



## ACQUISITION DOUBLES OPERATIONS IN THE U.S.

*“In Q2, we made a major acquisition, reached all-time high market share for Kerasal Nail® in the U.S., and advanced MOB-015 by submitting Phase 3 applications and additional patent approvals – key drivers for future growth,”* comments Peter Wolpert, CEO Moberg Pharma

### FIRST SIX MONTHS (JAN-JUN 2016)\*

- Revenue MSEK 140.7 (165.3)
- EBITDA MSEK 31.8 (28.5)
- EBITDA for Commercial Operations MSEK 43.4 (41.9)
- Operating profit (EBIT) MSEK 31.8 (23.2)
- Net profit after tax MSEK 22.3 (16.4)
- Earnings per share SEK 1.56 (1.13)
- Operating cash flow per share SEK -0.16 (pos: 1.20)

### SECOND QUARTER (APR-JUN 2016)\*

- Revenue MSEK 71.3 (92.2)
- EBITDA MSEK 31.2 (11.1)
- EBITDA for Commercial Operations MSEK 36.4 (16.3)
- Operating profit (EBIT) MSEK 31.2 (8.3)
- Net profit after tax MSEK 28.0 (5.5)
- Earnings per share SEK 1.96 (0.38)
- Operating cash flow per share SEK 0.09 (1.52)

\*Note that the profitability includes a capital gain of 41.1 MSEK from the divestment of Jointflex®, Fergon® and Vanquish®.

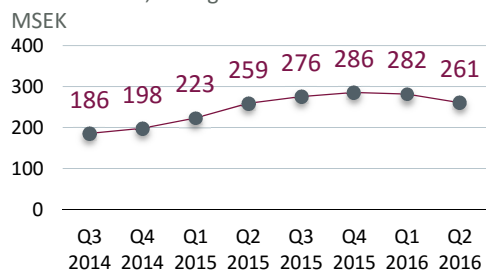
## SIGNIFICANT EVENTS DURING THE SECOND QUARTER

- Acquisition of three brands from Prestige Brands in the U.S. for MUSD 40 (transaction completed in July)
- MSEK 85 tap issue of the company’s outstanding bond loan
- Launch in Japan initiated for our nail product
- Patents for MOB-015 granted in several territories, including the U.S., Canada, the EU and Japan.
- Exercised employee stock option program increased the number of shares and votes in June by 71,666 to 14,289,188
- Divestment of the Jointflex®, Fergon® and Vanquish® brands for MUSD 10 completed on April 1

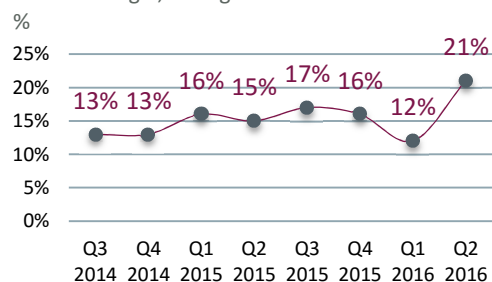
## SIGNIFICANT EVENTS AFTER THE QUARTER

- IND application for phase 3 submitted to the U.S. Food and Drug Administration (FDA) and corresponding applications to the authorities in Germany, Poland and Canada for MOB-015
- Acquisition of New Skin®, Fiber Choice® and PediaCare® completed on July 7

Sales revenue, rolling 12 months



EBITDA margin, rolling 12 months



## TELEPHONE CONFERENCE

CEO Peter Wolpert will present the report at a teleconference today at 3:00 p.m, CET August 9, 2016.  
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## CEO COMMENTARY

In Q2, we secured significant drivers for future growth. The acquisition of brands from Prestige was closed on July 7 and is expected to double reported sales of our U.S. franchise. New Skin® in particular will strengthen our dermatology franchise and become a major profit contributor starting from Q3. Kerasal Nail® delivered a record 28% market share in the U.S. and we initiated launches in markets such as Japan and Taiwan. For MOB-015, we submitted Phase 3 applications and expect to start enrolling patients in the coming months.

Due to the divestments of non-core brands completed on April 1, Q2 2016 numbers cannot be directly compared to Q2 2015. Total net sales declined with 23% (21% at fixed exchange rates), and net sales excluding the divested brands declined with 13%. The EBITDA margin, including the brand divestment, increased to 47% for the quarter and 21% for last 12 months, a result primarily due to the gain from the brand divestment. The gross margin in the quarter was 72% (78%). The Commercial EBITDA margin was 51% in the second quarter and 27% for the last 12 months. Excluding the capital gain from the brand divestment, the EBITDA margin was -11% in Q2, due to the significant investment in the Kerasal Nail® repositioning.

### **Transforming acquisition and Phase 3 submission for MOB-015**

On July 7, we completed the acquisition of New Skin®, Fiber Choice® and PediaCare® from Prestige Brands. The transaction is in line with our strategic focus and is expected to double net sales of our U.S. franchise and to contribute an estimated \$5 million to our EBITDA over the next 12 months. The acquisition is expected to immediately contribute to net sales and profitability. The transaction was fully debt-financed through our recent bond loan, which makes it an excellent contributor to earnings per share.

We recently submitted Phase 3 applications for MOB-015 in the U.S., Canada, Germany and Poland. We expect to start enrollment in Q3 of in total 675 patients. Both our pipeline assets MOB-015 and BUPI have the potential to become major growth drivers for us in the next few years through a combination of license deals as well as a basis to start our own franchises in select territories.

### **Direct sales - All time high U.S. market share for Kerasal Nail®, decline due to discontinued products**

Direct sales, excluding divested brands, declined by 7% in the second quarter (decline by 5% at fixed exchange rates) due to discontinued product variants and a decline for Kerasal Ointment. All other products delivered growth. The significant marketing investment in Kerasal Nail resulted in a new all-time high U.S. market share, although it had a short-term negative impact on profitability. Last 12 weeks, market share increased by five points to 28%<sup>1</sup> compared to the same period last year. Kerasal Nail delivered 25% value growth<sup>1</sup> (in sales to consumers) and was the key driver for the category to resume growth (+2%). Note that there is a lag of at least one month between growth in consumer sales and effects on net sales. Since marketing is seasonal and peaking in Q2, we expect a positive effect on sales and profitability in Q3. On April 1, we successfully divested non-core brands for \$10 million resulting in a capital gain of 41 MSEK. Recently, a launch in the UK was initiated opening UK as our second direct sales market after the U.S.

### **Expansion continues in Asia**

Distributor sales, excluding divested brands, declined by 27% (decline by 26% at fixed exchange rates). The majority of the decline originates from lower sales in Europe (decline by 43%) related to increased competition. Going forward, we expect European sales to be at a lower level. In Asia, total volumes in the first half of 2016 have increased by 20% and Emtrix®/Kerasal Nail® is reaching market leading positions in most countries launched. Test launches have been initiated in Japan and are progressing in China. However, RoW sales excluding divested brands, declined at 6% in Q2 due to volume discounts. Asia is expected to contribute to drive long-term growth.

### **Focus on value creation**

I am very excited with our recent acquisition, market share gains and pipeline progress. I firmly believe that MOB-015 will give us the platform to become a true global leader within the nail fungus category. We are on track to meet our long-term targets and to drive growth organically as well as through acquisitions.

