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PRESS RELEASE

Moberg Pharma considers an acquisition of a brand from Prestige Brands and evaluates the preconditions for carrying out a directed new shares issue

STOCKHOLM, December 6th, 2016. Moberg Pharma AB (publ) ("Moberg Pharma" or the "Company") (OMX: MOB) considers an acquisition of DermoPlast[®], a well-established Over-the-Counter brand in the U.S., from the Prestige Brands group. If the acquisition is carried out, the purchase price will be USD 47.6M plus stock value. Moberg Pharma has, based on the authorization to issue shares granted by the Company's annual general meeting on 18 May 2016, mandated Carnegie Investment Bank to assess the preconditions for a private placement of up to 2,843,504 shares, through a so-called "accelerated book-building" procedure in order to partially finance a potential acquisition. Moberg Pharma intends to finance the remainder of the purchase price by available cash resources and a tap issue to Moberg Pharma's outstanding bond loan.

Summary of the considered acquisition and its overall effects

- Moberg Pharma has an exclusive option to acquire DermoPlast[®] from Prestige Brands ("Prestige"). Moberg Pharma considers to, on or around December 7th, 2016, enter into a binding acquisition agreement with Prestige to acquire DermoPlast[®] for a purchase price of USD 47.6M plus stock value. A final decision on such acquisition and the entering into an acquisition agreement is dependent on the Company first being able to secure financing. A potential transaction is expected to be completed during December 2016.
- Based on Moberg Pharma's cost structure and accounting principles, the purchase price corresponds to approximately 8.9 times the estimated EBITDA for DermoPlast[®] for the period 1 October 2015–31 September 2016.
- DermoPlast[®] will be sold through Moberg Pharma's established sales channels in the U.S., primarily in chain drugstores such as CVS, Walgreens and Rite Aid and in mass retailers, such as Walmart and Target and directly to hospitals.
- DermoPlast[®] is an anesthetic spray used externally for relief of pain and itching from skin chaps and skin injuries. The hospital sales are primarily focused on women, for usage on skin chaps and vaginal injuries and surgery in connection with or after childbirth.
- DermoPlast[®] will be included among Moberg Pharma's strategic brands, and is expected to be the Company's second largest product.
- At a completed acquisition of DermoPlast[®] it is expected that the brand, immediately following completion, will contribute positively to both the Company's profit and cash flow per share, also considering financing costs.
- Moberg Pharma intends to partially finance the acquisition through a directed share issue of up to 2,843,504 shares through a so-called "accelerated book-building", and has mandated Carnegie Investment Bank to assess the preconditions therefor.

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“The opportunity to acquire DermoPlast[®] is very attractive. The acquisition is in line with our strategy and leverages our existing infrastructure and sales channels in the U.S. in an excellent way. DermoPlast[®] brings increased economies of scale and complements our portfolio with a strong and profitable dermatology brand. We are very pleased with the opportunity to complete this transaction, which is expected to contribute positively to both our sales and profitability and thereby to our long term financial target to deliver profitable growth and an EBITDA margin of 25 per cent”, says Peter Wolpert, CEO of Moberg Pharma.

Background to the acquisition of DermoPlast[®]

A central part of Moberg Pharma’s strategy is to acquire Over-the-Counter brands that complement the Company’s existing portfolio. Moberg Pharma is continuously evaluating possible acquisition of such complementary brands. One such possible acquisition is the brand DermoPlast[®] from Prestige.

In June 2016, Moberg Pharma announced its acquisition of the three well-established U.S. Over-The-Counter brands New Skin[®], Fiber Choice[®] and PediaCare[®] (under divestment) from Prestige. Subsequently, Moberg Pharma has secured an exclusive right to also acquire DermoPlast[®] from Prestige for an USD 1.25M option fee. The option provides Moberg Pharma with a one-time right to perform an evaluation of DermoPlast[®] on exclusive basis and following which evaluation Moberg Pharma, at its own discretion, can decide to complete an acquisition of DermoPlast[®] at an agreed multiple of the contribution margin of the product.

Moberg Pharma has performed such an evaluation of DermoPlast[®] and on the basis thereof Moberg Pharma considers to complete the acquisition. A final decision is however dependent on that the Company has secured financing before any binding acquisition agreement is entered into. In addition to a directed issue of ordinary shares, Moberg Pharma intends to finance the contemplated acquisition of DermoPlast[®] by available cash resources and a tap issue to Moberg Pharma’s outstanding bond loan (ISIN: SE0007953989) of approximately SEK 215M.

In the event of an acquisition of DermoPlast[®] the product will be included among Moberg Pharma’s strategic brands, and is expected to be the Company’s second largest product.

