



Interim report January – June 2017

Moberg Pharma AB (Publ)

Q1

Q2

Q3

Q4





OUR THREE LARGEST BRANDS ARE DEVELOPING WELL

"Kerasal Nail[®] reached a market share of 29%, while at the same time, we have expanded distribution for both Dermoplast[®] and New Skin[®]. Enrolment for the MOB-015 study has taken longer than expected but is accelerating after corrective measures have been implemented," says Peter Wolpert, CEO Moberg Pharma.

PERIOD (JAN-JUN 2017)*

- Net revenue SEK 240.7 million (165.3)
- EBITDA SEK 26.5 million (36.8/-4.3**)
- EBITDA for commercial operations SEK 35.7 million (43.3/2.7**)
- Operating profit (EBIT) SEK 6.9 million (31.8/-9.4**)
- Net profit after tax SEK -10.8 million (22.3/-18.8**)
- Diluted earnings per share SEK -0.62 (1.56)
- Operating cash flow per share SEK -1.61 (-0.16)

SECOND QUARTER (APR-JUN 2017)*

- Net revenue SEK 136.2 million (71.3)
- EBITDA SEK 9.8 million (33.4/-7.8**)
- EBITDA for commercial operations SEK 14.7 million (36.4/-4.7**)
- Operating profit (EBIT) SEK 0 million (31.2/-9.9**)
- Net profit after tax SEK -7.8 million (28.0/-13.2**)
- Diluted earnings per share SEK -0.45 (1.96)
- Operating cash flow per share SEK -1.44 (0.09)

*The comparative figures include a capital gain in Q2 2016 of SEK 41.1 million from the divestment of the Jointflex[®], Fergon[®] and Vanquish[®] brands

** Excluding capital gain

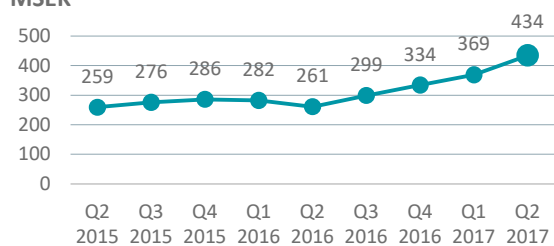
SIGNIFICANT EVENTS DURING THE SECOND QUARTER

- Extended distribution for Dermoplast[®] via Walmart and CVS
- Sara Brandt elected as new Board member
- Redemptions of stock option schemes increased the number of shares and votes by 28,920

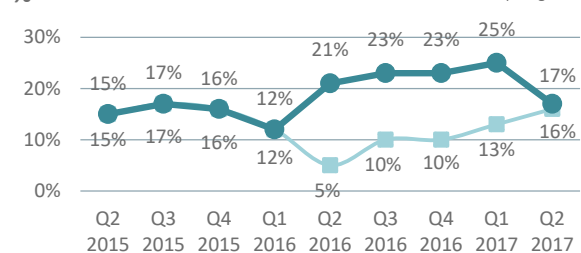
SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

- Successful results from the clinical trial for Kerasal Nail[®]/ Emtrix[®]

Sales revenue, rolling 12 months
MSEK



EBITDA margin, rolling 12 months
%



CONFERENCE CALL

CEO Peter Wolpert will present the report at a telephone conference today August 8, 2017 at 3:00 p.m. CET.
Telephone: SE +46-8-566 426 95 US: +1 646 502 51 20



STATEMENT FROM THE CEO

After a year of significant acquisitions, direct sales in the United States represent about 90% of our total sales. We are aggressively investing in our 3 largest brands, accounting for the bulk of the company's earnings, with positive initial response to our expanded growth plans. Meanwhile, our pipeline progresses with two Phase 3 programs whose revenue potential exceeds that of our current portfolio by far. Enrolment for the MOB-015 study has taken longer than expected but is accelerating after several corrective measures have been implemented. We are also taking the commercialization plans for MOB-015 to the next level.

During the second quarter, sales increased by 91% to SEK 136 million, of which 2% was organic growth. EBITDA¹ was strengthened by SEK 18 million to SEK 10 million. Marketing efforts are seasonal, peaking during the second quarter (55%² of sales) and contributing to sales and profitability going forward. We expect stronger cash flow in the second half of the year following the seasonality of our business, as well as the release of a one-off item of SEK 18 million.

Sales for both New Skin[®] and Dermoplast[®] are developing according to plan and the two brands are now fully integrated into business operations where they are now, next to Kerasal Nail[®], responsible for an increasing proportion of our turnover and profitability. The initial response on the new marketing campaigns for New Skin[®] are highly promising and contributed with 27% growth³ in sales to consumers.