Peter Wolpert, CEO Moberg Pharma

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<sup>1</sup> U.S. retail sales of nail fungus products excluding private label in Multi Outlet Stores over the last 12 weeks ending June 15, 2016 as reported by SymphonyIRI

## ABOUT MOBERG PHARMA

Moberg Pharma AB (publ.) is a rapidly growing Swedish pharmaceutical company. The company develops, acquires and licenses products that are subsequently commercialized via a direct sales organization in the U.S. and through distributors in more than 40 countries. Internal product development is based on Moberg Pharma's unique expertise in using innovative pharmaceutical formulations to develop improved products based on proven compounds. This approach reduces time to market, development costs and risk.

### Launched products

	PRODUCT	INDICATION	STATUS
	<b>Kerasal Nail®</b> <b>Emtrix®</b> <b>Nalox™</b>	Damaged nails	Sales in the U.S. and UK and via distributors in about 40 markets.
	<b>Kerasal®</b>	Dry feet and cracked heels	Sales in the U.S. and via distributors in certain other markets.
	<b>Domeboro®</b>	Itching and irritated skin	Sales in the U.S.
	<b>Balmex®</b>	Diaper rash	Sales in the U.S.
	<b>New Skin®</b>	Antiseptic liquid	Sales in the U.S.
	<b>PediaCare®</b>	Pediatric cough cold	Sales in the U.S.
	<b>Fiber Choice®</b>	Prebiotic fiber supplements	Sales in the U.S.

## Nalox™/Kerasal Nail®

Clinically proven effect for treatment of nails affected by nail fungus. The product was launched in the Nordic region in autumn 2010 and quickly became market leader. The product is sold via a direct sales organization in the U.S. and ten partners that have contracted rights for more than 60 markets, including the major EU markets, Canada, China, and South East Asia. Nalox™ is a prescription-free, over-the-counter product sold under the names Naloc™ and Emtrix® in certain markets and Kerasal Nail® in the U.S.<sup>2</sup>. Efficacy and safety have been documented in several clinical trials encompassing more than 600 patients. Nalox™ has a unique and rapid mechanism of action, demonstrating very competitive results, which brings visible improvements within 2-4 weeks of treatment.

## Kerasal®

Kerasal® is a product line for the effective treatment of common and difficult-to-treat foot problems. Podiatrists recommend Kerasal® products for the treatment of dry feet, cracked heels and foot pain. A number of clinical studies have been published that document the efficacy of Kerasal®.

## Domeboro®

Domeboro® is a topical drug for the treatment of itching and irritated skin, for example, caused by phytotoxins, insect bites or reaction from washing detergent/cosmetics. The product has a drying effect and reduces inflammation.

## Balmex®

Balmex® is a well-known brand offering products for diaper rash, primarily for children.

## New Skin®

New Skin® is the #1 liquid bandage brand. It dries rapidly to form a clear protective cover with an antiseptic to kill germs. The products were acquired from Prestige Brands in July 2016.

## PediaCare®

PediaCare® is one of the most recognized pediatric Cough/Cold brands in the United States and is well known for its heritage as a leading “kids only” brand as well as its high efficacy ingredients. The products were acquired from Prestige Brands in July 2016.

## Fiber Choice®

Fiber Choice® is a natural fiber supplement designed to promote digestive health and overall wellness. The products were acquired from Prestige Brands in July 2016.

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<sup>2</sup>The Nalox™ and Naloc™ brands are owned by the company's partners and Moberg Pharma has no ownership rights in relation to these brands.

## Development projects

### MOB-015 – Phase 3 applications submitted

A new topical treatment for onychomycosis with fungicidal, keratolytic and emollient properties. The company's patent-pending formulation transports high concentrations of the antifungal agent terbinafine into and through the nail. Since MOB-015 is applied locally, the side effects associated with oral treatment are avoided. The company estimates the peak sales potential of the product to MUSD 250-500 annually. Positive results from the Phase 2 study were reported in March 2015 at the American Academy of Dermatology. The primary treatment objective, mycological cure, was achieved in 54% of the patients who completed the treatment. MOB-015 also resulted in excellent growth of healthy nail and displayed a favorable side-effect profile. Biopsies confirmed high levels of terbinafine in the nail plate and nail bed. This study included patients with more severe onychomycosis than recently published studies of competitive topical treatment alternatives. During the fourth quarter of 2015, Moberg Pharma signed a development agreement with the company's manufacturing partner, Colep Healthcare Division. Applications to commence clinical Phase 3 studies were submitted to the relevant authorities in Europe and North America.

### BUPI - Bupivacaine lozenge - Phase 3 preparations ongoing

An innovative and patent-pending lozenge formulation of the proven compound bupivacaine for treatment of oral pain. As the initial indication, Moberg Pharma has chosen pain management for patients suffering from oral mucositis during cancer therapy. Several earlier pilot studies displayed promising clinical data pertaining to safety and efficacy. In January 2016, Moberg Pharma reported positive results from a Phase 2 trial in which BUPI was evaluated for cancer patients with oral mucositis. The primary treatment objective was achieved - patients who received BUPI in addition to conventional pain treatment had 31% lower level of pain in general and 50% lower level of oral pain. Moberg Pharma estimates the peak sales potential of the product to MUSD 50-100 assuming successful commercialization in oral mucositis and at least one additional medical indication. In addition to oral mucositis, further potential indications have been identified. During the first quarter of 2016, Moberg Pharma signed a development agreement with Cadila Pharmaceuticals, and preparations for clinical Phase 3 trials are ongoing.

## BUSINESS DEVELOPMENT DURING THE FIRST SIX MONTHS

### Product and project development

#### **Nail product launched in Japan**

During the second quarter, Moberg Pharma's partner, Menarini Asia-Pacific, commenced the launch of Emtrix® in Japan with a positive initial response from customers.

#### **Positive Phase 2 results for BUPI**

In January 2016, the company announced positive top-line results from a Phase 2 study with BUPI for pain relief in oral mucositis in patients with cancer in the head and neck regions. BUPI achieved a statistically significant reduction in oral pain. 32 patients completed the Phase 2 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 administering BUPI compared with the average pain value during the day for the control group. The group that received BUPI had 31% 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 much more apparent, where BUPI reduced the pain by 50% 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 2 results, the Board approved a risk-minimizing strategy for continuing the development through Phase 3. The development program includes a Phase 3 study that will be conducted in Europe and partially financed by grants from Eurostars. Another Phase 3 study will be conducted in India and financed in its entirety by Moberg's partner, Cadila Pharmaceuticals.

#### **Multiple patent approvals for MOB-015**

Patents were granted and Notice of Allowances received in multiple territories worldwide. The patents granted are expected to be in effect until 2032 and include composition of matter claims for topical formulations of antifungal allylamines (including terbinafine), as well as methods of treatment claims for treating onychomycosis using these novel formulations, enabling enhanced penetration of antifungal allylamines into and through the nail. Since February 2015, patents have been granted to Moberg in the U.S., Canada, the EU, Japan, Mexico, Singapore and South Africa. Notices of Allowances have been issued in Australia, Israel and Russia. Active applications are pending in several additional territories, including Brazil, China, Hong Kong, Indonesia, India and South Korea.

