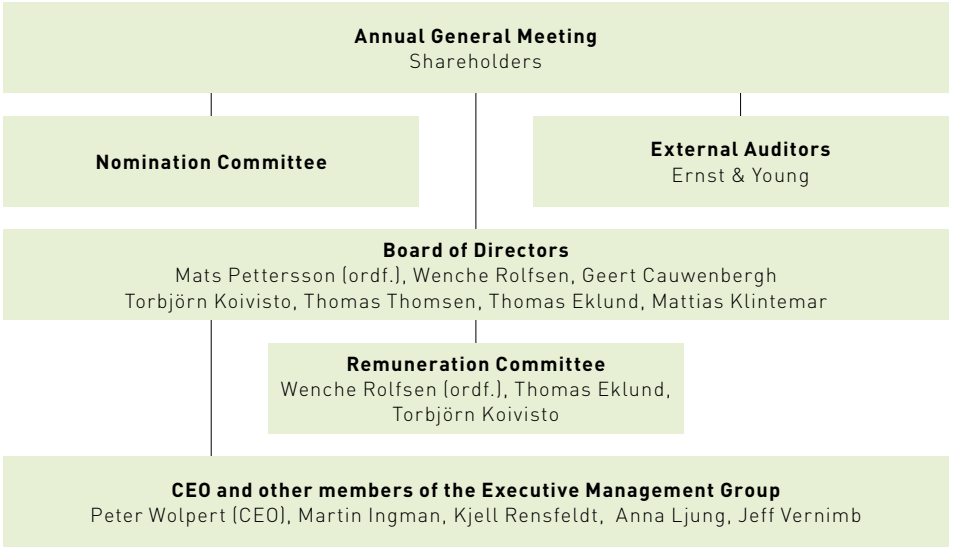
Björn Ohlsson
Authorized Public Accountant

CORPORATE GOVERNANCE REPORT

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

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

The Code applies to all Swedish companies whose shares are listed on a regulated market in Sweden and must be applied in full by the date of the first Annual General Meeting held after the listing. Companies are not required to comply with all rules contained in the Code but may choose alternative solutions that are deemed more appropriate for each company's specific circumstances, provided that deviations are explained, the alternative solution is described and the reasons explained (the "comply or explain" principle) in the company's Corporate Governance Report. Moberg Pharma has deviated from the Code only in the case of incentive programs introduced before the Code became applicable (May 26, 2011) as described below under "Share and share-based incentive schemes."



Information about the Code is available at www.bolagsstyrning.se.

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

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

Internal regulatory structures and policies that affect corporate governance

- Articles of Association
- Board of Directors' Rules of Procedure and CEO's Instructions
- Remuneration Principles for Senior Executives
- Risk Management Policy
- Finance Policy
- IT Policy
- Accounting Handbook
- HR Handbook
- Attest Instructions
- Information Policy
- Code of Conduct

External regulatory structures that affect corporate governance

- The Swedish Companies Act
- Accounting standards
- NASDAQ OMX Nordic Exchange Stockholm's issuer regulations
- Corporate governance

GENERAL SHAREHOLDERS' MEETINGS

In accordance with the Swedish Companies Act, Moberg Pharma's highest decision-making body is a general meeting of shareholders. At General Shareholders' Meetings, shareholders exercise their right to vote on key issues, such as the adoption of the statement of comprehensive income and financial position, appropriation of the company's earnings, discharge of the Board of Directors and Chief Executive Officer from personal liability, election of Board Members and auditors, and remuneration of Directors and auditors. Extraordinary General Meetings (EGMs) may be held in addition to the Annual General Meeting (AGM). The articles of association state that official notice of an AGM or

EGM must be provided in the form of an advertisement in Post- och Inrikes Tidningar and published on Moberg Derma's website. Information that the official notice of an AGM or EGM has taken place is published in Dagens Industri.

