



Moberg Pharma AB (Publ) Year-end report for 2015

STRONG QUARTER FOR OUR INNOVATION ENGINE

"Our innovation engine was strengthened significantly through positive Phase II results for BUPI, progress for MOB-015 and secured financing for growth and acquisitions," comments Peter Wolpert, CEO Moberg Pharma

PERIOD (FULL-YEAR 2015)

- Revenue MSEK 285.6 (200.2)
- EBITDA MSEK 47.0 (25.3)
- EBITDA for Commercial Operations MSEK 69.7 (43.4)
- Operating profit (EBIT) MSEK 35.8 (17.2)
- Net profit after tax MSEK 26.7 (12.3)
- Earnings per share SEK 1.85 (0.96)
- Operating cash flow per share SEK 2.12 (1.38)
- The Board of Directors proposes that no dividend be paid for the 2015 financial year.

FOURTH QUARTER (OCT-DEC 2015)

- Revenue MSEK 53.7 (44.5)
- EBITDA MSEK 4.0 (3.6)
- EBITDA for Commercial Operations MSEK 8.6 (9.1)
- Operating profit (EBIT) MSEK 1.1 (1.4)
- Net profit after tax MSEK 0.4 (loss: 0.3).
- Earnings per share SEK 0.03 (loss: 0.02)
- Operating cash flow per share SEK 0.16 (0.42)

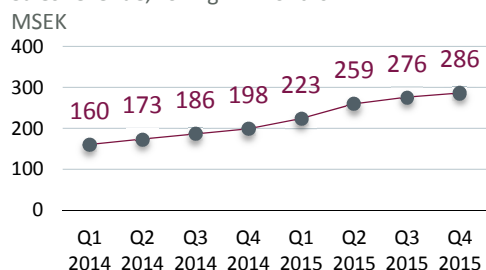
SIGNIFICANT EVENTS DURING THE FOURTH QUARTER

- Moberg Pharma and Colep signed a development agreement for MOB-015
- Moberg Pharma regained the rights to Emtrix for certain EU markets, including the UK and Poland
- Exercised stock options increased the number of shares and votes in December by 215,985 to 14,217,522

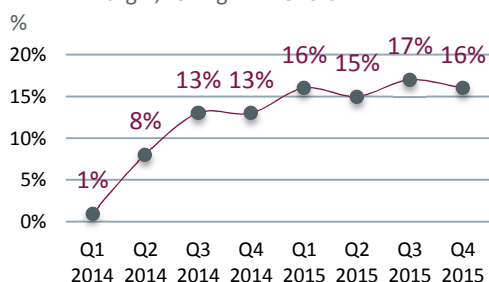
SIGNIFICANT EVENTS AFTER THE QUARTER

- Positive data for BUPI in cancer patients suffering from pain due to oral mucositis
- SEK 300 million raised through bond issue to finance growth and acquisitions

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., February 17, 2016.
Telephone: SE +46-8-566 426 95 US +1 347 329 12 82

CEO COMMENTARY

Our innovation engine has made significant progress in the last few months through positive phase II results for BUPI, progress with MOB-015 and secured financing for growth and acquisitions. For our commercial portfolio, the fourth quarter is the low season. Nevertheless we delivered topline growth and improvement in profitability. Year-on-year, net sales grew by 43% (21% at fixed exchange rates) and EBITDA improved by 86%, representing an EBITDA margin of 9% for the quarter and 16% for the full year. The gross margin remains strong at 69% (72%). The Commercial EBITDA margin was 18% in the fourth quarter and 24% for the full year. We continue to improve towards our long-term target of achieving 25% EBITDA margin. On a full-year basis, our operating profit and our profit after tax doubled in 2015.

Strong growth in U.S. direct sales

U.S. direct sales grew by 37% in the fourth quarter (20% at fixed exchange rates). Kerasal Nail® maintained a strong market share at 22%¹. The overall nail fungus market (Rx and OTC) continues to increase but the OTC category declined 9% in 2015. We continue our revitalization plan for our strategic brands and are satisfied with the performance and integration of Balmex®, which we acquired earlier in 2015.

Asian launch drives growth in distributor sales

The 2015 launches in Asia continue to perform well and RoW sales grew by 91% for the full year. Distributor sales vary between quarters, in particular during launches in new territories. Distributor sales in total decreased by 11% in the fourth quarter (decreased 11% at fixed exchange rates), but grew by 29% for the full year (23% at fixed exchange rates). To date, our nail product has been launched in five Asian markets with excellent outcome. Preparations for additional markets are underway and progressing well. Sales to European distributors grew by 120% in the fourth quarter and grew by 7% for the full year. We regained rights to Emtrix® in some EU markets and continue our evaluation of commercialization options.