### Acquisitions and divestments

#### **Acquisition of three brands from Prestige Brands in the U.S.**

In June 2016, Moberg Pharma announced that the company had signed an agreement to acquire New Skin®, Fiber Choice® and PediaCare®, three well-established Over-The-Counter (OTC) brands in the U.S. from Prestige Brands, Inc. The purchase price is MUSD 40 and Moberg Pharma expects the acquired brands to contribute approximately MUSD 5 to EBITDA for the 12 months following closing of the transaction. The acquisition is financed by available cash resources and a tap issue to Moberg's outstanding bond loan. The acquired brands will be sold through Moberg's established sales channels in the U.S, primarily through chain drugstores, such as CVS, Walgreens and Rite Aid and through mass retailers, such as Walmart and Target

New Skin® is the main profitability contributor in the acquired portfolio and is well aligned with Moberg's strategic focus on topical dermatology. New Skin is the #1 OTC liquid bandage brand in the U.S. It is an antiseptic which kills germs and dries rapidly to form a clear protective cover.

In addition to New Skin®, the acquired portfolio also contains two mature brands, Fiber Choice® and PediaCare®. Fiber Choice® is focusing on digestive health with a compelling line up of product options for daily fiber supplementation. PediaCare® has a strong equity amongst moms based on highly effective products for children, primarily within cough cold and analgesics segments.

Based on Moberg Pharma's cost structure and accounting principles, the purchase price corresponds to approximately eight times expected EBITDA for the three acquired brands for the 12 months following the closing of the transaction.

#### **Divestment of three brands for MUSD 10**

In March 2016, Moberg Pharma announced that the company had signed an agreement with Strides Pharma Inc to divest the brands Jointflex, Fergon and Vanquish for a total consideration of MUSD 10 plus inventory at MUSD 0.4. The divestments further enable Moberg Pharma to focus on core operations. The three divested brands had total sales of MUSD 6.1 in 2015 and formed part of previous acquisitions of strategic assets.

#### Financial events and company events

##### **Issue of bond loans of MSEK 385 in the Nordic bond market**

In January 2016, Moberg Pharma announced that the company had decided to issue a five-year unsecured bond loan (ISIN: SE0007953989) of MSEK 300 to mature on January 29, 2021. The bond loan carries a variable interest rate of Stibor 3m + 6.00% and was listed on Nasdaq Stockholm in February 2016. In July, the company completed a tap issue of MSEK 85 to its outstanding bond loan (the tap issue was made at a price of 100.50% of the nominal amount) and the total outstanding amount of the company's bond loan thus amounted to MSEK 385 under a framework amount of MSEK 600.

##### **Increase in the number of shares**

The number of shares and voting rights rose 71,666 to 14,289,188 in June 2016. The change was due to warrants in Moberg Pharma being exercised under the framework of the company's share-based incentive schemes.

##### **New Chairman**

The Annual General Meeting resolved to appoint Thomas Eklund as Chairman of the Board of Directors after Mats Pettersson decided to step down after serving six years as a Board member and Chairman. The AGM, Board and CEO thanked Mats for his excellent contribution to Moberg Pharma.

## **SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD**

##### **Moberg Pharma completed acquisition of three brands from Prestige Brands, Inc**

In July 2016, Moberg Pharma announced that the company had completed the acquisition of the brands New Skin®, Fiber Choice® and PediaCare® for a total consideration of MUSD 40.

##### **Moberg Pharma applies to initiate Phase 3 studies for MOB-015**

In July 2016, an Investigational New Drug (IND) application was submitted to the U.S. Food and Drug Administration (FDA) for MOB-015 in the treatment of onychomycosis. In addition, the Company has submitted Clinical Trial Applications to the regulatory authorities in Germany, Poland and Canada. The applications concern two randomized, multicenter, controlled Phase 3 studies. In total, approximately 675 subjects will be evaluated over 52 weeks and the primary endpoint will be the proportion of subjects achieving complete cure of their target nail. The company expects to start enrolling patients in the third quarter of this year.

## CONSOLIDATED REVENUE AND EARNINGS

### Sales

#### Second quarter (April-June 2016)

In the second quarter of 2016, revenue amounted to MSEK 71.3 (92.2), down 23 percent compared with the second quarter of 2015. Adjusted for products divested on April 1 (JointFlex®, Vanquish® and Fergon®), the decline was 13%. Nalox™/Kerasal Nail® represented MSEK 49.0 of product sales (60.6) and other products contributed MSEK 22.3 (21.1). The Balmex® product was acquired on April 27, 2015 and sales of Balmex are included in the income statement from this date. Other operating income primarily comprise a capital gain of MSEK 41.1 in connection with the sale of the brands JointFlex®, Fergon®, Vanquish® (the capital gain is higher than the preliminary figure stated in the initial press release) but also minor exchange-rate fluctuations on operating receivables and a research grant from Eurostars of MSEK 1.0.

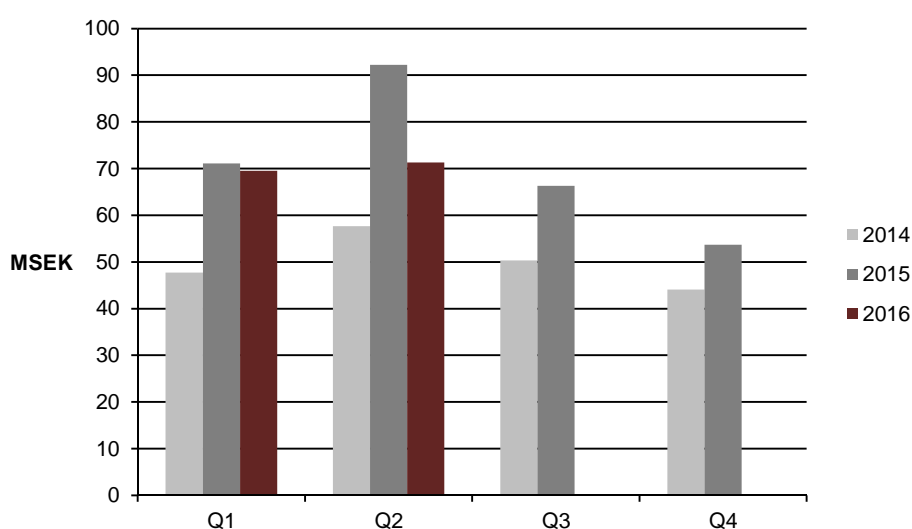
The company is dependent on the trend in the USD and EUR in relation to the SEK, since the USD and EUR account for the predominant portion of sales. During the second quarter of 2016, USD revenue was booked at an average exchange rate of SEK 8.21, compared with SEK 8.37 in the second quarter of 2015. The corresponding figure for EUR was an average exchange rate of SEK 9.27, compared with SEK 9.34 in the year-earlier period. Accordingly, exchange rates had a negative impact on revenue. At fixed exchange rates, revenue would have fallen 21% year-on-year.