We are in the middle of the high season for Kerasal Nail[®], whose market share continues to grow to 29%⁴, thanks to, among other things, a refined marketing strategy that includes strong television advertising and impactful in-store messaging. According to a recently published clinical trial, Kerasal Nail[®]/Emtrix[®] are providing noticeable effects on both nail fungus and nail psoriasis after only one week of treatment. The positive study results will enable stronger claims in all markets in the future and the results for nail psoriasis are very interesting as there are currently no treatment options for these patients.

After the product acquisitions in the United States, distributor sales represent about 10% and a declining share of our total sales. However, we have good profitability in these markets and see a significant long-term potential for our portfolio in markets outside of the United States. The launch in Japan is going according to expectations and the retail network is being expanded. It is too early to draw any far-reaching conclusions about these developments, but the signals we are receiving are positive. In China, however, local regulations are restricting the effective marketing of our current product and, in the short term, we are therefore dampening our expectations. For MOB-015, China remains a highly interesting market with considerable potential.

Enrolment for the two Phase 3 studies of MOB-015 has taken longer than expected. We have taken a number of measures to speed up the process and are now on the right track, however enrolment will likely not be completed this year with somewhat higher costs as a result. Nevertheless, our assessment is that overall consequences are limited.

During the second quarter, we provided our input on the Indian Phase 3 study application for BUPI to our partner Cadila Pharmaceuticals. Submission preparations by Cadila are in the final stages.

Over the next 12 months, I will be based at our office in New Jersey, USA, but with regular presence at our head office in Stockholm. The purpose is to spend time working closely with our American team, existing and potential partners in the United States and to intensify interaction with American investors. It is an advantage to be able to work with the commercialization preparations for MOB-015 on site in the United States, which will become the most important market for this product. I very much look forward to this and the additional opportunities we can create for the company through an increased presence in the United States.

Peter Wolpert, CEO Moberg Pharma

¹ Exclusive of capital gain in Q2 2016 of SEK 41.1 million

² Selling expenses excluding depreciation/amortization of product rights

³ During Q2 2017 compared with the previous year, Top 5 Customer Combined Point of Sale Data.

⁴ U.S. MULO, last 52 weeks ending June 10 2017, SymphonyIRI



ABOUT MOBERG PHARMA

Moberg Pharma develops and markets consumer healthcare products that alleviate skin conditions and pain. The product portfolio comprises well established global brands in attractive niche categories, with a focus on topical treatments. The company's long-term goal is an EBITDA margin of 25 percent with healthy growth. The way to achieve this is via profitable growth from strategic brands, value-creating acquisitions and commercialization of development projects.

STRONG BRAND PORTFOLIO IN 40 COUNTRIES

Moberg Pharma's 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 a high degree of competence 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 consumer healthcare marketing and sales operation in the US, 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 the treatment of nails affected by nail fungus. Recently, positive clinical efficacy on psoriatic nails has also been demonstrated. This product is sold under the names Nalox™/Naloc™, Emtrix®, Zanmira®, and Kerasal Nail® (USA)⁵ and is distributed via a direct sales organization in the USA and Great Britain as well as 10 cooperation partners with agreed rights in over 60 markets, including the larger EU markets, Canada, Japan, and South-East Asia.



Kerasal®, Emtrix®, Naloc® and Zanmira®
Clinically proven formulas providing a visible difference in Foot Care

Dermoplast®
Fast relief of pain and itch

New Skin®
Waterproof liquid bandage

Domeboro®
Effective treatment for skin irritations and rashes

Fiber Choice®
Prebiotic fiber supplement

Balmex®
Complete Protection to treat and prevent diaper rashes

⁵ The brands Nalox™ and Naloc™ are owned by Moberg Pharma's cooperation partners and Moberg Pharma has no ownership rights to these brands.



DEVELOPMENT PROJECTS WITH TWO PRODUCTS IN PHASE 3

Moberg Pharma has developed a clinical pipeline with revenue potential that is an order of 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 US and some other countries, as well as the OTC markets in many countries. Nail fungus (onychomycosis) is very common with a prevalence of approximately 10% of the general population. There is a significant unmet need for improved topical therapy without the safety risks associated with oral treatment. BUPI is intended for pain relief for inflammation and ulceration of the oral mucous membranes (oral mucositis or OM), as a serious complication of cancer treatment. OM affects approximately 400,000 patients annually in the US and may hinder completion of cancer treatment and result in expensive hospital care.

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

MOB-015



Nail fungus

- Topical terbinafine
- Target profile: Rapid, visible improvement and superior cure rate (among topical medications)



Status: Phase 3 studies initiated in Q3, 2016

- Recruitment of 750–800 patients for two Phase-3 studies in North America and Europe began in Q3, 2016.
- Primary endpoint: complete clinical cure of big toe nail and negative fungal tests after 52 weeks.



Patents: Patent protection until 2032

- Patents granted in large markets, including the USA, EU, and Japan.
- Patents include new topical formulations of allylamines (including terbinafine), and treatment methods for nail fungus using the new formulations.