Innovation engine – high activity level

Phase III preparations for MOB-015 are progressing at full speed and according to plan. Scale-up and other development activities performed at our supply partner Colep are progressing well. We met with regulatory authorities in the U.S. and key EU countries, finalized our phase III plan and selected CROs for starting phase III trials in the second half of this year.

In January 2016, we reported positive data for BUPI in a phase II trial in cancer patients suffering from oral mucositis. BUPI provided significant additional pain relief compared to standard pain treatment alone. Additional analyses of the phase II data are ongoing.

In January 2016, we also closed a SEK 300 million bond issue, which provides non-dilutive financing for growth initiatives and acquisitions. The focus is on acquiring commercial assets, e.g. for our U.S. OTC franchise and to fuel growth of our strategic brands.

Strengthened position to drive growth and create value

We continue to focus on our long-term goal of becoming the leading player in nail fungus and driving growth organically as well as through targeted acquisitions. Progress across all business areas during the last year – together with our strengthened balance sheet - position us well to pursue further growth and value creation opportunities.

Peter Wolpert, CEO Moberg Pharma

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

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
	Kerasal Nail® Emtrix® Nalox™	 Damaged nails	Direct sales in the U.S. Launched by 10 partners in about 30 markets
	Kerasal®	Dry feet and cracked heels Foot pain	Direct sales in the U.S. Launched by 13 partners in 15 markets
	Domeboro®	Itching and irritated skin	Direct sales in the U.S.
	Balmex®	Diaper rash	Direct sales in the U.S.
	Jointflex®	Joint and muscle pain	Direct sales in the U.S. Launched by 14 partners in 22 markets
	Vanquish®	Headache, menstrual pain, back and muscle pain	Direct sales in the U.S.
	Fergon®	Iron supplement	Direct sales in the U.S.

Nalox™/Kerasal Nail®

Clinically proven for the treatment of nail fungus. The product was launched in the Nordic region in autumn 2010 and quickly became market leader. The international launch is under way 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.² 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 and astringent effect (contributes to the contraction of blood cells in the skin), which reduces inflammation.

Balmex®

Balmex® has been a well-known brand for many years, offering products for diaper rash, primarily for children. A product line for skin irritation among adults was launched in 2013. The products were acquired from Chattem (Sanofi) in April 2015.

JointFlex®

JointFlex® is a topical treatment for joint and muscle pain. The product provides long-term cooling pain relief and contains natural pain-relieving ingredients.

Vanquish®

Vanquish® is an analgesic for the treatment of headaches, menstrual pains, back and muscle aches and cold pains.

Fergon®

Fergon® is an iron supplement marketed primarily to women.

²The 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 III preparations under way

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 \$250-500 million annually. Positive results from this Phase II 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 healthy nail growth and displayed a favorable safety 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, and preparations for clinical Phase III trials are underway.

BUPI - Bupivacaine lozenge – Positive Phase II results

An innovative and patent-pending lozenge formulation of the proven compound bupivacaine for treatment of oral pain. As the initial indication, Moberg Pharma has selected 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 II 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 23% lower level of pain in general and 46% lower level of oral pain. Moberg Pharma estimates the annual peak sales potential of the product to \$50-100 million assuming successful commercialization in oral mucositis and at least one additional medical indication. In addition to oral mucositis, further potential indications have been identified.

BUSINESS DEVELOPMENT DURING 2015

Expanded distribution

Kerasal Nail® approved and launched in China

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

Moberg Pharma and Menarini Group expanded collaboration to include Russia and Ukraine

In February 2015, Berlin-Chemie AG, part of Menarini Group, was granted exclusive rights to market and sell Emtrix® in Russia and Ukraine.

Moberg Pharma took back rights for certain European markets

In November, Moberg Pharma took back rights to Emtrix® in six European markets, including UK and Poland.

Acquisition of OTC products in the U.S.

Balmex®, a well-established U.S. brand featuring a number of non-prescription products from Chattem, Inc, the Sanofi division for OTC products in the U.S., was acquired in April 2015. Sales of the constituent products exceed MUS\$ 4 annually. The consideration amounted to MSEK 33.3 (MUS\$ 3.9) and was financed by using existing funds. Balmex® has been a well-known brand for many years, offering products for diaper rash, primarily for children. A product line for skin irritation among adults was launched in 2013. Balmex is sold via Moberg's established sales channels in the U.S., via such drugstore chains as CVS, Walgreens and RiteAid and in mass retailers such as Walmart and toy stores such as Toys "R" Us and buybuyBABY.

