



Year-end report 2016

Moberg Pharma AB (Publ)

Q1

Q2

Q3

Q4





EBITDA TRIPLED IN THE FOURTH QUARTER

"Fueled by recent acquisition, EBITDA tripled in the fourth quarter. The acquisition of Dermoplast® in the end of December rounded off an eventful year of strategic acquisitions, which significantly strengthens the company's brand portfolio", said Peter Wolpert, CEO of Moberg Pharma

PERIOD (FULL YEAR 2016) *

- Net sales SEK 334.3 million (285.6)
- EBITDA SEK 77.9 million (46.4)
- EBITDA for Commercial Operations SEK 93.5 million (68.5)
- Earnings before interest and taxes (EBIT) SEK 62.2 million (35.2)
- Net profit after tax SEK 32.7 million (25.5)
- Earnings per share SEK 2.25 (1.77)
- Operating cash flow per share SEK -1.24 (2.12)
- The Board of Directors proposes that no dividend be paid for the 2016 financial year

*The results include a capital gain of SEK 41.1 million in the second quarter from the divestment of the Jointflex®, Fergon® and Vanquish® brands

** Earnings before tax was positive. Additional tax bookings related to transactions resulted in a negative net profit after tax in Q4. However, please note that the company has deferred tax assets and corporate tax paid therefore is insignificant.

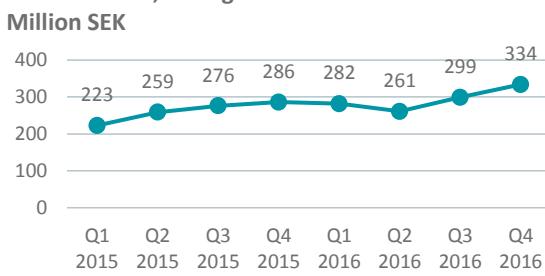
SIGNIFICANT EVENTS DURING THE FOURTH QUARTER

- The acquisition of Dermoplast® from Prestige Brands in the U.S. was completed on December 30, 2016. The purchase price was USD 47.6 million (SEK 433.2 million), plus inventory value, and the brand is expected to become the company's second-largest product. The acquisition was financed through directed new share issues worth a total of SEK 148 million, a bond issue of SEK 215 million and available cash and cash equivalents.
- Divestment of PediaCare® to Strides Arcolab International Limited, UK for a total consideration of USD 5.6 million, USD 0.6 million of which comprised inventory value.
- European patent granted for BUPI. The patent is expected to remain in force until 2031.
- Redemptions of stock option schemes increased the number of shares and votes by 279,150, while the new issues implemented in conjunction with the acquisition of Dermoplast® increased the number of shares and votes by 2,843,504, to a total of 17,411,842 shares.

SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

- Additional distribution secured for New Skin® Spray through Walmart and Walgreens.

Sales revenue, rolling 12 months



EBITDA margin, rolling 12 months



TELEPHONE CONFERENCE

CEO Peter Wolpert will present the report in a conference call at 3 p.m. today, February 14, 2017. Phone +46 (0)8 566 426 95



CEO COMMENTARY

The acquisition of Dermoplast® in December finalized a transformative year for Moberg Pharma. Acquisitions totalled USD 88 million and significantly strengthened our brand portfolio. Furthermore, we increased the market share for our lead brand Kerasal Nail® to record-levels in the U.S. and progressed MOB-015 to gain regulatory approval to start Phase 3 as well as initiated patient enrolment. As for Q4, we delivered strong growth in sales and tripled EBITDA fueled by recent acquisitions.

Recent acquisitions ensured continued profitable growth

In the fourth quarter, the company continued to deliver profitable growth with significant contribution from recently acquired brands, in particular New Skin®, increasing net sales by 67% to SEK 89 million with EBITDA tripling to SEK 12 million. In the U.S., Kerasal Nail grew market share in Q4 compared to last year, despite limited advertising during the low-season, and the market share for the full year grew to 27%, an increase with 4% compared to last year. We also secured important new distribution on New Skin® Spray in Walmart and Walgreens. These gains provide momentum as we head into 2017.

Distributor sales, excluding divested brands, were up in volume in 2016 but down 6% in value due to volume discounts in key markets. The Asia-Pacific region represents a long-term growth opportunity and several of our markets have already performed very well. However, there are other markets in the region that need more time and will require refined strategies.

Transformative acquisitions strengthened the brand portfolio

We completed successful acquisitions totaling USD 88 million in 2016 in line with our buy-and-build strategy for the commercial portfolio. Since the acquisitions were primarily debt-financed, the dilution to shareholders was limited. Dermoplast® is expected to become our second largest brand, contributing to sales and profitability from day one through our current sales channels in the U.S. Moreover, in addition to enabling further economies of scale, Dermoplast® offers an interesting direct sales channel to hospitals for us to develop. We were also pleased to complete the divestment of PediaCare®, releasing cash and resources for our core brands. The integration of New Skin and Fiber Choice® was finalized in Q4 and according to plan.

Advancing our Phase 3 assets

We are entering the year with two high potential pipeline assets in Phase 3. MOB-015 and BUPI both have the potential to become market leaders in their respective niches, taking Moberg Pharma to a whole new level. Following feedback from the FDA, we will include additional patients into the MOB-015 trial in North America. In total, our Phase 3 program is planned to include 750-800 patients. The increased sample size and a diligent screening process will reduce the risk of the Phase 3 program and, according to our revised timeline, we expect enrollment to be finalized during the second half of 2017. As for BUPI, we received patent approval in the EU and have been granted Scientific Advice meetings with two EU Health Authorities in March. The progress of both pipeline assets enables us to initiate discussions with potential commercialization partners. We expect the total investments in our Phase 3 assets to remain in line with previous estimates, approximately USD 20 million during 2016-2018.

A significantly stronger company

One year ago, we set high goals for 2016 and announced a plan of significant investments. I am proud to report that we delivered on these goals and that the results to date of these investments are meeting or exceeding our expectations. We start the New Year as a significantly stronger company than one year ago and I am excited about our prospects to create value. The transformative and immediately accretive acquisitions completed last year will more than double our U.S. sales, while the pipeline assets are progressing in line with our long-term growth strategy.

Peter Wolpert, CEO Moberg Pharma



ABOUT MOBERG PHARMA

Moberg Pharma develops and markets over-the-counter (OTC) products under well-known and respected global brands in attractive niche categories, with a focus on topical products for skin conditions and pain. We create shareholder value through profitable growth of strategic brands, value adding acquisitions and commercializing of pipeline assets. Long-term, the company targets an EBITDA Margin of 25 percent with healthy growth.