Phase 2 data: Leading data for severely infected nails

- 54% mycological cure at 60 weeks
- 100% negative culture at 60 weeks
- 1000x more terbinafine in the nail compared with oral administration
- 40x more terbinafine in the nail bed compared with oral administration



Estimated annual sales potential: USD 250–500 million

BUPI

Pain relief for oral mucositis

- Lozenge with bupivacaine
- Target profile: Better and longer pain relief than with existing products

Status: Preparations for Phase-3 underway

- Preparations for the Phase 3 program are underway in collaboration with Moberg's partner Cadila Pharmaceuticals. The application is in process to be submitted.
- In Q1, 2017, advisory meetings were held with health agencies in Sweden and Germany.

Patents: Patent protection until 2031

- Patents issued in the EU. Applications in progress in the USA and Canada.
- Patents include lozenges and other formulations with a local anesthetic, including bupivacaine, for the mouth or throat and for treatment of oral mucositis in cancer patients.

Phase 2 data: Significantly better pain relief than with standard treatment

- Primary endpoint: 31% less pain in the BUPI group (maximum VAS value in the mouth/throat, $p = 0.0032$)
- Only in the mouth: 50% less pain in the BUPI group ($p = 0.0002$)

Estimated annual sales potential: USD 50–100 million

MOB-015 – PHASE 3 STUDIES ARE ONGOING

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. A recent survey of physicians in the USA indicated that there is a strong demand for better topical treatment and that a majority of physicians would prefer MOB-015 over existing treatment options, whether topical medications or tablets, if the Phase 3 results meet the target profile. The company estimates the sales potential of MOB-015 to 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 annually, assuming successful commercialization in oral mucositis and at least one further indication.



BUSINESS DEVELOPMENT IN 2017

Our three largest brands are developing strongly, accounting for an increasing share of total revenues. During the second quarter, the market share of Kerasal Nail® reached 29%, due in large part to a stronger selling message including a visible improvement after only one week of treatment. At the same time, the extended launch in Japan is developing positively and according to plan, while expectations from China have been lowered in anticipation of the next generation of the product. Recruitment for the MOB-015 study has taken longer than expected, but it is picking up speed after a number of corrective measures have been taken.

IN THE MARKET

Direct sales – Stronger sales arguments provide results

It is peak season for Kerasal Nail® in the United States and we are continuing to build on our strong results we achieved since relaunching the brand in 2016 with a market share now of 29%, thanks to fine-tuned marketing supported by visible improvement after only one week. Recently the results of an open-label clinical study were reported which looked at the early effects of treatment with Kerasal Nail®/Emtrix® in 103 patients affected by nail fungus and/or nail psoriasis. Seventy-six percent experienced noticeable improvement after just one week. This proportion increased to 92% after eight weeks; the study's primary endpoint. In the group with nail psoriasis, 94% of patients showed a noticeable improvement after eight weeks. The results are very interesting as there are currently no treatment options for people with nail psoriasis. The study will be presented at EADV in Geneva in September 2017 and has been published in the journal *Dermatology*.

We are also pleased with the achievements for our acquired brands, New Skin® and Dermoplast®. Retail presence was expanded for New Skin® Spray as of the second quarter, reaching 3,900 Walmart stores and more than 1,500 Walgreens stores. In June, a nationwide television campaign was launched to improve brand positioning. Prior to the relaunch, in-depth consumer research was carried out and the response following the marketing has been very promising, as evidenced by 27% growth in sales to consumers from the major retailers during the second quarter. Please note that there is about a one-month lag before increased consumer sales produce an effect on net sales. We have also increased the distribution of Dermoplast® at Walmart's to 3,500 stores and CVS to 7,500 stores and growth is proceeding according to plan. Our ability to increase the number of sales outlets for both of the strategic brands we acquired last year is an indication of our good reputation among our retail partners. We have initiated a brand positioning plan, as done on Kerasal® and New Skin®, to identify additional future growth drivers.

Distribution sales – Good profitability despite decreasing share of total sales

During the second quarter, just in time for the high season, a nationwide launch of Zanmira® Nail (Nail Kerasal®) was started in Japan together with the CMIC Group, Moberg Pharma's local cooperating partner. The launch includes several major cities and interest among consumers is high.

At the same time, we are dampening our expectations for China, as local regulations are restricting the possibilities for effective marketing. However, we do see significant opportunities for the next-generation of nail fungus products in this market. Other markets, with Taiwan in the lead, had lower volumes during the quarter than we had expected. Profitability in the region, however, is good, although distributor sales constitute a decreasing share of our total business. Stronger claims recently confirmed in a clinical study, enable further efforts from our distributors going forward.