#### Six-month period (January-June 2016)

During the January-June 2016 period, revenue amounted to MSEK 140.7 (165.3), down 15%. The majority, MSEK 81.1 (101.6), derived from product sales of Nalox™/ Kerasal Nail®. Product sales revenue for the products divested in April 2016 amounted to MSEK 16.3 (26.3) and MSEK 43.3 (35.1) for other products. Sales amounted to MSEK 12.2 (25.9) in Europe, MSEK 104.8 (117.2) in the U.S. and MSEK 23.8 (22.2) in the rest of the world.

Distribution of revenue (KSEK)	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Full-year 2015
Sales of products	71,294	91,918	140,746	162,982	282,983
Milestone payments	-	232	-	2,346	2,583
<b>Revenue</b>	<b>71,294</b>	<b>92,150</b>	<b>140,746</b>	<b>165,328</b>	<b>285,566</b>
Other operating income	42,280	227	42,280	5,204	6,709
<b>Total revenue</b>	<b>113,574</b>	<b>92,377</b>	<b>183,026</b>	<b>170,532</b>	<b>292,275</b>

#### Revenue from product sales per quarter

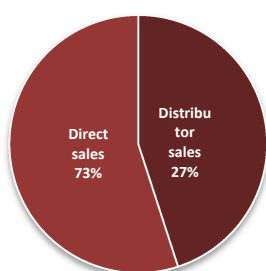




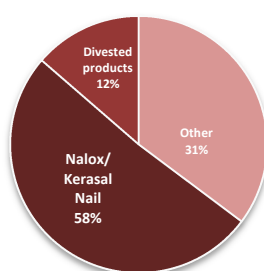
Revenue by channel (KSEK)	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Full-year 2015
Direct sales	53,774	67,060	102,540	113,809	206,602
Sales of products to distributors	17,520	24,858	38,206	49,173	76,381
Milestone payments	-	232	-	2,346	2,583
<b>TOTAL</b>	<b>71,294</b>	<b>92,150</b>	<b>140,746</b>	<b>165,328</b>	<b>285,566</b>

Revenue by product category (KSEK)	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Full-year 2015
Nalox/Kerasal Nail®, sales of products	49,022	60,571	81,107	101,597	154,510
Nalox/Kerasal Nail®, milestone payments	-	232	-	2,346	2,583
Jointflex®, Fergon®, Vanquish® (divested April 1, 2016)	-	10,227	16,322	26,301	51,901
Other products	22,272	21,120	43,317	35,084	76,572
<b>TOTAL</b>	<b>71,294</b>	<b>92,150</b>	<b>140,746</b>	<b>165,328</b>	<b>285,566</b>

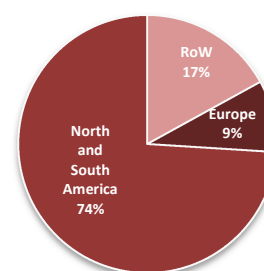
#### Distribution of revenue as a percentage, January - May 2016



Channels



Products



Geography

Revenue by geographical market (KSEK)	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Full-year 2015
Europe	6,938	12,262	12,219	25,887	32,244
North and South America	53,892	67,843	104,756	117,213	211,343
Rest of the world	10,465	12,045	23,771	22,228	41,979
<b>TOTAL</b>	<b>71,294</b>	<b>92,150</b>	<b>140,746</b>	<b>165,328</b>	<b>285,566</b>

## Earnings

### **Second quarter (April-June 2016)**

Operating profit for the second quarter of 2016 was MSEK 31.2 (8.3). The cost of goods sold was MSEK 20.1 (20.6), corresponding to a gross margin on product sales of 72% (78%). Operating expenses, excluding cost of goods sold during the quarter, amounted to MSEK 62.2 (63.5), most of which comprised selling expenses of MSEK 51.5 (47.9).

EBITDA for the quarter amounted to 47% (12%). Adjusted for R&D expenses for future products, EBITDA for commercial operations was 51% (18%).

### **Six-month period (January-June 2016)**

Operating profit for the first six months of 2016 was MSEK 31.8 (23.2). The cost of goods sold was MSEK 40.7 (37.1). Operating expenses, excluding the cost of goods sold, amounted to MSEK 110.6, compared with MSEK 110.3 in the year-earlier period.

Profit after financial items amounted to MSEK 28.6, compared with MSEK 22.8 for the January to June 2015 period. Earnings were strengthened by the capital gain in connection with the divestment of JointFlex®, Fergon® and Vanquish®. Earnings were also impacted by lower sales (due to the divestment of JointFlex®, Fergon® and Vanquish®), lower margins due to a changed product mix, volume discounts and higher marketing expenses for the repositioning of Kerasal Nail® in the U.S. Since there is normally a delay between changes in sales from pharmacies and the company's revenue, the increased marketing expenses do not fully reflect revenue as per June 30.

Profit for the period after tax was MSEK 22.3 (16.4) and comprehensive income was MSEK 25.6 (26.6). The improvement in comprehensive income includes currency translation gains of MSEK 3.2 due to the stronger USD as per June 30 compared with year-end 2015.

EBITDA for the first six months of the 2016 amounted to 26 percent (17). Adjusted for R&D expenses for future products, EBITDA for commercial operations was 31% (25).

<b>EBITDA summary (KSEK)</b>	<b>Apr-Jun 2016</b>	<b>Apr-Jun 2015</b>	<b>Jan-Jun 2016</b>	<b>Jan-Jun 2015</b>	<b>Full-year 2015</b>
Revenue	71,294	92,150	140,746	165,328	285,566
Cost of goods sold	-20,077	-20,644	-40,680	-37,069	-71,920
<b>Gross profit</b>	<b>51,217</b>	<b>71,506</b>	<b>100,066</b>	<b>128,259</b>	<b>213,646</b>
%	72%	78%	71%	78%	75%
Selling expenses	-49,727	-45,338	-84,592	-74,788	-123,087
Administrative expenses	-4,755	-5,323	-9,760	-10,341	-19,274
Research and development expenses - commercial operations <sup>1)</sup>	-1,115	-2,536	-2,711	-3,787	-6,397
Other operating income/operating expenses	40,787	-1,997	40,421	2,526	3,605
<b>EBITDA Commercial Operations</b>	<b>36,407</b>	<b>16,312</b>	<b>43,424</b>	<b>41,869</b>	<b>68,493</b>
%	51%	18%	31%	25%	24%
Research and development expenses - future products <sup>2)</sup>	-744	-3,493	-2,366	-9,971	-15,956
Business development expenses	-2,274	-1,671	-4,243	-3,379	-6,138
<b>EBITDA</b>	<b>33,389</b>	<b>11,148</b>	<b>36,815</b>	<b>28,519</b>	<b>46,399</b>
%	47%	12%	26%	17%	16%
Depreciation/amortization	-2,142	-2,866	-5,065	-5,338	-11,216
<b>Operating profit (EBIT)</b>	<b>31,247</b>	<b>8,282</b>	<b>31,750</b>	<b>23,181</b>	<b>35,183</b>

1) Research and development expenses – commercial operations includes R&D expenses for new product variants under existing brands, regulatory work and quality.

2) Research and development expenses - future products includes R&D expenses for completely new product candidates, for example, BUPI.

## FINANCIAL POSITION

### Cash flow

#### Second quarter (April-June 2016)

Cash flows from operating activities amounted to MSEK 1.3 (21.9) for the second quarter.