Right to attend a General Shareholders' Meeting

All shareholders who are registered in their own name in the register of shareholders maintained by Euroclear Sweden AB five working days before a General Shareholders' Meeting, and have notified Moberg Pharma of their intention to attend the meeting (along with any accompanying assistants) no later than the date and time stated in the official notice of the meeting, are entitled to attend the meeting and vote for all their shares. Shareholders may participate in the meeting personally or by proxy and may also be assisted by up to two advisors. Shareholders may normally register for a General Shareholders' Meeting in several ways, as indicated in the official notice of the meeting.

Shareholder initiatives

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

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

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

The 2015 AGM was held on May 11, 2015. The meeting was attended by 27 shareholders, in person or by proxy. These represented 32.8% of the shares and voting rights of Moberg Pharma. The Chairman of the Board, Mats Pettersson, was elected Chairman of the meeting. The CEO and all Board Members attended the meeting. The minutes from the AGM are available at www.mobergderma.se under corporate governance. At the AGM, shareholders resolved to authorize the Board until the next AGM to decide on the issuance of new shares, on one or more occasions, either with preferential rights or disapplying the shareholders' preferential rights. The total number of shares encompassed by such new share issues may not exceed 10% of the shares in the company at the time of the 2015 AGM.

BOARD OF DIRECTORS

After the General Shareholders' Meeting, the Board of Directors is the company's highest decision-making body. Under the Companies Act, the Board is responsible for the company's administration and organization, which means that the Board is responsible for adopting goals and strategies, ensuring that procedures and systems for evaluating adopted goals are in place, monitoring Moberg Pharma's financial position and results and evaluating the company's operational management. The Board is responsible for ensuring that the Annual Report and consolidated financial statements and interim reports are prepared in time. It also appoints the Chief Executive Officer. Directors are elected each year at the AGM for the period until the end of the next AGM. Moberg Pharma's articles of association state that the Board should consist of at least three and no more than ten Board Members and up to two alternates. According to the Code, no alternates are to be appointed for AGM-elected Board Members.

The Chairman of the Board is elected by the AGM and holds a special responsibility for leading the work of the Board and ensuring that the Board operates in an organized and efficient manner. The Chairman is not involved in the operational management of the company.

The Board operates in accordance with written rules of procedure that are reviewed and adopted annually at the statutory Board meeting. The rules of procedure regulate Board procedures, functions and the division of responsibilities between the Directors and CEO. In connection with the first Board meeting, the Board also establishes instructions for financial reporting and instructions for the CEO.

The Board normally convenes four to six times annually. In addition to these meetings, further meetings may be arranged to address issues that cannot be deferred to a scheduled meeting. The Chairman and CEO also engage in continuous dialogue concerning the company's significant issues. Moberg Pharma's Board currently consists of five members. The Board is presented in the Annual Report on page 57.

	Attendance (no. of meetings 2015)				Independent in relation to	
	Board meetings (14)	Remuneration Committee (3)	Directors' fees 2015, KSEK[20]	Elected	The company	Owners
Chairman of the Board, Mats Pettersson	14		300	2010	Yes	Yes
Deputy Chairman of the Board, Wenche Rolfsen	14	3	200	2010	Yes	Yes
Member of the Board, Geert Cauwenbergh	14		150	2012	Yes	Yes
Director, Torbjörn Koivisto	13	3	150	2009	Yes	Yes
Member of the Board, Mattias Klintemar (elected in April 2015)	9		150	2015	Yes	No
Member of the Board, Thomas Eklund (elected in May 2015)	9	2	150	2015	Yes	Yes
Member of the Board, Thomas Thomsen	14		150	2014	Yes	Yes

[20] The directors Wenche Rolfsen, Thomas Thomsen, Mattias Klintemar, Thomas Eklund and Geert Cauwenbergh has invoiced its directors' fees, plus social security contributions and VAT through companies. This procedure is cost neutral for Moberg Pharma.

Remuneration Committee

The Board has a remuneration committee, which prepares proposals on remuneration issues. The committee consists of three Board Members, Wenche Rolfsen (Chairman), Thomas Eklund and Torbjörn Koivisto. All members are independent in relation to the company and the company's senior executives. The committee's principal tasks are to (i) prepare the Board's decisions on issues relating to principles of remuneration, remuneration and other terms of employment for management, (ii) monitor and evaluate ongoing and recently completed variable remuneration schemes for management,

and (iii) monitor and evaluate the application of principles for remuneration of senior executives that are legally subject to approval by the AGM and of applicable structures and levels of remuneration in the company. Decisions on remuneration issues, after preparation by the committee, must be adopted by the Board as a whole.