IN THE PIPELINE

MOB-015 – Stepping up a gear

Recruitment to the two Phase 3 studies, has taken time and will not be completed before the end of the year, partly due to the initial set-up of the screening process. To ensure that the right patients are recruited without delaying the study further, we have adjusted the process, at the same time as we are increasing our advertising efforts and the number of clinics, with slightly higher costs as a result. In parallel, we are working to prepare the commercialization of MOB-015 and deepen discussions with a number of potential partners. A market research survey conducted among 90 U.S. physicians indicates a strong demand for an effective topical therapy for nail fungus. Among other things, six out of ten physicians stated that they would prefer MOB-015 ahead of existing topical medications. The results of the survey further strengthen our belief in the potential for MOB-015, and we are now stepping up our efforts in order to achieve our objectives.



BUPI –Phase 3 study preparations ongoing

During the second quarter, we provided our input on the Phase 3 study application for BUPI to our partner Cadila Pharmaceuticals. Submission preparations by Cadila are in the final stages. Our partner is responsible for financing and implementing the current Phase 3 study in India. We await the results of the Phase 3 study and further partner discussions before additional studies are initiated.

CORPORATE EVENTS

At the Annual General Meeting in May, Sara Brandt was elected as a new Board member. Sara Brandt has long experience from Nordic and international companies within Fast Moving Consumer Goods (FMCG), where she has had a number of leading positions; these include Vice President Region North and Managing Director Sweden at Berner, and Executive Vice President and Head of Nordic Division at Cederroth AB.



GROUP REVENUE AND EARNINGS

REVENUE

Second quarter (April-June 2017)

Net sales amounted to SEK 136.1 million (71.3), an increase of 91% compared with the previous year. Kerasal Nail⁶ accounted for SEK 53.2 million (49.0), Dermoplast[®] accounted for SEK 26.0 million (0), while other products including New Skin[®], contributed with SEK 56.8 million (22.3). Together, global sales of the three largest brands Kerasal Nail[®], Dermoplast[®] and New Skin[®] make up more than two-thirds of revenue and an even higher percentage of profitability.

The company's total revenues mainly (approx. 90%) come from direct sales in the United States and are dominated by the three largest brands Kerasal Nail[®], Dermoplast[®] and New Skin[®]. Sales of Kerasal Nail[®] in the US increased by 30% and sales of both New Skin[®] and Dermoplast[®] are developing according to plan. Overall, direct sales increased by 130%, or the equivalent of 12% adjusted for acquisitions (5% with a fixed exchange rate).⁷

Other sales, via distributors, decreased by 30% during the second quarter (-32% with a fixed exchange rate).⁸ Distributor sales are affected by high inventory levels in Asia and Canada.

Most of the company's invoicing is in US dollars and euro, so we are dependent on the development of these currencies in relation to the Swedish krona. In the second quarter of 2017, revenue in US dollars was recognized at an average exchange rate of SEK 8.86, compared with SEK 8.33 in 2016. The equivalent figures for the euro were an average exchange rate of SEK 9.68, compared with SEK 9.27 in 2016. Exchange rates therefore had a positive impact on revenue. Had exchange rates remained unchanged, revenue would have increased by 79% compared to the second quarter of 2016.

Other operating income consists of positive net foreign exchange changes on operating receivables and liabilities, and re-invoicing of expenses. Other operating income for 2016 also includes research grants and a capital gain of SEK 41.1 million in connection with the divestment of the brands JointFlex[®], Fergon[®], and Vanquish[®].

Six-month period (January to June 2017)

Net sales increased by 71% to SEK 240.6 million (140.7) driven by direct sales in the United States. Sales from Kerasal Nail[®] amounted to SEK 85.9 million (81.1), Dermoplast[®], SEK 47.2 million (0) and SEK 107.4 (59.6) for other products.

Distribution of operating income (SEK thousand)	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Full year 2016
Sales of products	136,072	71,294	240,383	140,746	334,304
Milestone payments	-	-	239	-	-
Net revenue	136,072	71,294	240,622	140,746	334,304
Other operating income	114	42,280	229	42,280	49,211
Total operating income	136,186	113,574	240,851	183,026	383,515