Product and project development

Approved patents in the U.S. and Europe

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

Eurostars awarded a research grant of MSEK 8.4

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

Moberg Pharma and Colep entered a Development Agreement for MOB-015

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

Financial events

Higher number of shares

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

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

Positive Phase II results for BUPI

In January 2016, the company announced positive top-line results from a phase II study with BUPI for pain relief in oral mucositis in patients with cancer in the head and throat regions. BUPI achieved a statistically significant reduction in oral pain. 32 patients completed the phase II-study in which the efficacy of BUPI was compared to standard treatment for pain in the oral cavity. The open clinical study was conducted at two hospitals in Denmark. The primary endpoint was a measurement of pain in the mouth or pharynx 60 minutes post administration of BUPI compared to the average pain during the day for the control group. The group treated with BUPI had 23% reduction in pain compared to the control group (VAS* 37.47 in BUPI vs. 48.94 in control, $p=0.0326$). Both groups were allowed to use standard treatment options for pain during the study. The control group was furthermore allowed to use locally acting anesthetics for the oral cavity, in the form of a lidocaine gel. The difference in the mouth (pharynx excluded) was even more pronounced. Treatment with BUPI resulted in an additional pain reduction of 46% compared to standard treatment (VAS 17.74 vs. 33.03, $p=0.0027$). No serious adverse events were reported among the patients treated with BUPI.

Issue of bond loans of MSEK 300 in the Nordic bond market to finance growth, acquisitions and to update financial objectives

In January 2016, Moberg Pharma announced that the company had decided to issue a five-year senior unsecured bond loan in the amount of SEK 300 million with maturity on January 29th, 2021. The bond loan will give a floating rate coupon of Stibor 3m + 6.00% and have a total framework amount of SEK 600 million. Moberg Pharma intends to apply for listing of the bond loan on Nasdaq Stockholm within 30 days. To enable future growth, Moberg Pharma intends to make significant investments during 2016, focusing on strengthening brand platforms for the company's strategic brands in the U.S., increased international distribution, acquiring additional brands and initiating Phase III studies for MOB-015. As a consequence of decided investments and initiatives, the EBITDA margin in 2016 will be lower than the previously communicated margin of at least 25 percent. The long-term financial goal of achieving an EBITDA margin of at least 25 percent remains.

CONSOLIDATED REVENUE AND EARNINGS

Sales

Fourth quarter (October –December 2015)

In the fourth quarter of 2015, revenue amounted to MSEK 53.7 (44.5), up 21% year-on-year. Of total product sales, revenue for Nalox™/Kerasal Nail® accounted for MSEK 22.8 (23.6), while Kerasal® and JointFlex® accounted for MSEK 4.8 (5.5) and MSEK 8.3 (8.8), respectively. Other products contributed MSEK 17.8 (6.2). Other operating income primarily comprises exchange-rate fluctuations associated with operating receivables.

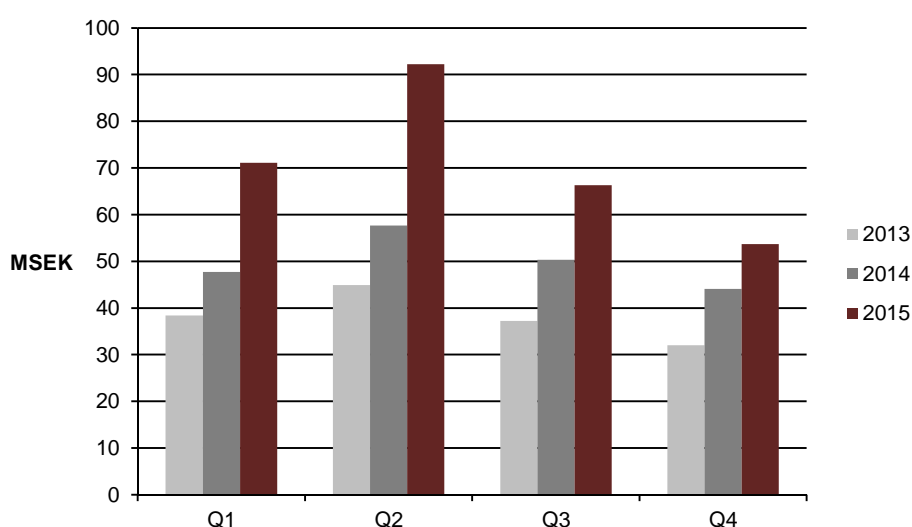
The company is influenced by the trend in USD and EUR in relation to the SEK, since the USD and EUR account for the predominant portion of sales. During the fourth quarter of 2015, USD revenue was booked at an average exchange rate of SEK 8.50, compared with SEK 7.43 in the fourth quarter of 2014. The corresponding figure for EUR was an average exchange rate of SEK 9.30, compared with SEK 9.27 in the year-earlier period. Accordingly, exchange rates had a positive impact on revenue. At fixed exchange rates, revenue would have risen 4% year-on-year.