STRONG BRAND PORTFOLIO TARGETING 40 COUNTRIES

Moberg Pharma's consistent commitment to commercial and innovative excellence has resulted in rapid growth and profitability over the years. We attribute our success to a unique approach, great commitment, a high level of creativity and entrepreneurial spirit. The business is managed through high performing cross functional teams and excellent capabilities throughout the value chain. We continuously seek out acquisition candidates that fit our strategy and can benefit from our marketing, innovation and execution excellence. To optimize our sales potential, we have established our own OTC marketing & sales operation in the U.S., developed a global distributor network that spans more than 40 countries around the world and also recently started direct sales in the UK.

Our main commercial product is Kerasal Nail®/Nalox™; an over-the-counter product with clinically proven efficacy for treatment of nails affected by nail fungus. The product is sold under the names Nalox™/Naloc™, Emtrix® and Zanmira® in certain markets and Kerasal Nail® in the U.S.¹ and is distributed via a direct sales organization in the U.S. and ten partners who have contracted rights for more than 60 markets, including the major EU markets, Canada, China, Japan and South East Asia.



¹ The Nalox™ and Naloc™ brands are owned by the company's partners and Moberg Pharma has no ownership rights in relation to these brands.



Pipeline Assets with Two Products in Phase 3

We have developed a clinical pipeline with potential that is a magnitude greater than the sales of our current portfolio. MOB-015 is our next-generation nail fungus treatment targeting the highly attractive prescription market in the U.S. and some other countries, as well as the OTC market in many countries. Nail fungus (onychomycosis) is very common with a prevalence of ca 10% of the general population. There is a significant unmet need for improved topical therapy without the safety risks associated with oral treatment. BUPI seeks to address the pain due to inflammation and ulceration of the mucous membranes lining the mouth (oral mucositis, or OM) that is a severe complication of cancer treatment, affecting in total approximately 400,000 patients in the U.S. Due to OM, some patients can not complete their cancer treatment or need to be hospitalized which drives additional costs.

Each of these drug candidates are in Phase 3 and have the potential to become market leaders in their respective niches.

MOB-015



Onychomycosis

- Topical terbinafine
- Target Profile: Rapid visible improvement and superior cure rates



Phase 3 initiated

- Status: Phase 3 initiated Q316; Target to complete enrolment in H2 2017
- Primary endpoint: complete cure after 52 weeks



Patent term to 2032

- Patents granted in major territories, including U.S., EU and Japan



Superior phase 2 data in severe nails

- 54% Mycological Cure at 60 weeks
- 100% culture negative at 60 weeks
- 1000x more terbinafine in nail vs. oral
- 40x more terbinafine in nail bed vs. oral



Peak Sales potential estimated to 250-500 MUSD

BUPI

Pain management of Oral Mucositis

- Lozenge formulation of bupivacaine
- Target profile: Better and longer pain relief

Phase 3 preparations underway

- Status: Phase 3 preparations underway
- Goal: Submit Phase 3 application in mid 2017

Patents through 2031

- Patents through 2031 for EU
- Patents pending in US and Canada

Phase 2 data demonstrated superior pain relief vs standard of care

- Primary endpoint: 31% less pain in BUPI group (Highest VAS score in mouth/pharynx, p=0,0032)
- In mouth only: 50% less pain in BUPI group (p=0,0002)

Peak Sales potential estimated to 50-100 MUSD

MOB-015 – PHASE 3 STUDIES IN PROGRESS

A new topical treatment for onychomycosis (nail fungus) with antifungal, keratolytic and emollient properties. The company's patented formulation technology facilitates delivery of high concentrations of a proven antifungal substance (terbinafine) into and through the nail. Since MOB-015 is applied locally, adverse events associated with oral treatments can be avoided. The company estimates that the product has sales potential of USD 250–500 million annually.

BUPI – BUPIVACAINE LOZENGE – PREPARATIONS FOR PHASE 3 UNDERWAY

An innovative, patented formulation with the proven substance bupivacaine, in the form of a lozenge, for the treatment of pain in the oral cavity. In January 2016, Moberg Pharma reported positive results from a Phase 2 study in which BUPI was evaluated for cancer patients with oral mucositis as the first indication. Moberg Pharma estimates that the product has sales potential of USD 50–100 million, assuming successful commercialization in oral mucositis and at least one further indication.



BUSINESS PERFORMANCE IN 2016

We set four goals for 2016: to carry out a major acquisition, to begin Phase 3 studies for MOB-015, to broaden our distribution, and to increase our market share for Kerasal Nail®. As we summarize our performance this year, we can confirm that we achieved all our objectives and more. We completed two exciting acquisitions which we expect to double our US franchise, we advanced our Phase 3 projects, we achieved a record high market share for Kerasal Nail®, and we entered into agreements on new distribution in the U.S. and several other markets. During the year, our sales increased by 17% and EBITDA by 68%. In view of our strong performance in the past year, we look forward to a new year in which we will take on new challenges based on the company's long-term strategy.

COMMERCIAL OPERATIONS

Direct sales – Growth fueled by acquired brands and new all-time high market share for Kerasal Nail®

The re-launch of Kerasal Nail® initiated in the spring was successful and resulted in a 25% market share in Q4, an increase of 3% vs last year, despite limited advertising in the low season. For the full year, Kerasal Nail® grew share to 27%, an increase of 4% vs previous year².

The integration of the brands acquired in July progressed according to plan and was finalized during Q4. In January 2017, we secured additional distribution for New Skin® Spray at Walmart as well as Walgreens. The product will be sold in 3,900 Walmart stores and in over 1,500 Walgreens stores. Opening orders are expected to ship in mid-March. As of January 1, 2017, Dermoplast® is contributing to the sales and profitability and is expected to become our second largest brand.

During 2016 we entered the UK as our second direct sales market with the launch of Emtrix®. Our stepwise launch is progressing according to plan. We expect near-term revenues and marketing investments in the UK to be limited.

Distributor sales increased in volume but not in value in 2016

In 2016, sales volumes increased driven by the launches in Asia-Pacific, however total distributor revenues declined somewhat due to volume discounts. The Asia-Pacific region represents a long-term growth opportunity and some of our markets have already performed very well. However, there are other markets that need more time and may require refined strategies. We continue to deepen the launch and lifecycle management strategy in close interaction with our partner Menarini APAC. During the year a successful launch was carried out in Taiwan as well as a test launch in Japan; both of which we expect to become key markets going forward.

ACQUISITIONS, DIVESTMENTS AND FINANCING

Acquisitions

During the year, Moberg Pharma acquired the three over-the-counter brands New Skin®, Fiber Choice® and PediaCare®, followed by Dermoplast®, from America's Prestige Brands for a total of USD 87.6 million, which was financed via a directed new share issue of a total of SEK 148 million, a bond issue worth a total of SEK 600 million and existing cash and cash equivalents.