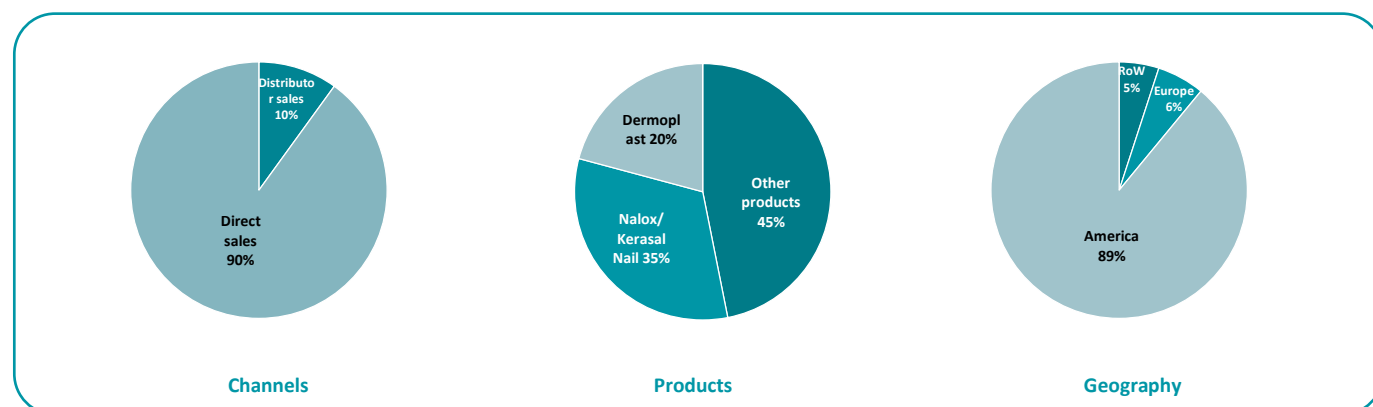
⁶ Kerasal Nail[®]/Emtrix[®]/Nalox[™]/Naloc[™]/Zanmira[®] Nail etc. by market

⁷ The products New Skin[®], PediaCare[®], and Fiber Choice[®] were acquired on July 7, 2016 and are included in the income statement as from this date. The product Dermoplast[®] was acquired on December 30, 2016 and is included in the income statement from January 1, 2017. The comparative figures also include the products divested on April 1, 2016 (JointFlex[®], Vanquish[®], and Fergon[®]), and PediaCare[®], divested on December 19, 2016.

⁸ Please note that distributor sales vary from quarter to quarter and do not directly reflect demand and pharmacy sales for the period just ended. Orders for most markets are placed 2-3 times per year.



Distribution of net revenue, in percent, January – June 2017



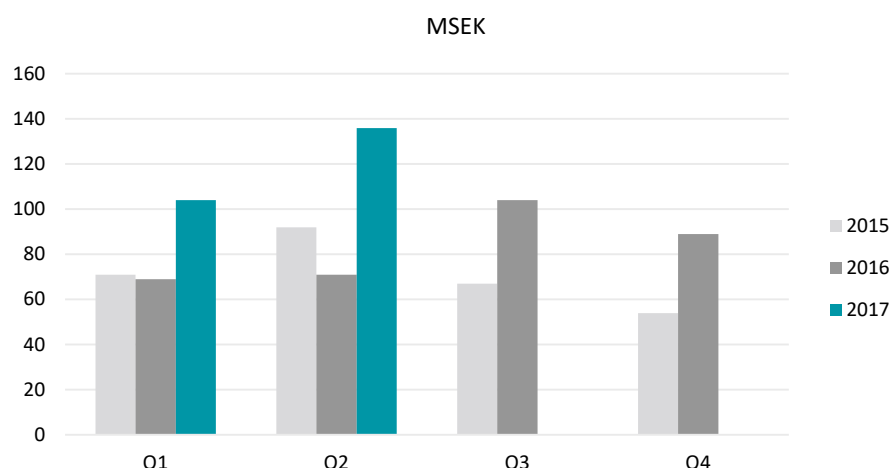
Net revenue by channel (SEK thousand)	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Full year 2016
Proprietary sales, organic	60,409	53,774	96,301	92,739	172,789
Proprietary sales, acquisitions and divestments	63,340	-	119,122	9,801	94,430
Product sales to distributors, organic	12,323	17,520	24,960	31,686	60,565
Product sales to distributors, acquisitions and divestments	-	-	-	6,520	6,520
Milestone payments	-	-	239	-	-
TOTAL	136,072	71,294	240,622	140,746	334,304

Net revenue by product category (SEK thousand)	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Full year 2016
Kerasal Nail®/Nalox	53,246	49,022	85,949	81,107	151,289
Dermoplast®	26,015	-	47,283	-	-
Divested products (JointFlex®, Fergon®, Vanquish®, PediaCare®)	-	-	-	16,321	32,540
Other products	56,811	22,272	107,390	43,317	150,475
TOTAL	136,072	71,294	240,622	140,746	334,304

Net revenue by geographical market (SEK thousand)	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Full year 2016
Europe	5,364	6,938	13,215	12,219	19,412
North and South America	123,541	53,891	215,076	94,955	248,814
Rest of the world	7,167	10,465	12,331	17,251	33,583
Divested products (JointFlex®, Fergon®, Vanquish®, PediaCare®)	-	-	-	16,321	32,540
TOTAL	136,072	71,294	240,622	140,746	334,304



Income from product sales by quarter



PROFIT

Moberg Pharma's sales are seasonal, where market investments increase during the high season. The majority of sales are made via direct sales in which customers place many orders each month. For distribution sales, orders for most markets are placed 2-3 times per year and sales may therefore vary between quarters.