Full-year 2015

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

Distribution of revenue (KSEK)	Oct-Dec 2015	Oct-Dec 2014	Full-year 2015	Full-year 2014
Sales of products	53,672	44,059	282,983	198,011
Milestone payments	-	407	2,583	2,169
Revenue	53,672	44,466	285,566	200,180
Other operating income	488	3,507	6,709	5,791
Total revenue	54,160	47,973	292,275	205,971

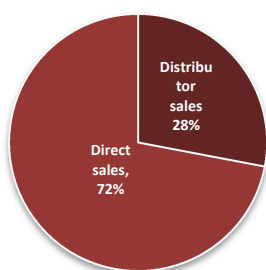
Revenue from product sales per quarter



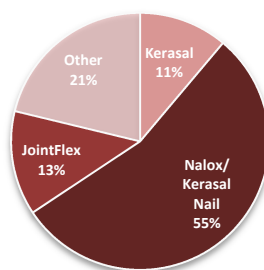
Revenue by channel (KSEK)	Oct-Dec 2015	Oct-Dec 2014	Full-year 2015	Full-year 2014
Direct sales	41,191	30,005	206,602	138,918
Sales of products to distributors	12,481	14,054	76,381	59,093
Milestone payments	-	407	2,583	2,169
TOTAL	53,672	44,466	285,566	200,180

Revenue by product category (KSEK)	Oct-Dec 2015	Oct-Dec 2014	Full-year 2015	Full-year 2014
Nalox/Kerasal Nail®, sales of products	22,773	23,610	154,510	112,709
Nalox/Kerasal Nail®, milestone payments	-	407	2,583	2,169
Kerasal®	4,795	5,503	31,086	29,035
JointFlex®	8,291	8,758	36,451	30,908
Other products	17,813	6,188	60,936	25,359
TOTAL	53,672	44,466	285,566	200,180

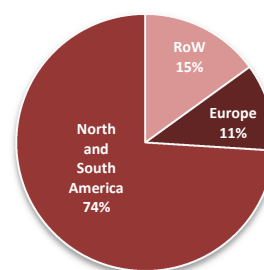
Distribution of revenue as a percentage, January - December 2015 period



Channels



Products



Geography

Revenue by geographical market (KSEK)	Oct-Dec 2015	Oct-Dec 2014	Full-year 2015	Full-year 2014
Europe	3,442	1,566	32,244	30,115
North and South America	41,505	32,860	211,343	148,112
Rest of the world	8,725	10,040	41,979	21,953
TOTAL	53,672	44,466	285,566	200,180

Earnings

Fourth quarter (October – December 2015)

The operating profit for the fourth quarter of 2015 was MSEK 1.1 (1.4). The cost of goods sold was MSEK 17.0 (12.2), corresponding to a gross margin on product sales of 68% (72). Operating expenses, excluding cost of goods sold during the quarter, amounted to MSEK 36.2 (34.3), most of which comprised selling expenses of MSEK 22.9 (21.8).

EBITDA for the quarter amounted to 8% (8). Adjusted for R&D expenses for future products, EBITDA for the existing product portfolio was 16% (21).

Full-year 2015

Operating profit for 2015 was MSEK 35.2 (17.2). The cost of goods sold was MSEK 71.9 (49.1). Operating expenses, excluding cost of goods sold, was MSEK 185.2 compared to MSEK 139.7 the year before.

The profit after financial items amounted to MSEK 34.6, compared with MSEK 16.6 in 2014. The earnings improvement was primarily due to higher sales with reduced expenditure, whereby sales revenue increased 43% in 2015 and the cost of goods sold rose 47%, while operating expenses increased 33%. The largest item in operating expenses comprised selling expenses, which amounted to MSEK 133.2 (93.2) for the period, a constant portion of revenue but a cost increase in absolute figures.

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

EBITDA for 2015 amounted to 16% (13). Adjusted for R&D expenses for future products, EBITDA for the existing product portfolio was 24% (22). The fact that the EBITDA margin is higher for the full year than for the fourth quarter is reflected in the seasonal effects.