Audit Committee

The Board currently has no audit committee. In the opinion of the Board, those duties that would be executed by an audit committee are better conducted by the Board as a whole. The Board reviews the need for an audit committee on an annual basis. The Board's rules of procedure contain principles for the Board, as it performs its obligations in the capacity of audit committee. In this context, the Board's duties include preparing and monitoring issues relating to (i) monitoring and quality assurance of the company's financial statements, (ii) regular meetings with the company's auditor to obtain information and opinions concerning the focus, scope and content of audit assignments and of the Annual Report and consolidated financial statements, and to engage in discussions on the auditor's views on the risks faced by the company, (iii) assessment and monitoring of the auditor's impartiality and independence and adoption of principles for authorized procurement of other services from the company's auditor, and (iv) evaluation of the auditor's performance and information to the nominating committee of the results of the evaluation.

CEO AND OTHER SENIOR EXECUTIVES

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

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

The CEO is required to keep the Board informed of Moberg Pharma's development, the company's results and financial position, liquidity and credit situation, important business events and other circumstances that cannot be assumed to be irrelevant for the company's shareholders (including material disputes, the termination of agreements that are important to Moberg Pharma and significant circumstances affecting the company's products and projects). The CEO and other senior executives are presented in more detail in the Annual Report on page 56.

REMUNERATION OF BOARD MEMBERS AND SENIOR EXECUTIVES

Remuneration of Board Members

Fees and other remuneration of Directors, including the Chairman, are set by a General Shareholders' Meeting. At the AGM on May 11, 2015, it was resolved that Directors' fees for 2015 totaling a maximum of SEK 1,250,000, excluding social security contributions, would be paid and distributed as follows: SEK 300,000 to the Chairman and SEK 150,000 to each of the other members. The AGM also resolved that supplementary remuneration of SEK 50,000 would be paid to the Chairman of the Remuneration Committee.

With the exception of the employee stock options allocated to certain Board Members, none of the company's Board Members are entitled to any benefits after stepping down from the Board.

Remuneration of senior executives

At the AGM on May 11, 2015, the following guidelines were resolved for senior executives of Moberg Pharma: Moberg Pharma is to offer a market-aligned total remuneration package that facilitates the recruitment and retention of qualified senior executives. The remuneration paid to the Chief Executive Officer and other senior executives is to comprise basic salary, variable remuneration, other benefits and pension benefits. The total remuneration is to be based on the basic salary and is to be proportionate to the executive's responsibilities and authority. Variable remuneration is capped at 25–50 percent of each executive's basic annual salary. Variable remuneration is based on results achieved in relation to individually defined qualitative and quantitative targets, as well as the company's result in relation to goals set by the Board of Directors. The pensionable salary comprises only the basic salary. To the extent that Board members perform work for the company or any other Group company, in addition to work on the Board of Directors, a market-aligned consultancy fee may be payable.

In case of termination, the notice period is to be three months if this is on the initiative of the senior executive and between three and 12 months if the company takes the initiative. Severance amounts are not payable. Any share and share-price-related programs must be adopted by a Shareholders' Meeting. Granting from such programs must comply with a resolution from a Shareholders' Meeting. With the exception of the employee stock options that have been granted and vested, and what is provided for under employment contracts as referred to above, senior executives are not entitled to any post-employment/assignment benefits.

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

	Basic salary	Variable remuneration[22]	Other benefits	Pension expenses	Share-based remuneration[21]	Other remuneration	Total
CEO, Peter Wolpert	1,956	719	-	528	103	-	3,306
Other senior executives (5 pers.)	6,681	1,485	-	868	714	-	9,748
Total	**8,637**	**2,204**	**0**	**1,396**	**817**	**0**	**13,054**

[21] These costs will have no payment and does not affect the company's cash flow. Estimated social security costs are not included in the reported values.