Second quarter (April-June 2017)

Operating profit amounted to SEK 0.0 million (31.2). Note that the previous year's operating profit includes a capital gain of SEK 41.1 million from the divestment of Jointflex®, Fergon® and Vanquish®. The profit increase is primarily driven by acquisitions and divestments that resulted in a changed product mix and economies of scale. The cost of goods sold was SEK 37.2 million (20.1), corresponding to a gross margin on product sales of 73 % (72).

Operating expenses, excluding the cost of goods sold during the quarter, amounted to SEK 98.9 million (62.2), most of which comprised selling expenses of SEK 75.3 million (49.7), excluding depreciation/amortization⁹. During the quarter, marketing campaigns were conducted for Kerasal® Intensive Foot Repair™ and New Skin®, as well as continued investments in brand equity for Kerasal Nail® in the US. Selling expenses accounted for a total of 55% (70) of net sales. Marketing efforts are seasonal and peak during the second quarter, but will also contribute to turnover and profitability in the future.

Profit after net financial items decreased to SEK -9.3 million (35.8 or -5.3 excluding capital gain) due to increased interest expenses of SEK 9.4 million (4.7) attributable to the increased bond loan.

Depreciation/amortization costs also increased as a result of the acquisitions in 2016; with depreciation/amortization of product rights that amounted to SEK 9.2 million (1.7).

Profit after tax for the quarter was SEK -7.7 million (28.0) and total profit after translation differences was SEK -20.3 million (-36.3). Comprehensive income included currency translation of SEK -12.6 million as a result of the weaker US dollar rate at the end of June, compared with the end of the financial year 2016.

⁹ Depreciation/amortization of product rights are recognized as selling expenses in the income statement.



EBITDA excluding capital gain was strengthened by SEK 18 million¹⁰ to SEK 10 million. The EBITDA margin increased to 7% (47 or -11 excluding capital gain).

Six-month period (January to June 2017)

During the first half of 2017, operating profit increased by 71% to SEK 6.9 million (31.7 or -4.3 excluding capital gain). The cost of goods sold amounted to SEK 69.0 million (40.7), giving an unchanged gross margin of 71 % (71). Operating expenses, excluding the cost of goods sold, increased by 49% to SEK 164.9 million (110.6).

EBITDA-margin for the first half of 2017 amounted to 11% (26 or -3 excluding capital gain).

EBITDA Summary (SEK thousand)	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Full year 2016
Net revenue	136,072	71,294	240,622	140,746	334,304
Cost of goods sold	-37,279	-20,077	-68,994	-40,680	-101,355
Gross profit	98,793	51,217	171,628	100,066	232,949
%	73%	72%	71%	71%	70 %
Selling expenses	-75,323	-49,727	-119,367	-84,592	-156,618
Administrative expenses	-6,001	-4,755	-11,749	-9,760	-20,520
Research and development costs – commercial operations ¹⁾	-1,459	-1,115	-3,276	-2,711	-5,068
Other operating income/operating expenses	-1,347	40,787	-1,540	40,421	42,788
EBITDA from commercial operations	14,663	36,407	35,696	43,424	93,531
%	11%	51%	15%	31%	28 %
Research and development costs – future products ²⁾	-2,147	-744	-3,986	-2,366	-6,100
Business development expenses	-2,722	-2,274	-5,250	-4,243	-9,524
EBITDA	9,794	33,389	26,460	36,815	77,907
%	7%	47%	11%	26%	23 %
Depreciation/amortization	-9,754	-2,142	-19,518	-5,065	-15,735
Operating profit (EBIT)	40	31,247	6,942	31,750	62,172

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

2) Research and development expenses – future products includes R&D expenses for completely new product candidates.

¹⁰ Excluding capital gain in Q2 2016 of SEK 41.1 million



FINANCIAL POSITION

CASH FLOW

Second quarter (April-June 2017)

Cash flow from operating activities before changes in working capital during the quarter amounted to SEK 1.0 million (-12.1). After changes in working capital, cash flow from operating activities amounted to SEK -25.1 million (1.3). Tied-up working capital increased mainly due to one-off items amounting to SEK 18 million attributable to receivables/liabilities from acquisitions and divestments, to be cleared in the third quarter, as well as increased growth and seasonal expenses for market investments.

Six-month period (January to June 2017)

Cash flow from operating activities before changes in working capital during the quarter amounted to SEK 9.1 million (-8.1). The company's capital tie-up increased due to the expansion of direct sales activities by means of acquisitions in 2016. Operating cash flow amounted to SEK -28.0 million (-2.3) for the first half of 2017.

Cash flow from investing activities amounted to SEK -21.7 million (-138.6) and consisted mainly of capitalized expenditure for research and development activities, see the section "Capital expenditure" below. In 2016, investments in corporate bonds in USD and divested trademarks are included in cash flow from investing activities.