New Skin® is the leading over-the-counter liquid bandage brand in the U.S. while Dermoplast® is a topical spray for alleviating pain and irritation from skin injuries. Dermoplast® is expected to become the company's second-largest brand and to have an immediate positive impact on earnings and cash flow per share, even after financing costs are taken into account. Both are primarily sold through Moberg's current sales channels in the U.S. in chain drugstores and mass retailers, which facilitates smooth integration, an improved position overall in US retail, and economies of scale in the existing sales infrastructure. Dermoplast® also gives Moberg access to direct sales to hospitals, adding an interesting channel for the company to develop further. The hospital sales are primarily focused on women, for use on chapped skin and for vaginal injuries and surgery in connection with, or after, childbirth.

Divestments

Divestments worth a total of USD 15 million, plus inventory value of USD 1.0 million, were made during the year, releasing financial and personnel resources for the company's core business. In March, Moberg Pharma sold the brands Jointflex®, Fergon® and Vanquish® to Strides Pharma Inc. for a total consideration of USD 10 million plus inventory value of USD 0.4 million. The divestment resulted in a capital gain of SEK 41.4 million. PediaCare® was sold in December to Strides Arcolab

² U.S. MULO, last 52 weeks ending December 25 2016, SymphonyIRI



International Limited, UK for a total purchase price of USD 5 million plus inventory value of USD 0.6 million. The divestment gave rise to neither a capital gain nor a loss.

Pipeline Assets

MOB-015 – granting of patents in more countries and two Phase 3 studies underway in the U.S. and Europe

In July 2016, an IND application was submitted to the FDA for starting Phase 3 for MOB-015. Following approval, the company began preparing the inclusion criteria for the Phase 3 trial in September. The company then received a “60-day letter” from the FDA, with recommendations regarding the study and the IND application in the U.S. Essentially, we have adhered to all the FDA’s recommendations, including an increase in the number of patients for the Phase 3 study in North America. The plan is to include 750–800 patients for the Phase 3 program as a whole (in North America and Europe), and according to our revised timeline, we expect to complete patient enrollment during the second half of 2017. The increase in the total number of patients, as well as a rigorous screening procedure, are important components to ensure quality and reduce the risk of the Phase 3 program. We estimate that the total costs will remain at the previous estimate of USD 20 million, as some other study costs have been lower than expected.

The company also obtained approval of corresponding applications for Phase 3 studies from the authorities in Germany, Poland and Canada, which enabled the company to start enrollment of patients during the fall. MOB-015 is to be evaluated in Phase 3 trials for 52 weeks in two randomized, controlled multi-center studies. The primary endpoint in both studies is the proportion of subjects who achieve complete cure of the designated big toe nail, defined as complete clinical cure and negative mycology (fungal culture and KOH microscopy).

During the year, patents for MOB-015 were granted in additional markets and are expected to remain in force through 2032. The patent comprises new topical formulations of allylamines (including terbinafine), and treatment methods for onychomycosis (nail fungus) using the new formulations. Since February 2015, corresponding patents have been granted in the United States, Australia, Canada, EU, Japan, Mexico, Singapore, South Africa and Russia. Notification of future granting of patent has been issued in Israel. Active applications are underway in several other areas, including Brazil, China, Hong Kong, Indonesia, India and South Korea.

BUPI – Preparing Phase 3, European patent granted

In January 2016, the company reported positive results from a phase 2 clinical trial of BUPI for pain relief for oral mucositis in patients with cancer in the head and neck area. The Board of Directors subsequently approved a risk-minimizing strategy for further development and commercialization. Preparations for Phase 3 are underway in collaboration with Moberg’s partner Cadila Pharmaceuticals.

In October, the European Patent Office (EPO) issued Patent No. 2701681 for BUPI, an important milestone which also facilitates discussions with future commercialization partners. At the turn of the year, we requested advisory meetings (Scientific Advice meetings) with medical products agencies in Sweden and Germany. We expect to conduct these meetings in March 2017. The new BUPI patent is expected to be valid through 2031 and it covers lozenges and other formulations containing a local anesthetic, including bupivacaine, for local administration in the mouth or throat. The patent also covers use of the product for oral mucositis in cancer patients. Patents applications are pending in the U.S. and Canada.



GROUP REVENUE AND EARNINGS

SALES

Fourth quarter (October-December 2016)

In the fourth quarter of 2016, net sales amounted to SEK 89.4 million (53.7), an increase of 67% compared to the fourth quarter of 2015. Nalox™/Kerasal Nail® accounted for SEK 22.4 million (22.8) of product sales, while other products contributed SEK 67.0 million (30.9). Direct sales almost doubled (98%)³ in the fourth quarter. Excluding products acquired and/or divested in 2016, direct sales increased by 5%. Sales via distributors declined by 37%⁴ in the fourth quarter, compared to the same period in the previous year; excluding divestments the decline was 23%. Note that distributor sales vary between quarters due to seasonality and since orders normally are placed 2-3 times per year for each market.

The company is dependent on the trend in the US dollar and the Euro in relation to the Swedish krona, since the majority of invoicing is in US dollars and Euros. In the fourth quarter of 2016, revenue in US dollars was recognized at an average exchange rate of SEK 9.04, compared to SEK 8.50 in the fourth quarter of 2015. The corresponding figure for the Euro was an average exchange rate of SEK 9.76, compared to SEK 9.30 in the fourth quarter of 2015. Exchange rates therefore had a positive impact on revenue. If exchange rates had been unchanged, turnover would have increased by 57% compared to the fourth quarter of 2015.

Reporting period (full year 2016)

In 2016, net sales amounted to SEK 334.3 million (285.6), an increase of 17%. Product sales of Nalox™/Kerasal Nail® accounted for as much as SEK 151.3 million (154.5) of total revenue. The product Balmex® was acquired on April 27, 2015 and Balmex® sales are included in the income statement from that date. The products New Skin®, PediaCare® and Fiber Choice® were acquired on July 7, 2016 and sales of these products are included in the income statement from that date. The product Dermoplast® was acquired on December 30, 2016 and therefore did not contribute to income for 2016. Product sales revenue for the products that were divested on April 1, 2016 (JointFlex®, Vanquish® and Fergon®) amounted to SEK 16.3 million (51.9), while product sales revenue for PediaCare® (acquired July 7, 2016 and divested December 19, 2016) totaled SEK 16.2 million (0), revenue for New Skin® and Fiber Choice® (acquired July 7, 2016) totaled SEK 68.4 million (0), and revenue for other products totaled SEK 82.1 million (76.6).