[22] Variable renumeration pertaining to the year 2015, the variable renumeration was paid in 2016

Share-based incentive program

Moberg Pharma has introduced share-based incentive schemes comprising employee stock options designed to promote the company's long-term interests by motivating and rewarding certain senior executives and other employees. The employee stock options have been granted free of charge. All permanent employees who have been employed by the company for at least 12 months at December 31, 2015 are either shareholders or covered by the company's incentive schemes. The number of shares held by Board Members, the CEO and other senior executives is presented in the Annual Report on pages 56-57.

Moberg Pharma's incentive schemes were based on employee stock options with vesting periods extending over several years. An employee may, for instance, vest his or her first options after three years' employment with further entitlements after years 4 and 5. The rationale behind the incentive structure is partly to spread the vesting period over several years and partly to allow for flexibility in allotting options; instead of establishing the granting for new recruits in year 1, the current structure allows for adjustments in schemes for future years when it has become clear how well the employee has performed and whether he or she will assume a greater or lesser role in the company than was originally intended.

Employee Stock Option Scheme 2010:2 included Board Members Wenche Rolfsen and Mats Pettersson. The Code states that stock options should not be included in remuneration for Board Members. Moberg Pharma does not intend to introduce new stock option schemes aimed at Board Members in future. The company's employee stock option scheme up to 2012 had a vesting period of less than three years. As an adaptation to the Code, the employee stock option scheme from 2014 and thereafter has a vesting period of more than three years.

AUDIT

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

Moberg Pharma's Company Auditor is the auditing firm Ernst & Young AB with Authorized Public Accountant Björn Ohlsson as Auditor-in-Charge. The company's auditors are presented in greater detail in the Annual Report on page 57.

Remuneration of auditors

The remuneration paid to the auditor is subject to the approval by a General Shareholders' Meeting. The AGM on May 11, 2015 resolved to approve remuneration of the auditor as per approved invoice.

In 2015, remuneration of MSEK 0.7 was paid to the auditor, of which audit assignments accounted for MSEK 0.4, audit work in addition to the assignment for MSEK 0.1 and other assignments for MSEK 0.1. Audit assignments are defined as the examination of the Annual Report and accounting records and of the Board of Directors and CEO's administration of the company, other tasks incumbent on the auditor as well as advice and other assistance occasioned by observations made in the course of such examinations or the performance of such other tasks. Audit work in addition to the assignment comprises examinations of interim reports, prospectus, pro forma and issue-in-kind certificates and preparing other opinions in accordance with the Companies Act. Other services in 2015 were primarily connected to business mergers and capital procurement.

NOMINATION COMMITTEE

The Nomination Committee submits proposals for electing the Chairman of the Board and Board Members, as well as proposals concerning remuneration and fees for Board Members. The Nomination Committee also submits proposals concerning the election and remuneration of Auditors. The Nomination Committee's proposals will be presented in the official notice convening the 2016 AGM. The AGM on May 11, 2015 resolved to commission the Chairman of the Board to contact the three largest shareholders or groups of owners in terms of the number of voting rights (hereby referring to both directly registered shareholders and nominee registered shareholders), according to Euroclear's share register on September 30, 2015. These parties are offered the opportunity to each appoint a representative, who together with the Chairman of the Board will make up the Nomination Committee for the time until a new Nomination Committee is appointed by mandate from the next AGM. If any of these shareholders declines the entitlement to appoint a representative, this entitlement transfers to that shareholder with the largest shareholdings after these shareholders until the Nomination Committee consists of four members.

If a member leaves the committee before his or her work is completed and if the committee considers it necessary to replace the member, the Nomination Committee will appoint a new member in accordance with the procedure above but based on Euroclear's share register applicable as soon as possible after the member steps down. Any change in the composition of the Nomination Committee must be announced immediately. No fee is paid to members for their work on the committee.