Cash flow from financing activities amounted to SEK 0.9 million (291.6) and relates to subscribed shares via stock option schemes. During 2016, proceeds from bond loans are included in cash flow from financing activities.

Cash and cash equivalents amounted to SEK 36.6 million (196.1) at the end of the period.

CAPITAL EXPENDITURE

Investments in intangible assets in 2017 mainly refer to capitalized expenditure for research and development activities amounting to SEK 21.4 million (24.4). The company has three ongoing development projects in a late phase that are being capitalized: MOB-015, BUPI, and the next generation of Kerasal Nail®/Nalox™. In addition to capitalized R&D expenditure, Moberg Pharma also had R&D expenses of SEK 7.2 million (5.1) that were recognized directly in the statement of comprehensive income, of which SEK 4.0 million (2.4) was related to future products.

R&D expenses (costs and investments) (SEK thousand)	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Full year 2016
R&D expenses – current products	-1,459	-1,115	-3,276	-2,711	-5,068
R&D expenses – future products	-2,147	-744	-3,986	-2,366	-6,100
Depreciation/amortization of R&D investments	-467	-281	-912	-537	-1,274
R&D expenses (in statement of comprehensive income)	-4,073	-2,140	-8,174	-5,614	-12,442
New capitalized R&D investments	-12,710	-20,638	-21,426	-24,465	-50,674
Depreciation/amortization of capitalized R&D investments	309	136	593	246	667
Depreciation/amortization of other R&D investments	158	145	319	291	607
Change in R&D investments (in statement of financial position)	-12,243	-20,357	-20,514	-23,928	-49,400
Total R&D expenditure	-16,316	-22,497	-28,688	-29,542	-61,842

LIABILITIES

Interest-bearing liabilities consist of a bond loan of SEK 600 million, which will mature on January 29, 2021. 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 590,5 million included in the statement of financial position. The full terms and conditions of the bond are available on the company's website www.mobergpharma.se

Non-current non-interest-bearing liabilities comprise a deferred tax liability in the US subsidiary of USD 0.9 million (SEK 7.6 million).



Current non-interest-bearing liabilities include contingent considerations to Prestige Brands 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 19.1 million). The contingent consideration limits Moberg Pharma's risk exposure with regard to returns and some overhead costs for Fiber Choice® and PediaCare®.

PLEGDED ASSETS AND CONTINGENT LIABILITIES

Moberg Pharma has no contingent liabilities. Pledged assets consist of blocked bank funds totaling SEK 0.7 million.

CHANGES IN EQUITY

SHARES

The number of shares and votes rose in June 2017 by 28,920 to 17,440,762. The change was due to warrants in Moberg Pharma being exercised within the framework of the company's share-based incentive schemes.

At the end of the period, share capital amounted to SEK 1,744,076.20 (1,428,918.80), and the total number of shares outstanding was 17,440,762 (14,289,188) ordinary shares with a nominal value of SEK 0.10.

SHAREHOLDER INFORMATION

The company's largest shareholders as of June 30th 2017:

Shareholders	Number of shares	% of votes and capital
THE FOUNDATION FOR BALTIC AND EAST EUROPEAN STUDIES	2,274,179	13.0
ZIMBRINE HOLDING BV	1,549,536	8.9
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	1,365,524	7.8
CUSTODY ACCOUNT FOR THE EXCLUSIVE	1,148,000	6.6
MERRILL LYNCH PROF CLEAR CORP	664,446	3.8
SOCIÉTÉ GÉNÉRALE	564,170	3.2
NORDNET PENSIONS FÖRSÄKRING AB	552,764	3.2
WOLCO INVEST AB ¹¹	435,399	2.5
EUROCLEAR BANK S.A/N.V, W8-IMY	342,616	2.0
GRANDEUR PEAK INTERNATIONAL	334,194	1.9
LUNDMARK, ANDERS	312,000	1.8
PRIORITET CAPITAL AB	300,000	1.7
GRANDEUR PEAK GLOBAL, OPPORTUNITIES	255,657	1.5
SKANDIA, INSURANCE	205,719	1.2
HYVÄT LEHDET RSM OY	167,592	1.0
ML, PIERCE, FENNER & SMITH INC	148,414	0.9
ÅLANDSBANKEN ABP, BANK OF ÅLAND LTD	132,217	0.8
GRANDEUR PEAK GLOBAL REACH, FUND	111,100	0.6
DANICA PENSION	110,262	0.6
SEB LIFE INTERNATIONAL	105,000	0.6
TOTAL, 20 BIGGEST SHAREHOLDERS	11,078,789	63.5
Other shareholders	6,361,973	36.5
TOTAL	17,440,762	100

¹¹ Owned by the company's CEO, Peter Wolpert



WARRANTS

On May 16, 2016, the Annual General Meeting of Moberg Pharma AB decided to implement a directed issue of 304,000 warrants (equal to 304,000 shares) with the company's wholly owned subsidiary Moberg Derma Incentives AB and to introduce the employee stock option scheme 2017:1. As part of this employee stock option scheme 2017:1, 304,000 stock options were allotted. The terms and conditions of the employee stock option scheme 2017:1 are the same as for the employee stock option scheme 2016:1 with the following exceptions: options in the 2017:1 scheme vest on June 30, 2020 at the earliest, the exercise price is SEK 59.50 per option, and the last day for subscription is December 31, 2021. A description of the terms and conditions of the employee stock option scheme 2016:1 can be found in the 2016 Annual Report on page 52.