Total revenue, adjusted for acquisitions and divestments during the year 2016, amounted to SEK 233.3 million (233.7). Corresponding adjusted revenue from direct sales increased by 4% (from SEK 166.7 million in 2015 to SEK 172.8 million in 2016), while adjusted revenue from product sales to distributors fell by 6% (from SEK 64.4 million in 2015 to SEK 60.6 million in 2016). The distributor sales increased in terms of volume, but revenue fell as a result of the introduction of volume discounts. No milestone payments were received in 2016 (SEK 2.6 million received in 2015). All brands that are included in adjusted direct sales reported growth during the year, apart from Kerasal® Ointment. The direct sales activities also benefited from the strengthening US dollar exchange rate in 2016, which rose by an average of 1.5% against the Swedish krona compared to 2015.

Other operating income primarily comprised a capital gain of SEK 41.1 million in connection with the sale of the JointFlex®, Fergon® and Vanquish® brands, but also included exchange rate fluctuations on operating receivables and a research grant from Eurostars of SEK 2.1 million (0.8).

Sales amounted to SEK 19.4 million (32.2) in Europe, SEK 274.8 million (211.3) in America, and SEK 40.1 million (42.0) in the rest of the world. Adjusted for products acquired and/or disposed of in 2016, sales in Europe amounted to SEK 19.4 million (31.7) in a decrease of 39%, in America to SEK 180.4 million (171.4), an increase of 5%, and in the rest of the world to SEK 33.5 million (30.5), an increase of 10%.

Distribution of operating revenue (Thousand SEK)	Oct-Dec 2016	Oct-Dec 2015	Full year 2016	Full year 2015
Sales of products	89,423	53,672	334,304	282,983
Milestone payments	-	-	-	2,583
Net sales	89,423	53,672	334,304	285,566
Other operating income	3,942	488	49,211	6,709
Total operating revenue	93,365	54,160	383,515	292,275

³ 87% increase at fixed exchange rates

⁴ 39% decrease at fixed exchange rates



Net sales by channel (Thousand SEK)	Oct-Dec 2016	Oct-Dec 2015	Full year 2016	Full year 2015
Direct sales*	81,522	41,191	267,219	206,602
Product sales to distributors *	7,901	12,481	67,085	76,381
Milestone payments	-	-	-	2,583
TOTAL	89,423	53,672	334,304	285,566

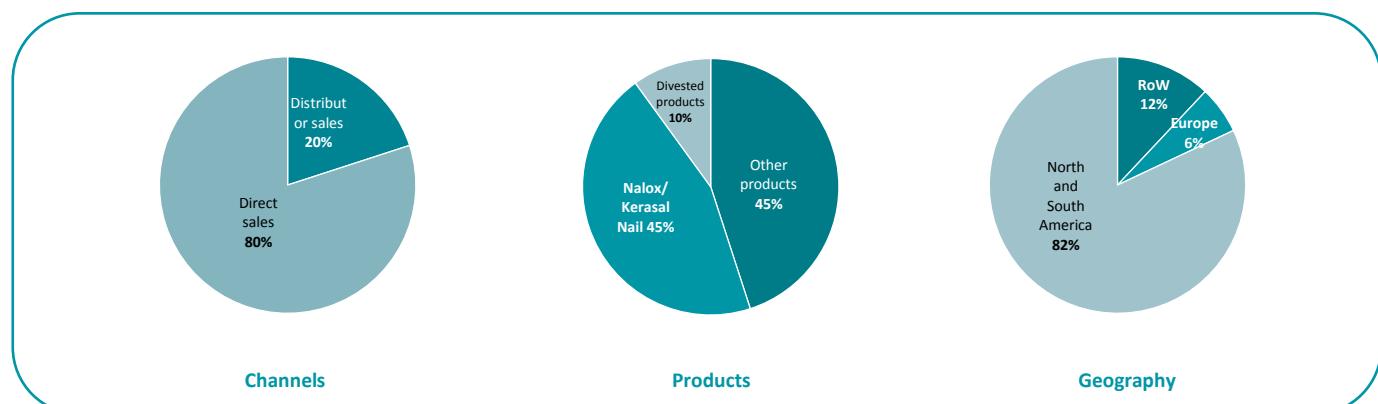
*Figures refer to total sales. Note that sales been affected by acquisitions and divestments during 2016, see the text for information on revenue on the previous page

Net sales by product category (Thousand SEK)	Oct-Dec 2016	Oct-Dec 2015	Full year 2016	Full year 2015
Nalox/Kerasal Nail®, product sales	22,382	22,773	151,289	154,510
Nalox/Kerasal Nail®, milestone payments	-	-	-	2,583
Divested products (JointFlex®, Fergon®, Vanquish®, PediaCare®)	10,512	12,236	32,540	51,901
Other products	56,529	18,663	150,475	76,572
TOTAL	89,423	53,672	334,304	285,566

Net sales by geographical market (Thousand SEK)	Oct-Dec 2016	Oct-Dec 2015	Full year 2016	Full year 2015
Europe*	1,006	3,442	19,412	32,244
North and South America*	84,640	41,505	274,834	211,343
Rest of the world*	3,777	8,725	40,058	41,979
TOTAL	89,423	53,672	334,304	285,566

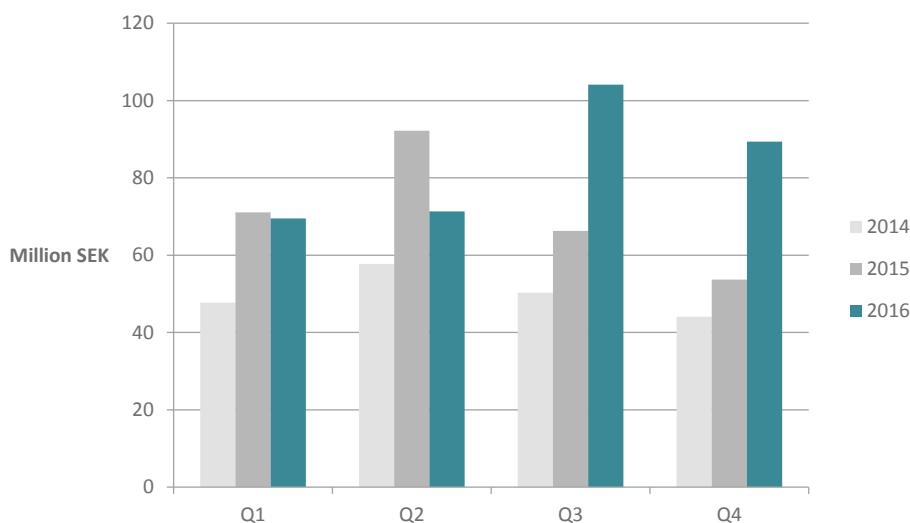
*Figures refer to total sales. Note that sales been affected by acquisitions and divestments during 2016, see the text for information on revenue on the previous page

Distribution of net sales as a percentage, 2016





Revenue from product sales per quarter



EARNINGS

Fourth quarter (October-December 2016)

Operating profit for the fourth quarter of 2016 was SEK 7.1 million (1.1). The cost of goods sold was SEK 28.6 million (17.0), corresponding to a gross margin on product sales of 68% (68). Operating expenses, excluding the cost of goods sold during the quarter, amounted to SEK 57.7 million (36.2), most of which comprised selling expenses of SEK 40.6 million (22.9).