#### Six-month period (January-June 2016)

Operating cash flow before changes in working capital amounted to a negative MSEK 8.1 (pos: 28.8) during the first six months. The capital gain of MSEK 41.1 in connection with the sale of product rights sold during the second quarter is included in the line depreciation/amortization and other adjustments. The company has a season-related increase in tied-up capital through marketing investments and higher orders for the peak season. The company's tied-up capital through the direct sales operation declined as a result of divested products. Cash flow from operating activities amounted to a negative MSEK 2.3 (pos: 16.9) for the six-month period.

Cash flow from investment activities amounted to a negative MSEK 138.6 (neg: 38.1) and consists mainly of investments in fixed income instruments in USD and the sale of the JointFlex®, Fergon® and Vanquish® brands.

Cash flows from financing activities amounted to MSEK 291.6 (neg: 6.6) and consists mainly of cash of MSEK 293.4 received from the bond loan, repayment of loans of MSEK 3.3 and cash of MSEK 1.5 received on the exercise of warrants in Moberg Pharma within the framework of the company's share-based incentive schemes.

Cash and cash equivalents amounted to MSEK 196.1 (34.6) at the end of the period.

## Capital expenditure

The company's investments in intangible fixed assets in the first half of 2016 refer to computer systems totaling MSEK 0.1 (1.5) and capitalized expenditure for research and development work totaling MSEK 24.5 (3.2). From the first quarter of 2016, Phase 3 preparations for BUPI were initiated, which mean that direct development expenses for BUPI are capitalized. Further, the company has two other development projects, the next generation of Kerasal Nail™/Nalox™ and MOB-015, which continue to be capitalized. In addition to capitalized expenditure for R&D, Moberg Pharma also had R&D costs of MSEK 5.1 (13.8) that were expensed directly in the statement of comprehensive income, of which MSEK 2.4 (10.0) was related to future products.

<b>R&amp;D expenditure (expenses and investments) (KSEK)</b>	<b>Apr-Jun 2016</b>	<b>Apr-Jun 2015</b>	<b>Jan-Jun 2016</b>	<b>Jan-Jun 2015</b>	<b>Full-year 2015</b>
R&D expenses – current products	-1,115	-2,536	-2,711	-3,787	-6,397
R&D expenses – future products	-744	-3,493	-2,366	-9,971	-15,956
Amortization of R&D expenses	-281	-226	-537	-405	-902
<b>R&amp;D expenses (in statement of comprehensive income)</b>	<b>-2,140</b>	<b>-6,255</b>	<b>-5,614</b>	<b>-14,163</b>	<b>-23,255</b>
Capital expenditure in capitalized R&D	-20,638	-2,402	-24,465	-3,174	-8,439
Amortization of capitalized R&D investments	136	70	246	124	350
Amortization of other R&D investments	145	156	291	281	552
<b>Change in R&amp;D investments (in statement of financial position)</b>	<b>-20,357</b>	<b>-2,176</b>	<b>-23,928</b>	<b>-2,769</b>	<b>-7,537</b>
<b>Total R&amp;D expenditure</b>	<b>-22,497</b>	<b>-8,431</b>	<b>-29,542</b>	<b>-16,932</b>	<b>-30,792</b>

## Liabilities

Interest-bearing liabilities consist of one bond loan of MSEK 300 to mature on January 29, 2021. The loan carries a variable interest rate of Stibor 3m + 6% and carries a total framework amount of MSEK 600. The bond loan has no covenants in terms of operating activities, other than if the company wants to increase the loan within the framework amount. In accordance with IAS 39, the bond loan is recognized less any transaction costs allocated over the term of the loan, which explains the difference between MSEK 300 and the amount in the statement of financial position. After the end of the reporting period in July 2016, the company completed a tap issue of MSEK 85 to its outstanding bond loan (the tap issue was made at a price of 100.50% of the nominal amount) and the total outstanding amount of the company's bond loan thus amounted to MSEK 385. The full terms governing the bond loan are available on the company's website [www.mobergpharma.com](http://www.mobergpharma.com)

A loan to Swedbank was repaid in its entire amount of MSEK 3.3 during the first quarter of 2016. Repayments amounted to MSEK 6.7 during the preceding half-year period.

## Pledged assets and contingent liabilities

Moberg Pharma has no contingent liabilities. The chattel mortgages totaling MSEK 20 and shares pledged in the subsidiary Moberg Pharma North America LLC at the beginning of the year expired in connection with the

final settlement of the loan to Swedbank. Pledged assets therefore consist only of blocked bank funds totaling MSEK 0.7.

## CHANGES IN EQUITY

### Shares

The number of shares and voting rights rose 71,666 to 14,289,188 in June 2016. The change was due to warrants in Moberg Pharma being exercised under the framework of the company's share-based incentive schemes.

At the end of the period, share capital amounted to SEK 1,428,918.80 (1,396,253.70), and the total number of shares outstanding was 14,289,188 (13,962,537) ordinary shares with a nominal value of SEK 0.10.

### Disclosure of ownership

Company's largest shareholders at June 30, 2016:

Shareholders	No. of shares	% of voting rights and capital
THE BALTIC SEA FOUNDATION	2,178,153	15.2
INSURANCE COMPANY, AVANZA PENSION	1,108,431	7.8
HANDELSBANKEN FONDER AB RE JPMEL	941,686	6.6
BANQUE CARNEGIE LUXEMBOURG S.A, (FUNDS)	619,394	4.3
WOLCO INVEST AB <sup>3</sup>	600,000	4.2
GRANDEUR PEAK INTERNATIONAL	457,200	3.2
FONDITA NORDIC MICRO CAP SR	354,000	2.5
NORDNET PENSIONS FÖRSÄKRING AB	332,157	2.3
FONDITA 2000+	300,822	2.1
GRANDEUR PEAK GLOBAL, OPPORTUNITIES	280,180	2.0
SOCIETE GENERALE	265,206	1.9
STATE STREET BANK & TRUST COM., BOSTON	200,000	1.4
LUNDMARK, ANDERS	183,095	1.3
SYNSKADADES STIFTELSE	172,201	1.2
DEUTSCHE BANK AG, LONDON BRANCH, W-8BEN	155,845	1.1
HYVÄT LEHDET RSM OY	150,648	1.1
ML, PIERCE, FENNER & SMITH INC	147,414	1.0
EUROCLEAR BANK S.A/N.V, W8-IMY	126,748	0.9
DEUTSCHE BANK AG LDN-PRIME, BROKERAGE	120,073	0.8
KOCK, CHRISTIAN AXEL	117,378	0.8
<b>TOTAL, 20 LARGEST SHAREHOLDERS</b>	<b>8,810,631</b>	<b>61.7</b>
Other shareholders	5,478,557	38.3
<b>TOTAL</b>	<b>14,289,188</b>	<b>100</b>

<sup>3</sup> Owned by Moberg Pharma's CEO, Peter Wolpert

## Stock options

On May 18, 2016, the Annual General Meeting of Moberg Pharma AB resolved to implement a private placement of 428,000 warrants (equivalent to 428,000 shares) to the company's wholly owned subsidiary Moberg Derma Incentives AB and to introduce the employee stock option scheme 2016:1. As part of the employee stock option scheme 2016:1, 288,500 stock options were allotted. The terms and conditions of the employee stock option scheme 2016:1 comply with the terms and conditions of the employee stock option scheme 2015:1, with the following exceptions: employee stock options in the 2016:1 scheme vest on June 30, 2019 at the earliest, the exercise price is SEK 42.97 per option and the last day for subscription is December 31, 2020. For a description of the terms and conditions of the employee stock option scheme 2015:1, refer to the 2015 Annual Report on page 43.