EBITDA summary (KSEK)	Oct-Dec 2015	Oct-Dec 2014	Full-year 2015	Full-year 2014
Revenue	53,672	44,466	285,566	200,180
Cost of goods sold	-16,950	-12,231	-71,920	-49,064
Gross profit	36,722	32,235	213,646	151,116
%	68%	72%	75%	75%
Selling expenses	-20,311	-19,024	-123,087	-85,648
Administrative expenses	-6,050	-6,082	-19,274	-20,622
Research and development expenses - commercial operations ¹⁾	-1,867	-1,488	-6,397	-7,251
Other operating income/operating expenses	62	3,507	3,605	5,791
EBITDA Commercial Operations	8,556	9,148	68,493	43,387
%	16%	21%	24%	22%
Research and development expenses - future products ²⁾	-3,875	-3,994	-15,956	-12,283
Business development expenses	-648	-1,573	-6,138	-5,809
EBITDA	4,033	3,582	46,399	25,295
%	8%	8%	16%	13%
Depreciation/amortization	-2,967	-2,180	-11,216	-8,068
Operating profit (EBIT)	1,066	1,402	35,183	17,227

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

Fourth quarter (October – December 2015)

The operating cash flow before changes in working capital amounted to MSEK 4.5 (2.7), while higher tied-up capital generated a cash flow from operating activities of MSEK 2.4 (5.9) for the fourth quarter.

Full-year 2015

Operating cash flow before changes in working capital improved substantially during the year to MSEK 47.3 (24.1). The company has a season-related increase in tied-up capital through the direct sales operation, which generates higher marketing investments and inventories. Cash flow from operating activities amounted to MSEK 30.7 (16.2) for 2015. Cash and cash equivalents amounted to MSEK 45.4 (62.5) at the end of the period.

Capital expenditures

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

In addition to the Balmex® acquisition, the company's investments in intangible fixed assets in 2015 in the form of computer systems totaled MSEK 1.8 (1.9) and capitalized expenditure for research and development work totaled MSEK 8.5 (3.3). From Q2 in 2015, phase III preparations for MOB-015 were initiated, which mean that direct development expenses for MOB-015 will be capitalized from this quarter. In addition to capitalized expenditure for R&D, Moberg Pharma also had R&D costs of MSEK 23.3 (19.9) that were expensed directly in the statement of comprehensive income, of which MSEK 16.0 (12.3) was related to future products.

Liabilities

Interest-bearing liabilities comprise a loan to Swedbank of MSEK 3.3, of which MSEK 13.3 (13.3) was amortized during the period.

Pledged assets and contingent liabilities

Moberg Pharma has no contingent liabilities. All pledged assets remain unchanged from those reported in the 2014 Annual Report.

CHANGES IN EQUITY

Shares

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

At the end of the period, share capital amounted to SEK 1,421,752.20 (1,396,253.70), and the total number of shares outstanding was 14,217,522 (13,962,537) ordinary shares with a nominal value of SEK 0.10.

Stock options

On May 11, 2015, the Annual General Meeting of Moberg Pharma AB resolved to implement a private placement of 326,739 warrants (equivalent to 326,739 shares) to the company's wholly owned subsidiary Moberg Derma Incentives AB and to introduce the employee stock option scheme 2015:1. In the employee stock option scheme 2015:1, 288,500 stock options were allotted and 38,239 warrants reserved to cover future social security expenses for the employee stock options. The terms and conditions of the employee stock option scheme 2015:1 comply with the terms and conditions of the employee stock option scheme 2014:1, with the following exceptions: employee stock options in the 2015:1 scheme vest on June 30, 2018 at the earliest, the exercise price is SEK 65.47 per option and the last day for subscription is December 31, 2019. For a description of the terms and conditions of the employee stock option scheme 2014:1, refer to the 2014 Annual Report on page 48.

At December 30, 2015, there were a total of 979,969 warrants outstanding. If all warrants were exercised for shares, the number of shares would increase by 1,208,739, from 14,217,522 shares to 15,426,261 shares at the end of the period.

Disclosure of ownership

Company's largest shareholders at December 30, 2015:

Shareholders	No. of shares	% of votes and capital
THE BALTIC SEA FOUNDATION	2,272,806	16.0
HANDELSBANKEN FONDER AB RE JPMEL	1,156,702	8.1
INSURANCE COMPANY, AVANZA PENSION	999,133	7.0
BANQUE CARNEGIE LUXEMBOURG S.A, (FUNDS)	639,394	4.5
WOLCO INVEST AB ³	600,000	4.2
FONDITA NORDIC MICRO CAP SR	404,000	2.8
GRANDEUR PEAK INTERNATIONAL	371,800	2.6
J P MORGAN CLEARING CORP, W9	287,211	2.0
SOCIETE GENERALE	265,206	1.9
NORDNET PENSIONS FÖRSÄKRING AB	248,497	1.8
GRANDEUR PEAK GLOBAL, OPPORTUNITIES	245,880	1.7
MORGAN STANLEY & CO LLC, W9	203,505	1.4
STATE STREET BANK & TRUST COM., BOSTON	200,000	1.4
SYNSKADADES STIFTELSE	172,201	1.2
FONDITA 2000+	167,214	1.2
DEUTSCHE BANK AG LDN-PRIME, BROKERAGE	153,612	1.1
ML, PIERCE, FENNER & SMITH INC	147,414	1.0
LUNDMARK, ANDERS	147,000	1.0
BNY GCM CLIENT ACCOUNTS (E) BD	146,601	1.0
STATE STREET BANK & TRUST COM., BOSTON	140,000	1.0
TOTAL, 20 LARGEST SHAREHOLDERS	8,968,176	63.1
Other shareholders	5,249,346	36.9
TOTAL	14,217,522	100