The Nomination Committee for the 2016 AGM was announced on Moberg Pharma's website and in a press release on November 17, 2015 and consists of four members: Per-Olof Edin appointed by the Baltic Sea Foundation, Katja Bergqvist appointed by Handelsbanken Fonder, Anders Rodebjer appointed by Wolco Invest.

INTERNAL CONTROL AND RISK MANAGEMENT OF FINANCIAL REPORTING

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

The internal control environmental mainly comprises the following five components: Control environment, Risk assessment, Control activities, Information and communication, as well as Monitoring compliance.

Control environment

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

Risk assessment

The company's Board conducts continuous and systematic risk-assessment work aimed at identifying risks and taking the necessary actions to cope with them. Risk assessment is also designed to identify such risks that have a significant impact on internal control of financial reporting.

The commercialization and development of new drugs is a risky and capital-intensive process. Risk factors considered of particular significance for Moberg Pharma's future development include results of competition and price scenario, production, business partners and distributors, clinical studies, actions of public authorities, liability risks and insurance, integration risks, patent and trademarks, key individuals, cyclical sensitivity, future capital requirements and financial risk factors. A more detailed description of Moberg Pharma's exposure to risk and how the company manages it is provided in the Annual Report on page 18.

Control activities

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

Information and communication

Moberg Pharma is a listed company in one of the most regulated industries in the world – pharmaceutical. In addition to the high demands that NASDAQ OMX Nordic Stockholm and the supervisory authorities impose on the scope and accuracy of information, Moberg Pharma's internal information and communication functions are designed to ensure that correct financial and other corporate information is communicated to employees and other stakeholders.

The company's internal instructions and policies, which are available for all employees, provide information on applicable procedures in all parts of the company and describes control functions and how they are implemented.

The security of all information that could affect the market value of the company and the mechanisms to ensure that such information is communicated in a correct and timely fashion are cornerstones of the company's undertaking as a listed company. These two factors, and the procedures for managing them, ensure that financial reports are received by all players in the financial market at the same time, and that they provide an accurate presentation of the company's financial position and performance.

Monitoring compliance

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

Assessment of the need for internal audit

Moberg Pharma has no separate auditing function (internal audit). The Board annually evaluates the need for such a function and, considering the size of the company, with relatively few employees and a scope of operations in which most transactions of significance are of similar character and relatively uncomplicated, has found no basis for establishing a formal internal auditing function.

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

During 2015, Moberg Pharma was not subject to decisions passed by the NASDAQ OMX Nordic Exchange Stockholm's disciplinary committee or statements by the Swedish Securities Council regarding infringement of Nasdaq OMX Nordic Exchange Stockholm's regulations or accepted market practices.

Stockholm April 18, 2016

Mats Pettersson
Chairman

Wenche Rolfsen
Vice Chair

Geert Cauwenbergh
Board member

Torbjörn Koivisto
Board member

Thomas Thomsen
Board member

Thomas Eklund
Board member

Mattias Klintemar
Board member

Peter Wolpert
CEO

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE REPORT

To the annual meeting of the shareholders of Moberg Pharma AB Corp. Reg. No. 556697-7426

It is the board of directors who is responsible for the corporate governance statement for the year 2015 on pages 50-54 and that it has been prepared in accordance with the Annual Accounts Act.

We have read the corporate governance report and based on this information and our knowledge of the company and the Group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

In our opinion, the corporate governance statement has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Stockholm April 18, 2016

Ernst & Young AB

Björn Ohlsson
Authorized Public Accountant

MANAGEMENT


Peter Wolpert


Martin Ingman


Kjell Rensfeldt


Anna Ljung


Jeff Vernimb

PETER WOLPERT, CEO and founder, M.Sc. in Engineering, M.Sc. in Economics and Business. Born 1969. Has worked for the company since 2006. Peter Wolpert has 15 years' experience as CEO, strategy consultant and entrepreneur and is Chairman of Viscogel AB. He was co-founder of Accuro Immunology, Ibility and Viscogel, and previously held positions as CEO of Athera Biotechnologies and strategy consultant of McKinsey & Co. Shareholding: 600,000 shares through Wolco Invest AB and 50,000 employee stock options (50,000 shares may be subscribed for based on the employee stock options).