EBITDA for the quarter amounted to 13% (8). Adjusted for R&D expenses for future products, EBITDA for Commercial Operations was 20% (16).

Reporting period (full year 2016)

Operating profit for 2016 was SEK 62.2 million (35.2). The cost of goods sold was SEK 101.4 million (71.9). Operating expenses, excluding the cost of goods sold, amounted to SEK 220.0 million (185.2).

Profit after financial items amounted to SEK 46.5 million, compared to SEK 34.6 million in 2015. Earnings were strengthened by the capital gain of SEK 41.1 million in connection with the divestment of JointFlex®, Fergon®, and Vanquish® in April. Earnings were also impacted by higher sales (due to the acquisition of New Skin®, PediaCare®, and Fiber Choice®, partly offset by the divestment of JointFlex®, Fergon®, and Vanquish®), lower gross margins due to a changed product mix, and higher marketing expenses since a higher portion of the company's revenue is now derived from its direct sales operations in the U.S. than in the past.

Profit after tax was SEK 32.7 million (25.5) and comprehensive income was SEK 52.3 million (38.6). The improvement in comprehensive income includes currency translation gains of SEK 19.6 million due to the stronger USD in December 2016 than at the end of 2015.

EBITDA for 2016 amounted to 23% (16). Excluding the capital gain in connection with the divestment in April, EBITDA totaled 11%. Adjusted for R&D and business development expenses for future products, EBITDA for Commercial Operations was 28% (24).



EBITDA summary (Thousand SEK)	Oct-Dec 2016	Oct-Dec 2015	Full year 2016	Full year 2015
Net sales	89,423	53,672	334,304	285,566
Cost of goods sold	-28,557	-16,950	-101,355	-71,920
Gross profit	60,866	36,722	232,949	213,646
%	68%	68%	70%	75%
Selling expenses	-36,003	-20,311	-156,618	-123,087
Administrative expenses	-6,294	-6,050	-20,520	-19,274
Research and development expenses – Commercial Operations ¹⁾	-1,144	-1,867	-5,068	-6,397
Other operating income/operating expenses	76	62	42,788	3,605
EBITDA – Commercial Operations	17,501	8,556	93,531	68,493
%	20%	16%	28%	24%
Research and development expenses – future products ²⁾	-2,070	-3,875	-6,100	-15,956
Business development expenses	-3,381	-648	-9,524	-6,138
EBITDA	12,050	4,033	77,907	46,399
%	13%	8%	23%	16%
Depreciation/amortization	-4,991	-2,967	-15,735	-11,216
Operating profit (EBIT)	7,059	1,066	62,172	35,183

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.

FINANCIAL POSITION

CASH FLOW

Fourth quarter (October-December 2016)

Operating cash flow before changes in working capital amounted to SEK 5.2 million (4.5). After changes in working capital, cash flow from operating activities was SEK 5.4 million (2.4) for the fourth quarter.

Reporting period (full year 2016)

Operating cash flow before changes in working capital amounted to SEK 26.5 million (47.3). The capital gain of SEK 41.1 million in connection with the sale of product rights in the second quarter is included in the line "Depreciation/amortization and other adjustments". Tied-up capital increased as a result of growth in direct sales operations following acquisitions in July and December, which generated higher marketing investments and inventories. This effect was offset partly by reductions in tied-up capital for products divested in April and December. After changes in working capital, cash flow from operating activities was a negative SEK 17.9 million (+30.7) in 2016.

Cash flow from investing activities amounted to a negative SEK 680.7 million (-43.9) and consists mainly of acquisitions and divestments of product rights, and capitalized expenditure for research and development work, see the section "Capital expenditure" below.

Cash flow from financing activities amounted to SEK 738.0 million (-4.2) and consists of cash of SEK 587.6 million (SEK 293.4 million initially and tap issues of SEK 83.6 million in July and SEK 210.6 million in December) received from the bond loan, loan repayments of SEK 3.3 million, share issue proceeds of SEK 142.9 million after transaction costs, and a total of SEK 10.8 million received on the exercise of stock options in Moberg Pharma within the framework of the company's share-based incentive schemes (SEK 1.5 million in July and SEK 9.3 million in December).

Cash and cash equivalents amounted to SEK 86.1 million (45.4) at the end of the period.



CAPITAL EXPENDITURE

Investments in intangible fixed assets in 2016 pertained mainly to the acquisition of New Skin®, Fiber Choice®, and PediaCare® in July for USD 40 million, the acquisition of Dermoplast® in December for USD 47.6 million, the sale of the JointFlex®, Fergon®, and Vanquish® brands in April for USD 10 million, and the sale of PediaCare® in December for USD 5 million.

Other items include capitalized expenditure for research and development work of SEK 50.7 million (8.5) and computer systems of SEK 0.2 million (1.8). Late-stage development assets that are being capitalized include MOB-015 and the next generation of Kerasal Nail®/Nalox™. Since phase 3 preparations for BUPI were initiated in the first quarter of 2016, direct development expenses for BUPI are also capitalized from 2016 and onwards. In addition to capitalized R&D expenditure, Moberg Pharma also had R&D expenses of SEK 12.4 million (23.3) that were expensed directly in the statement of comprehensive income, of which SEK 6.1 million (16.0) was related to future products.

R&D expenditure (expenses and investments) (Thousand SEK)	Oct-Dec 2016	Oct-Dec 2015	Full year 2016	Full year 2015
R&D expenses – current products	-1,144	-1,867	-5,068	-6,397
R&D expenses – future products	-2,070	-3,875	-6,100	-15,956
Amortization of R&D investments	-393	-277	-1,274	-902
R&D expenses (in statement of comprehensive income)	-3,607	-6,019	-12,442	-23,255
New capitalized R&D investments	-13,752	-3,470	-50,674	-8,439
Amortization of capitalized R&D investments	229	128	667	350
Amortization of other R&D investments	164	149	607	552
Change in R&D investments (in statement of financial position)	-13,359	-3,193	-49,400	-7,537
Total R&D expenditure	-16,966	-9,212	-61,842	-30,792

Investments in financial fixed assets decreased by USD 1.25 million in the fourth quarter when the fee paid for the option acquired earlier in the year to purchase the product rights for the Dermoplast® brand from Prestige Brands was deducted from the purchase price on completion of the transaction.