ORGANIZATION

At December 31, 2015, the Moberg Pharma Group had 33 employees, of whom 64% were women. Of these, 24 were employed in the Parent Company, of whom 67% 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 comprise research and development, sales, marketing and administrative functions. Parent Company revenue for 2015 amounted to MSEK 106.5, compared with MSEK 93.8 in 2014. Operating expenses, excluding the cost of goods sold, amounted to MSEK 61.9 (50.0) and profit after financial items to MSEK 20.1 (20.9). Cash and cash equivalents were MSEK 21.5 (56.1) at the end of the period.

³ Owned by Moberg Pharma's CEO, Peter Wolpert

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 2014 Annual Report on page 23.

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, targeting 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 identifying further business opportunities, advancing the company's development programs and supporting the company's distributors and retailers. To facilitate future growth, Moberg Pharma intends to make significant investments in 2016, with a focus on strengthening brand platforms for the company's strategic brands in the U.S., broadening international distribution, acquiring additional products, as well as starting phase III studies for MOB-015.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(KSEK)	Oct-Dec 2015	Oct-Dec 2014	Full-year 2015	Full-year 2014
Revenue	53,672	44,466	285,566	200,180
Cost of goods sold	-16,950	-12,231	-71,920	-49,064
Gross profit	36,722	32,235	213,646	151,116
Selling expenses ¹⁾	-22,939	-21,778	-133,171	-93,198
Business development and administrative expenses	-6,760	-7,496	-25,642	-26,552
Research and development expenses	-6,019	-5,066	-23,255	-19,930
Other operating income	488	3,507	6,709	5,791
Other operating expenses	-426	-	-3,104	-
Operating profit (EBIT)	1,066	1,402	35,183	17,227
Interest income and similar items	17	158	37	905
Interest expense and similar items	-104	-402	-654	-1,555
Profit after financial items (EBT)	979	1,158	34,566	16,577
Tax on profit for the period	-588	-1,422	-9,030	-4,309
PROFIT/LOSS FOR THE PERIOD	391	-264	25,536	12,268
Items that will be reclassified				
Translation differences of foreign operations	-894	14,349	13,045	33,046
Other comprehensive income/loss	-894	14,349	13,045	33,046
COMPREHENSIVE INCOME/LOSS FOR THE PERIOD	-503	14,085	38,581	45,314
Profit/loss for the period attributable to PC shareholders	391	-264	25,536	12,268
Profit for the period attributable to minority interests				-
Comprehensive income att. to PC shareholders	-503	14,085	38,581	45,314
Total comprehensive income attributable to minority interests				-
Earnings/loss per share before dilution	0.03	-0.02	1.80	0.96
Earnings/loss per share after dilution	0.03	-0.02	1.77	0.95
¹⁾ Of which amortization of product rights	-2,416	-1,875	-9,703	-7,198
EBITDA	4,033	3,582	46,399	25,295
Depreciation/amortization of product rights	-2,416	-1,875	-9,703	-7,198
Other depreciation/amortization	-551	-305	-1,513	-870
Operating profit (EBIT)	1,066	1,402	35,183	17,227
EBITDA excluding acquisition-related costs	4,033	3,582	46,399	25,295

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(KSEK)	Dec 31, 2015	Dec 31, 2014
Assets		
Intangible assets	261,193	216,362
Property, plant and equipment	878	934
Financial assets	1	76
Deferred tax assets	16,269	24,903
Total non-current assets	278,341	242,275
Inventories	22,200	13,135
Trade receivables and other receivables	51,557	41,847
Cash and bank balances	45,356	62,463
Total current assets	119,113	117,445
TOTAL ASSETS	397,454	359,720
Equity and liabilities		
Equity (attributable to Parent Company shareholders)	352,823	303,749
Long-term interest-bearing liabilities	-	3,333
Long-term non-interest-bearing liabilities	-	-
Current interest-bearing liabilities	3,333	13,333
Current non-interest-bearing liabilities	41,298	39,305
TOTAL EQUITY AND LIABILITIES	397,454	359,720