MARTIN INGMAN, VP Sales and Marketing, M.Sc. in Economics and Business. Born 1962. Has worked for the company since 2008. Martin Ingman has 20 years' experience from senior sales and marketing positions at Astra AB (publ) (currently AstraZeneca), Q-Med AB and Carema Omsorg AB. Shareholding: 1,100 shares and 84,000 employee stock options (128,000 shares may be subscribed for based on the employee stock options).

KJELL RENSFELDT, VP Research and Development, Certified physician, M.Sc. in Economics and Business. Born 1957. Has worked for the company since 2007. Kjell Rensfeldt has 15 years' industrial experience from senior positions at Biogen Idec and Q-Med. Dr. Rensfeldt also has ten years' clinical experience and specialist training in urology. Shareholding: 112,000 employee stock options (184,000 shares may be subscribed for based on the employee stock options).

ANNA LJUNG, Chief Financial Officer, M.Sc. in Economics and Business. Born 1980. Has worked in the company since 2006. Anna Ljung has previously worked as CFO at Athera Biotechnologies AB and Lipopeptide AB, as well as independent consultant in technology licensing. Shareholding: 10,000 shares and 55,000 employee stock options (70,000 shares may be subscribed for based on the employee stock options).

JEFF VERNIMB, General Manager Moberg Pharma North America, B. Sc. Born 1963. Responsible for the company's North American operation. Has worked for the company since 2014. Has previous experience of executive positions in sales and marketing, and experience of changing prescribed drugs to OTC drugs from both major companies and smaller entrepreneur-operated firms, such as Pfizer, Novartis, Dynova Labs and Insight Pharmaceuticals. Shareholding: 5,500 shares and 150,000 employee stock options (150,000 shares may be subscribed for based on the employee stock options).

BOARD OF DIRECTORS

Mats Pettersson | Wenche Rolfsen | Geert Cauwenbergh | Thomas Thomsen | Torbjörn Koivisto | Thomas Eklund | Mattias Klintemar

MATS PETTERSSON, Chairman, M.Sc. in Economics and Business. Born 1945. Director since 2010. Mats Pettersson was the CEO of Biovitrum AB until 2007. He is Chairman of the Board of Genmab A/S. Mats Pettersson has more than 35 years' experience in the pharmaceutical industry and was Senior Vice President and a member of the management team of Pharmacia Corporation prior to the establishment of Biovitrum. Shareholding: 6,514 shares, plus 10,800 shares through the company Espen Invest A/S and 26,950 allocated employee stock options (53,900 shares may be subscribed for based on the employee stock options).

WENCHE ROLFSEN, Ph.D. Visiting Professor at Uppsala University. Born 1952. Wenche Rolfsen has more than 30 years' experience in the pharmaceutical industry and has held senior positions in research and development at Pharmacia and was CEO of Quintiles Scandinavia AB. She is Chairman of InDex Pharmaceuticals AB and Sarsia Seed, Norway. Board member of Swedish Match AB, Industrifonden Foundation and Smartfish, Norway. Shareholding: 400 shares plus 2,934 shares via the company Rolfsen Consulting AB. 400 shares through related parties as well as 13,626 allocated employee stock options (27,252 shares may be subscribed for based on the employee stock options).

GEERT CAUWENBERGH Director, Ph.D. Born 1954. Director since 2012. Dr. Cauwenbergh has long experience from the pharmaceutical industry and has special experience in product development and marketing of dermatology products in Europe and the U.S. Dr. Cauwenbergh is Board member and CEO of RXi Pharmaceuticals Corp (U.S.), Managing Partner of Phases123 LLC (U.S.), Board member of Cutanea Life Sciences (U.S.), as well as Phosphagenics (Australia). He has previously worked as Chairman and CEO of Barrier Therapeutics (U.S.) and held senior positions in the Johnson & Johnson Group in the U.S. Shareholding: 0 shares.