LIABILITIES

Interest-bearing liabilities consist of a bond loan, initially of SEK 300 million, which matures on January 29, 2021. In July 2016, the company completed a tap issue of SEK 85 million (at a price of 100.50% of the nominal amount). In December 2016, the company completed a further tap issue of SEK 215 million (at a price of 102.75% of the nominal amount). At year-end, the total outstanding amount of the company's bond loan was SEK 600 million, which equals the total framework amount of the bond loan.

The loan carries a variable interest rate of Stibor 3m + 6%. The bond loan has no covenants in terms of operating activities except where the company wishes to increase the loan within the framework amount. In accordance with IAS 39, the bond loan is recognized less transaction costs allocated over the term of the loan, which explains the difference between SEK 600 million and the amount of SEK 589.0 million included in the statement of financial position.

The full terms governing the bond loan are available on the company's website www.mobergpharma.com.

A loan to Swedbank was repaid in its entire amount of SEK 3.3 million during the first quarter of 2016. Repayments in 2015 totaled SEK 13.3 million.

Non-current non-interest-bearing liabilities comprise a deferred tax liability at the US subsidiary of USD 0.8 million (SEK 7.0 million).

Current non-interest-bearing liabilities include contingent considerations to Prestige in connection with the acquisition of New Skin®, Fiber Choice®, and PediaCare®. Contingent considerations of up to USD 2.5 million may be payable, for which the company has recognized a liability of USD 2.25 million (SEK 20.5 million). The contingent purchase considerations limit Moberg Pharma's risk exposure related to returns and certain expenses for Fiber Choice® and PediaCare®, as both brands show negative sales trends and are going through a SKU rationalization program.



PLEDGED ASSETS AND CONTINGENT LIABILITIES

Moberg Pharma has no contingent liabilities. The chattel mortgages totaling SEK 20 million 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 from Swedbank. Pledged assets therefore consist only of blocked bank funds totaling SEK 0.7 million.

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 within the framework of the company's share-based incentive schemes.

The number of shares and voting rights rose a further 3,122,654 to 17,411,842 in December. This was due partly to the private placement of a total of 2,843,504 shares that Moberg Pharma AB (publ) announced on December 7, 2016, and partly to 279,150 new shares from the exercise of warrants within the framework of the company's share-based incentive schemes.

At the end of 2016, share capital amounted to SEK 1,741,184.20 (1,421,752.20), and the total number of shares outstanding was 17,411,842 (14,217,522) ordinary shares with a nominal value of SEK 0.10.

DISCLOSURE OF OWNERSHIP

The company's largest shareholders as of December 30, 2016:

Shareholders	No. of shares	% of voting rights and capital
THE FOUNDATION FOR BALTIC AND EAST EUROPEAN STUDIES	2,208,771	12.7
FÖRSÄKRINGSAKTIEBOLAGET AVANZA PENSION	1,538,173	8.8
NORDNET PENSIONSFÖRSÄKRING AB	864,796	5.0
CUSTODY ACCOUNT FOR THE EXCLUSIVE	816,000	4.7
BANQUE CARNEGIE LUXEMBOURG S.A. (FUNDS)	719,394	4.1
WOLCO INVEST AB ⁵	600,000	3.5
SOCIETE GENERALE	532,540	3.1
GRANDEUR PEAK INTERNATIONAL	369,294	2.1
GRANDEUR PEAK GLOBAL, OPPORTUNITIES	284,857	1.6
MERRILL LYNCH PROF CLEAR CORP	269,446	1.6
STATE STREET BANK & TRUST COM., BOSTON	225,000	1.3
LUNDMARK, ANDERS	202,708	1.2
DANICA PENSION	178,898	1.0
SYNSKADADES STIFTELSE	172,201	1.0
ÖHMAN HJÄRT- LUNGFOND	165,000	1.0
NORTAL CAPITAL AB	150,000	0.9
ML, PIERCE, FENNER & SMITH INC	147,414	0.9
PERSSON, TOBIAS	146,121	0.8
CONSENSUS SMÅBOLAG	145,000	0.8
SVENSKA HANDELSBANKEN MARKETS	140,000	0.8
TOTAL, 20 LARGEST SHAREHOLDERS	9,875,613	56.7
Other shareholders	7,536,229	43.3
TOTAL	17,411,842	100

⁵ Owned by Moberg Pharma's CEO, Peter Wolpert



OPTIONS

On May 18, 2016, the Annual General Meeting of Moberg Pharma AB decided to implement a directed issue of 428,000 warrants (equal to 428,000 shares) with the company's wholly owned subsidiary Moberg Derma Incentives AB and to introduce the employee stock option scheme 2016:1. As part of this employee stock option scheme, 428,000 stock options were allotted. The terms and conditions of the employee stock option scheme are the same as for the employee stock option scheme 2015:1 with the following exceptions: 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. A description of the terms and conditions of the employee stock option scheme 2015:1 can be found in 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 options issued to employees who left before the options were vested.

As of December 31, 2016, there were a total of 851,960 warrants outstanding. If all warrants were exercised for shares, the number of shares would increase by 866,420, from 17,411,842 shares at the end of the period to 18,278,262.

ORGANIZATION

As of December 31, 2016, the Moberg Pharma Group had 37 employees, of whom 68% were women. Of these, 27 were employed in the Parent Company, of whom 70% 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 US) and comprise research and development, sales and marketing, and administrative functions. Parent Company revenue in 2016 was SEK 103.3 million (106.5). Operating expenses, excluding the cost of goods sold, amounted to SEK 64.3 million (61.9), while profit after financial items was SEK 18.1 million (20.1). Cash and cash equivalents totaled SEK 72.4 million (21.5) at the end of the period.

RISK FACTORS

Commercialization and development of pharmaceuticals are capital-intensive activities exposed to significant risks. Risk factors considered of particular significance 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 are deemed to be associated with market developments, 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 2017, focus will be placed on integrating acquired brands, advancing the company's Phase 3 development programs, and supporting the company's distributors and retailers. To enable future growth, Moberg Pharma will during the year utilize its operative cash surplus to invest mainly in the ongoing Phase 3 studies for MOB-015. The company will also further refine the commercialization plans for its pipeline assets, including deepening relations with potential commercialization partners in multiple territories.