In February 2016, 305,643 warrants previously reserved to cover costs for future social security contributions were canceled, along with warrants issued to employees who left before the warrants were vested.

At June 30, 2016, there were a total of 1,008,993 warrants outstanding. If all warrants were exercised for shares, the number of shares would increase by 1,147,236, from 14,289,188 shares to 15,436,424 shares at the end of the period.

## ORGANIZATION

At June 30, 2016, the Moberg Pharma Group had 34 employees, of whom 67% were women. Of these, 26 were employed in the Parent Company, of whom 68% were women.

## PARENT COMPANY

Moberg Pharma AB (Publ), Corp. Reg. No. 556697-7426, is the Parent Company of the Group. Group operations are conducted primarily in the Parent Company (in addition to the sales organization in the U.S.) and comprises research and development, sales, marketing and administrative functions. Parent Company revenue amounted to MSEK 55.4 for the period January to June 2016, compared with MSEK 76.9 in 2015. Operating expenses, excluding the cost of goods sold, amounted to MSEK 26.2 (36.2) and profit after financial items to MSEK 26.5 (26.6). Cash and cash equivalents were MSEK 188.8 (13.8) at the end of the period.

## RISK FACTORS

Commercialization and development of drugs are capital-intensive activities exposed to significant risks. Risk factors considered to be of particular relevance for Moberg Pharma's future development are linked to competitors and pricing, production, partners' and distributors' performance, the results of clinical trials, regulatory actions, product liability and insurance, patents and trademarks, key personnel, sensitivity to economic fluctuations, future capital requirements and financial risk factors. A description of these risks can be found in the company's 2015 Annual Report on page 18.

Over the next 12 months, the most significant risk factors for the company are deemed to be associated with market development, the development of established partnerships, integration of acquisitions and the results of clinical trials.

## OUTLOOK

Moberg Pharma aims to create value and generate a solid return to shareholders through profitable growth, with a long-term EBITDA margin of at least 25%. 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 integrating acquired brands, identifying further business opportunities, advancing the company's development programs and supporting the company's distributors and retailers. To enable future growth, Moberg Pharma is making significant investments in 2016, focusing on strengthening brand platforms for the company's strategic brands in the U.S., increasing international distribution, acquiring additional products and initiating proprietary Phase 3 studies for MOB-015.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(KSEK)	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Full-year 2015
Revenue	71,294	92,150	140,746	165,328	285,566
Cost of goods sold	-20,077	-20,644	-40,680	-37,069	-71,920
<b>Gross profit</b>	<b>51,217</b>	<b>71,506</b>	<b>100,066</b>	<b>128,259</b>	<b>213,646</b>
Selling expenses <sup>1)</sup>	-51,532	-47,887	-89,004	-79,578	-133,171
Business development and administrative expenses	-7,085	-7,085	-14,119	-13,863	-25,642
Research and development expenses	-2,140	-6,255	-5,614	-14,163	-23,255
Other operating income	42,280	227	42,280	5,204	6,709
Other operating expenses	-1,493	-2,224	-1,859	-2,678	-3,104
<b>Operating profit (EBIT)</b>	<b>31,247</b>	<b>8,282</b>	<b>31,750</b>	<b>23,181</b>	<b>35,183</b>
Interest income and similar items	9,316	3	9,387	20	37
Interest expense and similar items	-4,730	-179	-12,576	-410	-654
<b>Profit after financial items (EBT)</b>	<b>35,833</b>	<b>8,106</b>	<b>28,561</b>	<b>22,791</b>	<b>34,566</b>
Tax on profit for the period	-7,838	-2,649	-6,214	-6,423	-9,030
<b>PROFIT FOR THE PERIOD</b>	<b>27,995</b>	<b>5,457</b>	<b>22,347</b>	<b>16,368</b>	<b>25,536</b>
<b>Items that will be reclassified into the income statement</b>					
Translation differences of foreign operations	8,315	-9,679	3,214	10,269	13,045
<b>Other comprehensive income/loss</b>	<b>8,315</b>	<b>-9,679</b>	<b>3,214</b>	<b>10,269</b>	<b>13,045</b>
<b>COMPREHENSIVE INCOME/LOSS FOR THE PERIOD</b>	<b>36,310</b>	<b>-4,222</b>	<b>25,561</b>	<b>26,637</b>	<b>38,581</b>
Profit for the period attributable to PC shareholders	27,995	5,457	22,347	16,368	25,536
Profit for the period attributable to minority interests					
Comprehensive income/loss att. to PC shareholders	36,310	-4,222	25,561	26,637	38,581
Total comprehensive income attributable to minority interests					
<b>Earnings per share before dilution</b>	<b>1.97</b>	<b>0.39</b>	<b>1.57</b>	<b>1.17</b>	<b>1.80</b>
<b>Earnings per share after dilution</b>	<b>1.96</b>	<b>0.38</b>	<b>1.56</b>	<b>1.13</b>	<b>1.77</b>
<sup>1)</sup> Of which amortization of product rights	-1,718	-2,382	-4,231	-4,599	-9,703
<b>EBITDA</b>	<b>33,389</b>	<b>11,148</b>	<b>36,815</b>	<b>28,519</b>	<b>46,399</b>
Amortization of product rights	-1,718	-2,382	-4,231	-4,599	-9,703
Other depreciation/amortization	-425	-484	-834	-739	-1,513
<b>Operating profit (EBIT)</b>	<b>31,247</b>	<b>8,282</b>	<b>31,750</b>	<b>23,181</b>	<b>35,183</b>