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(KSEK)	Oct-Dec 2015	Oct-Dec 2014	Full-year 2015	Full-year 2014
Operating activities				
Operating profit before financial items	1,066	1,406	35,183	17,231
Financial items, received and paid	77	-876	-399	-1,350
Taxes paid	-	-	-18	3
<i>Adjustments for non-cash items:</i>				
Depreciation/amortization	2,967	2,180	11,216	8,068
Employee stock option costs ⁴	375	-32	1,333	112
Cash flow before changes in working capital	4,485	2,678	47,315	24,064
Change in working capital				
Increase (-)/Decrease (+) in inventories	-3,575	-363	-9,065	-2,529
Increase (-)/Decrease (+) in operating receivables	13,118	2,575	-8,124	-13,259
Increase (+)/Decrease (-) in operating liabilities	-11,650	1,056	592	7,886
CASH FLOW FROM OPERATING ACTIVITIES	2,378	5,946	30,718	16,162
Investing activities				
Net investments in intangible assets	-3,619	-1,648	-43,529	-7,230
Net investments in equipment	-297	-42	-354	-42
Net investments in subsidiaries	-	-	-	-17,225
CASH FLOW FROM INVESTING ACTIVITIES	-3,916	-1,690	-43,883	-24,497
Financing activities				
Borrowings (+) / Loan amortization (-)	-3,333	-3,333	-13,333	-13,333
New share issue after transaction costs	7,677	-	9,122	55,937
CASH FLOW FROM FINANCING ACTIVITIES	4,344	-3,333	-4,211	42,604
Change in cash and cash equivalents	2,806	923	-17,376	34,269
Cash and cash equivalents at the start of the period	42,718	61,318	62,463	27,138
Exchange-rate difference in cash and cash equivalents	-168	222	269	1,056
Cash and cash equivalents at the end of the period	45,356	62,463	45,356	62,463

⁴ 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
(KSEK)					
January 1 – December 30, 2015					
Opening balance, January 1, 2015	1,396	357,305	29,490	-84,442	303,749
<i>Comprehensive income</i>					
Results 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 30, 2015	1,422	367,772	42,535	-58,906	352,823
January 1 – December 31, 2014					
Opening balance, January 1, 2014	1,189	300,569	-3,554	-96,710	201,494
<i>Comprehensive income</i>					
Results for the period				12,268	12,268
Other comprehensive income – translation differences attributable to translation of foreign operations			33,044		33,044
<i>Transactions with shareholders</i>					
New share issue	207	59,793			60,000
Transaction costs, new share issue		-3,169			-3,169
Employee stock options		112			112
CLOSING BALANCE, DECEMBER 31, 2014	1,396	357,305	29,490	-84,442	303,749

KEY FIGURES FOR THE GROUP

(KSEK)	Oct-Dec 2015	Oct-Dec 2014	Full-year 2015	Full-year 2014
Revenue	53,672	44,466	285,566	200,180
Gross margin, %	68%	72%	75%	75%
EBITDA	4,033	3,582	46,399	25,295
EBITDA %	8%	8%	16%	13%
Operating profit (EBIT)	1,066	1,402	35,183	17,227
Profit/loss after tax	391	-264	25,536	12,268
Profit margin, %	1%	-1%	9%	6%
Total assets	397,454	359,720	397,454	359,720
Net receivables	42,023	45,797	42,023	45,797
Debt/equity ratio	1%	5%	1%	5%
Equity/assets ratio	89%	84%	89%	84%
Return on equity	0%	0%	7%	4%
Earnings per share, SEK	0.03	-0.02	1.77	0.95
Operating cash flow per share, SEK	0.16	0.42	2.14	1.27
Equity per share, SEK	24.82	21.75	24.82	21.75
Average number of shares before dilution	14,189,653	13,962,537	14,172,130	12,719,642
Average number of shares after dilution	14,432,699	14,136,079	14,386,605	12,859,499
Number of shares at end of period	14,217,522	13,962,537	14,217,522	13,962,537
Share price on the closing date, SEK	66.00	38.00	66.00	38.00
Market capitalization on the closing date, MSEK	938	531	938	531

Definitions of key figures

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

* In periods during which the Group reported a loss, no dilution effect has occurred. This is because dilution is recognized only when a potential conversion to ordinary shares would mean that earnings per share would be lower.