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Thousand SEK)	Oct-Dec 2016	Oct-Dec 2015	Full year 2016	Full year 2015
Net sales	89,423	53,672	334,304	285,566
Cost of goods sold	-28,557	-16,950	-101,355	-71,920
Gross profit	60,866	36,722	232,949	213,646
Selling expenses ¹⁾	-40,538	-22,939	-170,833	-133,171
Business development and administrative expenses	-9,738	-6,760	-30,290	-25,642
Research and development expenses	-3,607	-6,019	-12,442	-23,255
Other operating income	3,942	488	49,211	6,709
Other operating expenses	-3,866	-426	-6,423	-3,104
Operating profit (EBIT)	7,059	1,066	62,172	35,183
Interest income and similar items	—	17	15,308	37
Interest expenses and similar items	-6,291	-104	-30,935	-654
Earnings before tax (EBT)	768	979	46,545	34,566
Tax on net profits for the period	-3,246	-588	-13,877	-9,030
COMPREHENSIVE PROFIT/LOSS FOR THE PERIOD	-2,478	391	32,668	25,536
Items that will be reclassified into the income statement				
Translation differences of foreign operations	12,931	-894	19,584	13,045
Other comprehensive profit/loss	12,931	-894	19,584	13,045
COMPREHENSIVE PROFIT/LOSS FOR THE PERIOD	10,453	-503	52,252	38,581
Profit/loss for the period attributable to the shareholders of the Parent Company	-2,478	391	32,668	25,536
Profit/loss for the period attributable to minority interests				
Comprehensive profit/loss attributable to Parent Company's shareholders	10,453	-503	52,252	38,581
Comprehensive profit/loss attributable to minority interests				
Earnings per share before dilution	-0.17	0.03	2.27	1.80
Earnings per share after dilution⁶	-0.17	0.03	2.25	1.77
¹⁾ Of which product rights depreciations	-5,254	-2,416	-13,838	-9,703
EBITDA	12,050	4,033	77,907	46,399
Product rights depreciations	-5,254	-2,416	-13,838	-9,703
Other depreciation/amortization	263	-551	-1,897	-1,513
Operating profit (EBIT)	7,059	1,066	62,172	35,183

⁶ For the periods during which the Group reports a loss, no dilutive effect occurs. The reason for this is that a dilutive effect is recognized only when a potential conversion to ordinary shares would result in lower earnings per share.



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Thousand SEK)	12/31/2016	12/31/2015
Assets		
Intangible fixed assets	1,000,367	261,193
Property, plant and equipment	774	878
Financial assets	1	1
Deferred tax asset	10,161	16,269
Total non-current assets	1,011,303	278,341
 Inventories	42,224	22,200
Trade receivables and other receivables	92,545	51,557
Cash and cash equivalents	86,104	45,356
Total current assets	220,873	119,113
 TOTAL ASSETS	1,232,176	397,454
 Equity and liabilities		
Equity (attributable to Parent Company's shareholders)	561,625	352,823
Non-current interest-bearing liabilities	589,040	—
Non-current non-interest-bearing liabilities	6,971	—
Current interest-bearing liabilities	—	3,333
Current non-interest-bearing liabilities	74,540	41,298
 TOTAL EQUITY AND LIABILITIES	1,232,176	397,454



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Thousand SEK)	Oct-Dec 2016	Oct-Dec 2015	Full year 2016	Full year 2015
Operating activities				
Operating profit/loss before financial items	7,057	1,066	62,171	35,183
Financial items, received and paid	-3,835	77	-8,319	-399
Taxes paid	2	—	-24	-18
<i>Adjustments for non-cash items:</i>				
Depreciation/amortization and other adjustments	1,546	2,967	-29,073	11,216
Employee stock option costs ⁷	460	375	1,748	1,333
Cash flows before change in working capital	5,230	4,485	26,503	47,315
Change in working capital				
Increase (-)/Decrease (+) in inventories	-5,232	-3,575	-20,025	-9,065
Increase (-)/Decrease (+) in operating receivables	28,652	13,118	-30,651	-8,124
Increase (+)/Decrease (-) in operating liabilities	-23,238	-11,650	6,232	592
CASH FLOW FROM OPERATING ACTIVITIES	5,412	2,378	-17,941	30,718
Investing activities				
Net investments in intangible fixed assets	-404,688	-3,619	-680,401	-43,529
Net investments in machinery and equipment	-140	-297	-255	-354
Net investments in financial fixed assets	10,748	—	—	—
CASH FLOW FROM INVESTING ACTIVITIES	-394,080	-3,916	-680,656	-43,883
Financing activities				
Borrowings (+) / Loan amortization (-)	210,559	-3,333	584,263	-13,333
New share issue after transaction costs	152,152	7,677	153,689	9,122
CASH FLOW FROM FINANCING ACTIVITIES	362,711	4,344	737,952	-4,211
Change in cash and cash equivalents	-25,957	2,806	39,355	-17,376
Cash and cash equivalents at the beginning of the period	111,141	42,718	45,356	62,463
Exchange-rate difference in cash and cash equivalents	920	-168	1,393	269
Cash and cash equivalents at the end of the period	86,104	45,356	86,104	45,356

⁷ 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

(Thousand SEK)	Share capital	Other capital contributions	Translation reserve	Accumulated deficit	Total equity
January 1 - December 31, 2016					
Opening balance, January 1, 2016	1,422	367,772	42,535	-58,906	352,823
<i>Comprehensive profit/loss</i>					
Comprehensive profit/loss for the period				32,668	32,668
Other comprehensive income - translation differences on translation of foreign operations			19,584		19,584
<i>Transactions with shareholders</i>					
New share issue	319	158,432			158,752
Transaction costs, new share issue		-3,948			-3,948
Employee stock options		1,747			1,747
CLOSING BALANCE, DECEMBER 31, 2016	1,741	524,003	62,119	-26,238	561,625
 January 1 - December 31, 2015					
Opening balance, January 1, 2015	1,396	357,305	29,490	-84,442	303,749
<i>Comprehensive profit/loss</i>					
Comprehensive profit/loss 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
CLOSING BALANCE, DECEMBER 31, 2015	1,422	367,772	42,535	-58,906	352,823



KEY FIGURES FOR THE GROUP

(Thousand SEK)	Oct-Dec 2016	Oct-Dec 2015	Full year 2016	Full year 2015
Net sales	89,423	53,672	334,304	285,566
Gross margin %	68%	68%	70%	75%
EBITDA	12,050	4,033	77,907	46,399
EBITDA %	13%	8%	23%	16%
Operating profit (EBIT)	7,059	1,066	62,172	35,183
Profit/loss after tax	-2,478	391	32,668	25,536
Profit margin %	Neg.	1%	10%	9%
Balance sheet total	1,232,176	397,454	1,232,176	397,454
Net receivables	-502,936	42,023	-502,936	42,023
Debt/equity ratio	105%	1%	105%	1%
Equity/assets ratio	46%	89%	46%	89%
Return on equity	0%	0%	6%	7%
Earnings per share after dilution (SEK)	-0.17	0.03	2.25	1.77
Operating cash flows per share after dilution (SEK)	0.36	0.16	-1.24	2.14
Equity per share (SEK)	32.26	24.82	32.26	24.82
Average number of shares before dilution	14,891,737	14,189,653	14,413,627	14,172,130
Average number of shares after dilution	15,050,547	14,432,699	14,503,738	14,386,605
Number of shares at the end of the period	17,411,842	14,217,522	17,411,842	14,217,522
Share price on the closing date (SEK)	57.00	66.00	57.00	66.00
Market capitalization on the closing date (Million SEK)	992	938	992	938