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(KSEK)	Jun 30, 2016	Jun 30, 2015	Dec 31, 2015
<b>Assets</b>			
Intangible fixed assets	241,776	258,828	261,193
Property, plant and equipment	802	803	878
Financial assets	1	1	1
Deferred tax asset	10,118	18,766	16,269
<b>Total non-current assets</b>	<b>252,697</b>	<b>278,398</b>	<b>278,341</b>
Inventories	17,209	15,292	22,200
Trade receivables and other receivables	59,656	88,570	51,557
Current financial assets	200,388	-	-
Cash and bank balances	196,145	34,613	45,356
<b>Total current assets</b>	<b>473,398</b>	<b>138,475</b>	<b>119,113</b>
<b>TOTAL ASSETS</b>	<b>726,095</b>	<b>416,873</b>	<b>397,454</b>
<b>Equity and liabilities</b>			
Equity (attributable to Parent Company shareholders)	380,615	331,002	352,823
Long-term interest-bearing liabilities	293,986	-	-
Current interest-bearing liabilities	-	10,000	3,333
Current non-interest-bearing liabilities	51,494	75,871	41,298
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>726,095</b>	<b>416,873</b>	<b>397,454</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(KSEK)	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Full-year 2015
<b>Operating activities</b>					
Operating profit before financial items	31,247	8,284	31,749	23,187	35,183
Financial items, received and paid	-4,471	-157	-4,506	-367	-399
Taxes paid	-	-	-26	-17	-18
<i>Adjustments for non-cash items:</i>					
Depreciation/amortization and other adjustments	-38,980	2,866	-36,057	5,338	11,216
Employee stock option costs <sup>4</sup>	133	498	695	616	1,333
<b>Cash flow before changes in working capital</b>	<b>-12,071</b>	<b>11,491</b>	<b>-8,145</b>	<b>28,757</b>	<b>47,315</b>
<b>Change in working capital</b>					
Increase (-)/Decrease (+) in inventories	6,885	1,248	5,829	-938	-9,065
Increase (-)/Decrease (+) in operating receivables	2,968	-15,588	-6,603	-46,070	-8,124
Increase (-) / Decrease (+) in operating liabilities	3,535	24,714	6,609	35,065	592
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>1,317</b>	<b>21,865</b>	<b>-2,310</b>	<b>16,814</b>	<b>30,718</b>
<b>Investing activities</b>					
Net investments in intangible fixed assets	61,765	-35,863	57,874	-38,045	-43,529
Net investments in equipment	-11	-	-115	-58	-354
Net investments in financial fixed assets	-97,521	-	-196,375	-	-
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-35,767</b>	<b>-35,863</b>	<b>-138,616</b>	<b>-38,103</b>	<b>-43,883</b>
<b>Financing activities</b>					
Borrowings (+) / Loan amortization (-)	-	-3,334	290,106	-6,667	-13,333
New share issue after transaction costs	1,537	-	1,537	-	9,122
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>1,537</b>	<b>-3,334</b>	<b>291,643</b>	<b>-6,667</b>	<b>-4,211</b>
<b>Change in cash and cash equivalents</b>					
Cash and cash equivalents at the start of the period	228,790	52,655	45,356	62,463	62,463
Exchange-rate difference in cash and cash equivalents	268	-710	72	106	269
Cash and cash equivalents at the end of the period	196,145	34,613	196,145	34,613	45,356

<sup>4</sup> Note that revaluation of estimated costs for social security contributions for employee stock options is reported in change in operating liabilities.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Other capital contributions	Translation reserve	Accumulated deficit	Total equity
<b>(KSEK)</b>					
<b>January 1 – June 30, 2016</b>					
<b>Opening balance, January 1, 2016</b>	<b>1,422</b>	<b>367,772</b>	<b>42,535</b>	<b>-58,906</b>	<b>352,823</b>
<i>Comprehensive income</i>					
Profit for the period				22,347	22,347
Other comprehensive income - translation differences on translation of foreign operations			3,214		3,214
<i>Transactions with shareholders</i>					
New share issue	7	1,530			1,537
Employee stock options		694			694
<b>CLOSING BALANCE, JUNE 30, 2016</b>	<b>1,429</b>	<b>369,996</b>	<b>45,749</b>	<b>-36,559</b>	<b>380,615</b>
<b>January 1 – June 30, 2015</b>					
<b>Opening balance, January 1, 2015</b>	<b>1,396</b>	<b>357,305</b>	<b>29,490</b>	<b>-84,442</b>	<b>303,749</b>
<i>Comprehensive income</i>					
Profit for the period				16,368	16,368
Other comprehensive income – translation differences on translation of foreign operations			10,269		10,269
<i>Transactions with shareholders</i>					
Employee stock options		616			616
<b>CLOSING BALANCE, JUNE 30, 2015</b>	<b>1,396</b>	<b>357,921</b>	<b>39,759</b>	<b>-68,074</b>	<b>331,002</b>
<b>January 1 – December 30, 2015</b>					
<b>Opening balance, January 1, 2015</b>	<b>1,396</b>	<b>357,305</b>	<b>29,490</b>	<b>-84,442</b>	<b>303,749</b>
<i>Comprehensive income</i>					
Profit for the period				25,536	25,536
Other comprehensive income - translation differences on translation of foreign operations			13,045		13,045
<i>Transactions with shareholders</i>					
New share issue	26	9,271			9,297
Transaction costs, new share issue		-137			-137
Employee stock options		1,333			1,333
<b>CLOSING BALANCE, DECEMBER 30, 2015</b>	<b>1,422</b>	<b>367,772</b>	<b>42,535</b>	<b>-58,906</b>	<b>352,823</b>

## KEY FIGURES FOR THE GROUP

(KSEK)	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Full-year 2015
Revenue	71,294	92,150	140,746	165,328	285,566
Gross margin, %	72%	78%	71%	78%	75%
EBITDA	33,389	11,148	36,815	28,519	46,399
EBITDA %	47%	12%	26%	17%	16%
Operating profit (EBIT)	31,247	8,282	31,750	23,181	35,183
Profit after tax	27,995	5,457	22,347	16,368	25,536
Profit margin, %	39%	6%	16%	10%	9%
Total assets	726,095	416,873	726,095	416,873	397,454
Net receivables	-97,841	24,613	-97,841	24,613	42,023
Debt/equity ratio	77%	3%	77%	3%	1%
Equity/assets ratio	52%	79%	52%	79%	89%
Return on equity	7%	2%	6%	5%	7%
Earnings per share, SEK	1.96	0.38	1.56	1.13	1.77
Operating cash flow per share, SEK	0.09	1.52	-0.16	1.20	2.14
Equity per share, SEK	26.64	23.71	26.64	23.71	24.82
Average number of shares before dilution	14,244,298	13,962,537	14,230,984	13,962,537	14,172,130
Average number of shares after dilution	14,292,183	14,416,208	14,362,976	14,465,025	14,386,605
Number of shares at end of period	14,289,188	13,962,537	14,289,188	13,962,537	14,217,522
Share price on the closing date, SEK	36.80	62.75	36.80	62.75	66.00
Market capitalization on the closing date, MSEK	526	876	526	876	938

### Definitions of key figures

Moberg Pharma present certain financial performance measures in this interim report that are not defined in accordance with IFRS. Moberg Pharma believes that these financial performance measures provide valuable supplementary information to investors and company management since they facilitate evaluations of the company's performance. These financial performance measures are not always comparable with those used by other companies since not all companies calculate them in the same manner.

Accordingly, these financial performance measures are not to be regarded as a replacement for the performance measures as defined in accordance with IFRS.