THOMAS THOMSEN Director. Born 1969. Thomas Thomsen has extensive experience from consumer marketing and OTC drugs. Has held executive positions at Johnson & Johnson Consumer, Reckitt Benckiser and Novartis and was formerly Board member of Ferrosan (Denmark) and Cederroth (Sweden). Thomas Thomsen is the founder of Value Impact United, and is Chairman of Walmark a.s.(Czech Republic) and Non-Executive Director of Symprove (UK), NoA (Norway) and Alkalon (Denmark). Shareholding: 0 shares.

TORBJÖRN KOIVISTO Director, LL.M. Born 1969. Director since 2009. Torbjörn Koivisto is a corporate lawyer focusing on corporate and commercial law. He has previous experience from Mannheimer Swartling, Lindahl and Bird & Bird. He is a Chairman of the Board of Forslid & Co AB and a Director of Kibion AB. Since 2006, he has been running his own business, IARU. Shareholding: 5,856 shares via the company IARU AB.

THOMAS EKLUND, Director. Born 1967. Director since 2015. Thomas Eklund has extensive experience from executive positions in the pharmaceutical industry, and was, among other positions, CEO & Head of Europe of Investor Growth Capital AB. He was formerly Investment Director at Alfred Berg ABN AMRO Capital Investment AB and Vice President at Handelsbanken Markets. He has also been Chairman of the Board of Global Health Partners AB, Swewet AB and Itrim AB and Board member of Boule Diagnostics AB, Biotage AB, Neoventa Medical AB, Memira AB and Rodebjer Form AB. Shareholding: 79,957 shares.

MATTIAS KLINTEMAR Director. Born 1967. Director since 2015. Mattias Klintemar represents The Baltic Sea Foundation and has longstanding and extensive experience from executive positions in the finance and technology sector, and was, among other positions, CEO of Morphic Technologies, CFO of Hexaformer, senior project manager at the investment bank ABG Sundal Collier and auditor at the former Arthur Andersen. He is Chairman of the Board at Dilafor and a Board member of Ceba/Oatly and Phoniro and Chairman of the Nomination Committee at Lightlab. Shareholding: 0 shares.

AUDITORS At the Annual General Meeting on April 18, 2011, the auditing firm of Ernst & Young AB (Jakobsbergsgatan 24, Box 7850, SE-103 99, Stockholm) was appointed as the company's auditor with the Authorized Public Accountant Björn Ohlsson (born 1960 and member of Far) as Auditor-in-Charge, with a term of office according to the Articles of Association, for the period ending at the 2015 Annual General Meeting.

SHAREHOLDER INFORMATION

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on May 18, 2016, at 17.00 CET at Moberg Pharma's premises on Gustavslundsvägen 42, 5th floor, Bromma, Stockholm. Shareholders who wish to have an issue addressed by the Annual General Meeting must submit their request by March 30, 2016 by post to the company's address or e-mail to arsstamma@mobergpharma.se.

All shareholders who are registered in their own name in the register of shareholders maintained by Euroclear Sweden AB on May 12, 2016, are entitled to attend the meeting. Shareholders whose shares are registered in the name of a nominee must, in ample time prior to this date, with the help of the nominee re-register their shares in their own names in order to be entitled to participate in the Annual General Meeting.