Definitions of key ratios

Moberg Pharma presents certain financial measures in this year-end report that are not defined in accordance with IFRS. In Moberg Pharma's opinion, these measures provide valuable additional information as they provide investors and Company Management with an opportunity to evaluate 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 net sales
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 net sales
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 closing equity
Earnings per share*	Profit/loss 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

(Thousand SEK)	Oct-Dec 2016	Oct-Dec 2015	Full year 2016	Full year 2015
Net sales	3,800	20,442	103,348	106,510
Cost of goods sold	-3,590	-4,060	-23,223	-30,997
Gross profit	210	16,382	80,125	75,513
Selling expenses	-6,957	-4,701	-21,540	-15,224
Business development and administrative expenses	-7,213	-5,696	-24,736	-21,188
Research and development expenses	-3,416	-5,819	-11,718	-22,371
Other operating income	3,591	473	17,940	6,584
Other operating expenses	-3,870	-409	-6,299	-3,082
Operating profit/loss	-17,655	230	33,772	20,232
Interest income	—	17	15,308	533
Interest expense	-6,291	-102	-30,935	-642
Profit/loss after financial items	-23,946	145	18,145	20,123
Tax on net profits for the period	5,370	-214	-3,713	-5,137
PROFIT/LOSS	-18,576	-69	14,432	14,986



CONDENSED PARENT COMPANY BALANCE SHEET

(Thousand SEK)	12/31/2016	12/31/2015
Assets		
Intangible fixed assets	842,712	83,151
Property, plant and equipment	452	574
Financial assets	178,107	178,107
Deferred tax asset	10,161	12,761
Total non-current assets	1,031,432	274,593
 Inventories	 370	 406
Trade receivables and other receivables	13,123	20,016
Receivables to Group companies	25,699	35,264
Cash and cash equivalents	72,379	21,500
Total current assets	111,571	77,186
 TOTAL ASSETS	 1,143,003	 351,779
 Equity and liabilities		
Equity	494,983	324,000
Non-current interest-bearing liabilities	589,040	–
Current interest-bearing liabilities	–	3,333
Current non-interest-bearing liabilities	58,980	24,446
 TOTAL EQUITY AND LIABILITIES	 1,143,003	 351,779



CONDENSED PARENT COMPANY CASH-FLOW STATEMENT

(Thousand SEK)	Oct-Dec 2016	Oct-Dec 2015	Full year 2016	Full year 2015
Operating activities				
Operating profit/loss before financial items	-17,655	230	33,772	20,232
Financial items, received and paid	-3,835	81	-8,319	-401
<i>Adjustments for non-cash items:</i>				
Depreciation/amortization and other adjustments	712	1,040	-3,450	3,594
Employee stock option costs	387	193	1,312	626
Cash flow before changes in working capital	-20,391	1,544	23,315	24,051
Change in working capital				
Increase (-)/Decrease (+) in inventories	110	101	36	-251
Increase (-)/Decrease (+) in operating receivables	16,148	-11,085	18,317	-9,859
Increase (+)/Decrease (-) in operating liabilities	11,305	4,161	11,677	-409
CASH FLOW FROM OPERATING ACTIVITIES	7,172	-5,279	53,345	13,532
Investing activities				
Net investments in intangible fixed assets	-405,818	-3,619	-740,303	-43,529
Net investments in machinery and equipment	—	-296	-115	-354
Net investments in financial fixed assets	10,748	—	—	—
CASH FLOWS FROM INVESTING ACTIVITIES	-395,070	-3,915	-740,418	-43,883
Financing activities				
Borrowings (+) / Loan amortization (-)	210,559	-3,333	584,263	-13,333
Issuance of new shares less transaction costs	152,152	7,676	153,689	9,122
CASH FLOWS FROM FINANCING ACTIVITIES	362,711	4,343	737,952	-4,211
Change in cash and cash equivalents	-25,187	-4,851	50,879	-34,562
Cash and cash equivalents at the beginning of the period	97,566	26,351	21,500	56,062
Cash and cash equivalents at the end of the period	72,379	21,500	72,379	21,500



ACCOUNTING AND VALUATION PRINCIPLES

The year-end report was prepared in accordance with IAS 34 and the Swedish Annual Accounts Act. The consolidated financial statements were, like the annual accounts for 2015, 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 Swedish Annual Accounts Act and the Recommendation RFR 2 of the Swedish Financial Reporting Board, Financial Statements for Legal Entities.

The Group applies the same accounting policies and valuation 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 will be adopted effective January 1, 2016. These changes have not had any material effect on the Group.

Amounts are presented in Swedish kronor and rounded to the nearest thousand unless otherwise stated. Rounding to the nearest thousand may mean that certain amounts do not match when added up. MSEK stands for million Swedish kronor. Amounts and figures in parentheses are comparative figures from the preceding year.

SEGMENT REPORTING

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

RELATED PARTY TRANSACTIONS

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

FINANCIAL INSTRUMENTS

With the exception of bonds, the fair value of financial instruments approximates to their carrying amount as of December 31, 2016. The fair value of bonds, according to Level 2 of the fair value hierarchy, totaled approx. SEK 626 million (based on their liquid trading price) as of December 31, 2016. Purchase considerations are valued according to Level 3 of the fair value hierarchy and totaled approx. SEK 20 million as of December 31, 2016.



FINANCIAL CALENDAR

Interim report for January – March 2017	May 9, 2017
Interim report for January – June 2017	August 8, 2017
Interim report for January – September 2017	November 13, 2017

The Annual General Meeting for Moberg Pharma will be held on May 16, 2017 at 5:00 PM at the Company's premises. The deadline for stockholders to request to have agenda items transacted at the Annual Stockholders' Meeting is March 28, 2017. The Annual Report will be made available no later than April 17 at the Company's website www.mobergpharma.com.

FOR FURTHER DETAILS, PLEASE CONTACT:

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Anna Ljung, CFO, Tel. 08-522 307 01, anna.ljung@mobergpharma.se

For more information about Moberg Pharma's activities, please refer to the Company's website, www.mobergpharma.com.

The year-end report has not been reviewed by the Company's auditors.

DECLARATION

The undersigned hereby declare that the year-end report provides a true and 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, Sweden, February 13, 2017

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