Gross margin	Gross profit/loss as a percentage of revenue
EBITDA	Operating profit/loss before depreciation/amortization and impairment of intangible fixed assets and property, plant and equipment
Profit margin	Profit/loss after tax as a percentage of revenue
Net receivables	Cash and cash equivalents less interest-bearing liabilities
Debt/equity ratio	Interest-bearing liabilities in relation to equity
Equity/assets ratio	Equity at year-end in relation to total assets
Return on equity	Profit/loss for the period divided by equity
Earnings per share*	Profit after tax divided by the average number of shares outstanding after dilution
Operating cash flow per share*	Cash flow from operating activities divided by the average number of shares outstanding after dilution
Equity per share	Equity divided by the number of shares outstanding at the end of the period

\*Defined in accordance with IFRS

## CONDENSED PARENT COMPANY INCOME STATEMENT

(KSEK)	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Full-year 2015
Revenue	38,014	34,258	55,414	76,942	106,510
Cost of goods sold	-6,376	-9,779	-11,203	-19,429	-30,997
<b>Gross profit</b>	<b>31,638</b>	<b>24,479</b>	<b>44,211</b>	<b>57,513</b>	<b>75,513</b>
Selling expenses	-3,508	-4,620	-7,081	-8,177	-15,224
Business development and administrative expenses	-6,314	-6,101	-12,136	-11,710	-21,188
Research and development expenses	-1,789	-5,867	-5,184	-13,602	-22,371
Other operating income	11,601	314	11,601	5,166	6,584
Other operating expenses	-1,415	-2,219	-1,757	-2,673	-3,082
<b>Operating profit</b>	<b>30,213</b>	<b>5,986</b>	<b>29,654</b>	<b>26,517</b>	<b>20,232</b>
Interest income	9,316	143	9,386	516	533
Interest expense	-4,730	-180	-12,575	-402	-642
<b>Profit after financial items</b>	<b>34,799</b>	<b>5,949</b>	<b>26,465</b>	<b>26,631</b>	<b>20,123</b>
Tax on profit for the period	-7,372	-1,945	-5,307	-6,920	-5,137
<b>PROFIT</b>	<b>27,427</b>	<b>4,004</b>	<b>21,158</b>	<b>19,711</b>	<b>14,986</b>

## CONDENSED PARENT COMPANY BALANCE SHEET

(KSEK)	Jun 30, 2016	June 30, 2015	Dec 31, 2015
<b>Assets</b>			
Intangible fixed assets	92,262	79,578	83,151
Property, plant and equipment	564	404	574
Financial assets	178,107	178,107	178,107
Deferred tax asset	7,455	10,939	12,761
<b>Total non-current assets</b>	<b>278,388</b>	<b>269,028</b>	<b>274,593</b>
Inventories	496	2,097	406
Trade receivables and other receivables	15,704	30,938	20,016
Receivables to Group companies	-	42,794	35,264
Current financial assets	200,388	-	-
Cash and bank balances	188,785	13,777	21,500
<b>Total current assets</b>	<b>405,373</b>	<b>89,606</b>	<b>77,186</b>
<b>TOTAL ASSETS</b>	<b>683,761</b>	<b>358,634</b>	<b>351,779</b>
<b>Equity and liabilities</b>			
Shareholders' equity	347,390	318,848	324,000
Long-term interest-bearing liabilities	293,986	-	-
Liabilities from Group companies	18,118	-	-
Current interest-bearing liabilities	-	10,000	3,333
Current non-interest-bearing liabilities	24,267	29,786	24,446
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>683,761</b>	<b>358,634</b>	<b>351,779</b>

## CONDENSED PARENT COMPANY CASH-FLOW STATEMENT

(KSEK)	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Full-year 2015
<b>Operating activities</b>					
Operating profit before financial items	30,213	5,986	29,654	26,517	20,232
Financial items, received and paid	-4,471	-158	-4,506	-369	-401
<i>Adjustments for non-cash items:</i>					
Depreciation/amortization and other adjustments	-9,555	966	-8,529	1,557	3,594
Employee stock option costs	328	188	522	285	626
<b>Cash flow before changes in working capital</b>	<b>16,515</b>	<b>6,982</b>	<b>17,141</b>	<b>27,990</b>	<b>24,051</b>
<b>Change in working capital</b>					
Increase (-)/Decrease (+) in inventories	-89	-1,892	-89	-1,942	-251
Increase (-)/Decrease (+) in operating receivables	33,597	1,903	40,367	-28,673	-9,859
Increase (-) / Decrease (+) in operating liabilities	15,610	5,216	15,171	5,110	-409
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>65,633</b>	<b>12,209</b>	<b>72,590</b>	<b>2,485</b>	<b>13,532</b>
<b>Investing activities</b>					
Net investments in intangible fixed assets	3,433	-35,863	-458	-38,045	-43,529
Net investments in equipment	-11	-	-115	-58	-354
Net investments in financial fixed assets	-97,521	-	-196,375	-	-
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-94,099</b>	<b>-35,863</b>	<b>-196,948</b>	<b>-38,103</b>	<b>-43,883</b>
<b>Financing activities</b>					
Borrowings (+) / Loan amortization (-)	-	-3,334	290,106	-6,667	-13,333
New share issue after transaction costs	1,537	-	1,537	-	9,122
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>1,537</b>	<b>-3,334</b>	<b>291,643</b>	<b>-6,667</b>	<b>-4,211</b>
<b>Change in cash and cash equivalents</b>	<b>-26,929</b>	<b>-26,988</b>	<b>167,285</b>	<b>-42,285</b>	<b>-34,562</b>
Cash and cash equivalents at the start of the period	215,714	40,765	21,500	56,062	56,062
Cash and cash equivalents at the end of the period	188,785	13,777	188,785	13,777	21,500

## ACCOUNTING AND VALUATION POLICIES

This interim report has been prepared in accordance with IAS 34 and the Swedish Annual Accounts Act. The consolidated financial statements have, in common with the annual accounts for 2015, been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU, and the Swedish Annual Accounts Act. The Parent Company accounts have been prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities.

The Group applies the same accounting policies and calculation methods as described in the 2015 Annual Report. A number of new or revised standards, interpretations and improvements have been adopted by the EU and are to be applied from January 1, 2016. These changes have not had any significant effect on the Group.

Amounts are expressed in SEK rounded to the nearest thousand unless otherwise stated. Due to the rounding component, totals may not tally. MSEK is an abbreviation of million Swedish Kronor. Amounts and figures in parentheses are comparative figures from the preceding year.

## SEGMENT REPORTING

Since Moberg Pharma's operations comprise only one area of operation, the commercialization and development of medical products, the consolidated statement of comprehensive income and statement of financial position as a whole comprise one operating segment.

## RELATED-PARTY TRANSACTIONS

No significant changes have occurred in relations and transactions with related parties.

## FINANCIAL INSTRUMENTS

With the exception of the bond loan, the fair value of financial instruments approximates to their carrying amount as of June 30, 2016. The fair value of the bond loan, according to Level 2 of the fair value hierarchy, amounted to approximately MSEK 304 (based on trade) on June 30, 2016.



## FUTURE REPORTING DATES

Interim report for January – September 2016      November 8, 2016

## FOR MORE INFORMATION, PLEASE CONTACT

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For more information about Moberg Pharma's operations, please visit the company's website at [www.mobergpharma.com](http://www.mobergpharma.com)

This interim report is unaudited.

## BOARD DECLARATION

The undersigned certify that the Interim Report provides a fair overview of the operations, financial position and results of the Parent Company and Group, as well as a fair description of significant risks and uncertainties faced by the Parent Company and Group companies.

Bromma, August 8, 2016

Thomas Eklund  
*Chairman*

Wenche Rolfsen  
*Board member*

Torbjörn Koivisto  
*Board member*

Thomas Thomsen  
*Board member*

Geert Cauwenbergh  
*Board member*

Mattias Klintemar  
*Board member*

Peter Wolpert  
*CEO*