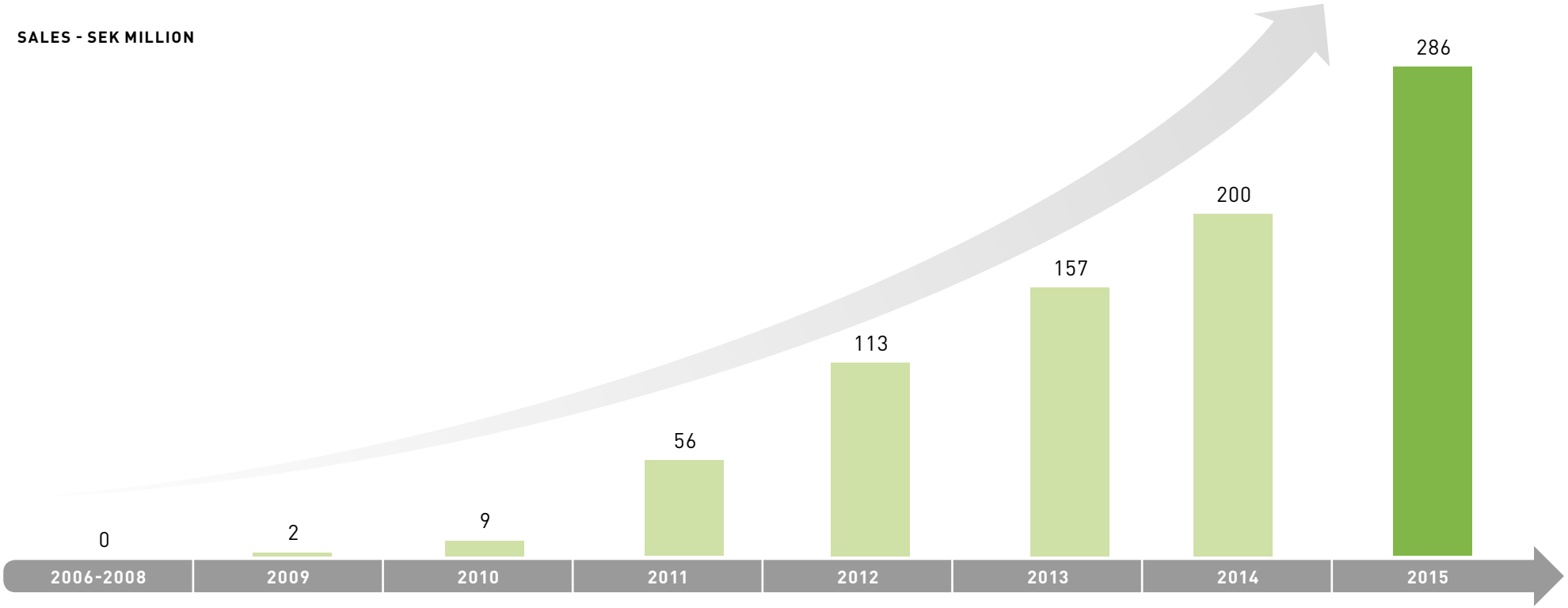
REPORT DATES 2016

Interim report for January – March 2016	May 10, 2016
Interim report for January – June 2016	August 9, 2016
Interim report for January – September 2016	November 8, 2016

FINANCIAL INFORMATION

The reports are available in Swedish and English and will be available on www.mobergpharma.se.
Contact Investor Relations, Anna Ljung,
tel: +46 8 522 807 01,
e-mail anna.ljung@mobergpharma.se

HISTORY – CONTINUOUS SALES GROWTH



2006-2008
Moberg Derma is founded by Peter Wolpert and Marie Moberg

Initiation of clinical phase III Kerasal Nail®

2009
Distribution agreement signed with Antula (today Meda OTC) regarding Kerasal Nail®

2010
Kerasal Nail® phase III clinical trial completed and product is approved for the Nordic market – No 1 in the Nordics after only one quarter

2011
Listing on Nasdaq Stockholm

Continued strong development for Kerasal Nail®, which increases the Nordic market several times over

2012
Kerasal Nail® is successfully launched in an additional 19 markets

Moberg Derma acquires Alterna and gains a direct sales channel in North America

2013
Moberg Derma changes name to Moberg Pharma

Acquisition of product portfolio from Bayer Healthcare

2014
Positive data for MOB-015 phase II study

Acquisition of product candidate from Oracain II ApS

2015
Acquisition of Balmex® from Chattem (Sanofi)

GLOSSARY

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

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

DERMATOLOGY
The science of the skin and its diseases.

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

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

IAS (INTERNATIONAL ACCOUNTING STANDARDS) AND IFRS (INTERNATIONAL FINANCIAL REPORTING STANDARDS)
New accounting rules adopted by the EU. The rules are designed to facilitate comparability of annual reports in Europe.

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

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

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

MYCOLOGY
The study of fungi.

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

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

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

PREVALENCE
The number of individuals in a certain group having a certain disease at a certain time.

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

MOBERG PHARMA AB

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