DermoPlast[®] in short

DermoPlast[®] is an anesthetic spray used externally for relief of pain and itching from skin chaps and skin injuries. DermoPlast[®] will be sold through Moberg Pharma’s established sales channels in the U.S., via chain drugstores such as CVS, Walgreens and Rite Aid and in mass retailers such as Walmart and Target and directly to hospitals. The hospital sales is primarily focused on women, for usage on skin chaps and vaginal injuries and surgery in connection with or after childbirth.

Prestige does not report DermoPlast[®] separately. However, based on information from Prestige’s public financial statements and Prestige’s internal accounting and reporting system, Moberg Pharma has made certain appraisals of the financial effects of an acquisition of DermoPlast[®]. These estimates are uncertain and have not been audited and should thus be treated with caution. Nonetheless, based on available information, the Company estimates that DermoPlast[®] during the period 1 October 2015-30 September 2016, and with application of IFRS and the Company’s accounting principles, experienced net sales of USD 12.0M and an EBITDA of USD 5.4M, equivalent to a EBITDA margin of approximately 45 per cent.

Furthermore, the Company estimates that DermoPlast[®] has during recent years, with application of IFRS and the Company’s accounting principles, experienced increased net sales as follows:

- 2016/2015: USD 12.0M (12 months until 30 September 2016)
- 2015: USD 10.4M
- 2014: USD 9.8M
- 2013: USD 9.8M

The EBITDA margin of the product has been stable during the period 2013-2016.

In the event of an acquisition of DermoPlast[®], the purchase price will amount to USD 47.6M plus stock value and with deduction of the already paid USD 1,25M option fee. The purchase price is intended to be financed partially by a tap issue to the Company’s outstanding bond loan, which bears annual interest equivalent to STIBOR 3M plus 6.00 per cent,

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of approximately SEK 215M and partially by available cash resources and also through the net proceeds from a directed new shares issue. Assuming completion of these transactions, the Company's net debt is estimated to increase by approximately SEK 300M if the acquisition of DermoPlast[®] is carried out.

A potential acquisition of DermoPlast[®] is expected to be completed during December 2016 and DermoPlast[®] will be consolidated in Moberg Pharma's accounts thereafter. A potential acquisition of DermoPlast[®] is expected to, immediately following completion, contribute positively to both the Company's profit and cash flow per share, also considering financing costs and additional shares.

Engagement of Carnegie to evaluate the preconditions for a private placement

Moberg Pharma intends to partially finance the contemplated acquisition of DermoPlast[®] through a direct issue of up to 2,843,504 shares. Therefore Moberg Pharma has, based on the authorization to issue shares granted by the Company's annual general meeting on 18 May 2016, mandated Carnegie Investment Bank to assess the preconditions for a private placement of up to 2,843,504 shares, through a so-called "accelerated book-building" procedure.

In addition hereto, the Company has mandated Carnegie Investment Bank and Swedbank to assess the preconditions for a tap issue to the Company's outstanding bond loan of approximately SEK 215M.

Advisors

Carnegie Investment Bank has been engaged as financial advisor regarding the directed share issue and Carnegie Investment Bank and Swedbank have been engaged as financial advisors regarding the tap issue to the Company's outstanding bond loan. Hansen Law has been engaged as legal advisor regarding the potential acquisition of DermoPlast[®] and Gernandt & Danielsson as legal advisor regarding the financing.

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About this information

This information is information that Moberg Pharma AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the contact person set out above, at 17.30 p.m. (CET) on December 6th, 2016.

About Moberg Pharma, www.mobergpharma.com

Moberg Pharma AB (publ) is a rapidly growing Swedish pharmaceutical company with OTC sales operations in the U.S. and a distributor network in more than 40 countries. The company's portfolio includes the OTC brands Kerasal[®], Kerasal Nail[®], Balmex[®], NewSkin[®], Domeboro[®], Fiber Choice[®] and PediaCare[®] (under divestment). Kerasal Nail[®] (Emtrix[®] or Nalox[™] in certain markets) is a leading OTC treatment of nail disorders in the U.S., Canada as well as in several markets in EU and Southeast Asia. The company is growing organically as well as through acquisitions. Internal development programs focuses on innovative drug delivery of proven compounds and include two clinical stage assets, MOB-015 (onychomycosis) and BUPI (pain management in oral mucositis). Moberg Pharma has offices in Stockholm and New Jersey and the Company's shares are listed on the Small Cap list of the NASDAQ OMX Nordic Exchange Stockholm (OMX:MOB).

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