CONDENSED PARENT COMPANY INCOME STATEMENT

(KSEK)	Oct-Dec 2015	Oct-Dec 2014	Full-year 2015	Full-year 2014
Revenue	20,442	16,100	106,510	93,775
Cost of goods sold	-4,060	-6,606	-30,997	-29,322
Gross profit	16,382	9,494	75,513	64,453
Selling expenses	-4,701	-5,470	-15,224	-13,293
Business development and administrative expenses	-5,696	-4,524	-21,188	-16,746
Research and development expenses	-5,819	-5,066	-22,371	-19,930
Other operating income	473	3,507	6,584	5,791
Other operating expenses	-409	-	-3,082	-
Operating profit/loss	230	-2,059	20,232	20,275
Interest income	17	411	533	2,122
Interest expense	-102	-321	-642	-1,546
Profit/loss after financial items	145	-1,969	20,123	20,851
Tax on profit for the period	-214	301	-5,137	-4,822
PROFIT/LOSS	-69	-1,668	14,986	16,029

CONDENSED PARENT COMPANY BALANCE SHEET

(KSEK)	Dec 31, 2015	Dec 31, 2014
Assets		
Intangible assets	83,151	42,966
Property, plant and equipment	574	470
Financial assets	178,107	178,107
Deferred tax assets	12,761	17,859
Total non-current assets	274,593	239,402
Inventories	406	155
Trade receivables and other receivables	20,016	20,047
Receivables to Group companies	35,264	23,914
Cash and bank balances	21,500	56,062
Total current assets	77,186	100,178
TOTAL ASSETS	351,779	339,580
Equity and liabilities		
Shareholders' equity	324,000	298,283
Long-term interest-bearing liabilities	-	3,333
Current interest-bearing liabilities	3,333	13,333
Current non-interest-bearing liabilities	24,446	24,631
TOTAL EQUITY AND LIABILITIES	351,779	339,580

CONDENSED PARENT COMPANY CASH-FLOW STATEMENT

(KSEK)	Oct-Dec 2015	Oct-Dec 2014	Full-year 2015	Full-year 2014
Operating activities				
Operating profit/loss before financial items	230	-2,059	20,232	20,275
Financial items, received and paid	81	-344	-401	-123
<i>Adjustments for non-cash items:</i>				
Depreciation/amortization	1,040	504	3,594	1,878
Employee stock option costs	193	97	626	267
Cash flow before changes in working capital	1,544	-1,802	24,051	22,297
Change in working capital				
Increase (-)/Decrease (+) in inventories	101	-155	-251	-155
Increase (-)/Decrease (+) in operating receivables	-11,085	7,316	-9,859	-12,394
Increase (+)/Decrease (-) in operating liabilities	4,161	3,204	-409	5,963
CASH FLOW FROM OPERATING ACTIVITIES	-5,279	8,563	13,532	15,711
Investing activities				
Net investments in intangible assets	-3,619	-1,648	-43,529	-7,230
Net investments in equipment	-296	-42	-354	-42
Net investments in subsidiaries	-	-	-	-17,225
CASH FLOW FROM INVESTING ACTIVITIES	-3,915	-1,690	-43,883	-24,497
Financing activities				
Borrowings (+) / Loan amortization (-)	-3,333	-3,333	-13,333	-13,333
New share issue after transaction costs	7,676	-	9,122	55,937
CASH FLOW FROM FINANCING ACTIVITIES	4,343	-3,333	-4,211	42,604
Change in cash and cash equivalents	-4,851	3,540	-34,562	33,818
Cash and cash equivalents at the start of the period	26,351	52,522	56,062	22,244
Cash and cash equivalents at the end of the period	21,500	56,062	21,500	56,062

ACCOUNTING AND VALUATION POLICIES

This year-end 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 2014, 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 2014 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, 2015. 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. KSEK is an abbreviation of thousand 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

As on December 31, 2014, the fair value of financial instruments approximates to their carrying amount.

FUTURE REPORTING DATES

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

The Annual General Meeting for Moberg Pharma will be held on May 18, 2016 at 5:00 p.m. at the company's premises. Shareholders may submit proposed items of business for the Annual General Meeting no later than March 30, 2016. The Annual Report will be made available on the company's website www.mobergpharma.se no later than April 19.

FOR MORE INFORMATION, PLEASE CONTACT

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Anna Ljung, CFO, tel. +46 (0)8-522 307 01, anna.ljung@mobergpharma.se

For more information about Moberg Pharma's operations, please visit the company's website at www.mobergpharma.com

This Year-end Report is unaudited.

BOARD DECLARATION

The undersigned certify that the Year-end 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, February 16, 2016

Mats Pettersson
Chairman

Wenche Rolfsen
Board member

Torbjörn Koivisto
Board member

Thomas Thomsen
Board member

Geert Cauwenbergh
Board member

Thomas Eklund
Board member

Mattias Klintemar
Board member

Peter Wolpert
CEO