As of June 30, 2017, there were a total of 1,113,334 warrants outstanding. If all warrants were exercised to subscribe for shares, the number of shares would increase by 1,114,168, from 17,440,762 shares at the end of the period to 18,554,930.

ORGANIZATION

As of June 30, 2017, the Moberg Pharma Group had 39 employees, of whom 64% were women. The parent company had 28 employees, of whom 68 % were women.

PARENT COMPANY

Moberg Pharma AB (Publ), Corp. Reg. No. 556697-7426, is the parent company of the Group. Group operations are conducted primarily in the parent company (in addition to the sales organization in the US) and comprise research and development, sales and marketing, and administrative functions. Parent Company net revenue totaled SEK 57.4 million for the period from January to June 2017, compared with SEK 55.4 million during the previous year. Operating expenses, excluding the cost of goods sold, amounted to SEK 45.4 million (26.2), while profit after financial items was SEK -16.6 million (26.5). Cash and cash equivalents amounted to SEK 28.7 million (188.8) 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 competition 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 2016 Annual Report on page 23.

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 add value and generate a solid return for 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, supporting the company's distributors and retailers, and advancing the company's Phase 3 development programs to enable future growth. Moberg Pharma will during the year utilize its operating cash flow 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

(SEK thousand)	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Full year 2016
Net revenue	136,072	71,294	240,622	140,746	334,304
Cost of goods sold	-37,279	-20,077	-68,994	-40,680	-101,355
Gross profit	98,793	51,217	171,628	100,066	232,949
Selling expenses ¹²	-84,552	-51,532	-137,846	-89,004	-170,833
Business development and administrative expenses	-8,781	-7,085	-17,126	-14,119	-30,290
Research and development costs	-4,073	-2,140	-8,174	-5,614	-12,442
Other operating income	114	42,280	229	42,280	49,211
Other operating expenses	-1,461	-1,493	-1,769	-1,859	-6,423
Operating profit (EBIT)	40	31,247	6,942	31,750	62,172
Interest income and similar items	-	9,316	-	9,387	15,308
Interest expenses and similar items	-9,371	-4,730	-19,464	-12,576	-30,935
Profit after financial items (EBT)	-9,331	35,833	-12,522	28,561	46,545
Tax on profit for the period	1,567	-7,838	1,754	-6,214	-13,877
PROFIT FOR THE PERIOD	-7,764	27,995	-10,768	22,347	32,668
Items that will be reclassified to profit					
Translation differences of foreign operations	-12,597	8,315	-17,000	3,214	19,584
Other comprehensive income	-12,597	8,315	-17,000	3,214	19,584
TOTAL PROFIT FOR THE PERIOD	-20,361	36,310	-27,768	25,561	52,252
Profit for the period attributable to parent company shareholders	-7,764	27,995	-10,768	22,347	32,668
Profit for the period attributable to non-controlling interests					
Total profit attributable to parent company shareholders	-20,361	36,310	-27,768	25,561	52,252
Total profit attributable to non-controlling interests					
Basic earnings per share	-0.45	1.97	-0.62	1.57	2.27
Diluted earnings per share¹³	-0.45	1.96	-0.62	1.56	2.25
EBITDA	9,794	33,389	26,460	36,815	77,907
Product right depreciation/amortization	-9,134	-1,718	-18,286	-4,231	-13,838
Other depreciation/amortization	-620	-425	-1,232	-834	-1,897
Operating profit (EBIT)	40	31,247	6,942	31,750	62,172

¹² Including depreciation/amortization of product rights

¹³ In periods when the Group reports a loss, no dilution effect arises. The reason for this is that a dilution effect is only recognized when a potential conversion to ordinary shares would result in lower earnings per share.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN BRIEF

(SEK thousand)	06/30/2017	06/30/2016	12/31/2016
Assets			
Intangible assets	991,874	241,776	1,000,367
Property, plant, and equipment	670	802	774
Non-current financial assets	1	1	1
Deferred tax asset	13,611	10,118	10,161
Total non-current assets	1,006,156	252,697	1,011,303
Inventories	42,131	17,209	42,224
Trade receivables and other receivables	127,075	59,656	92,545
Current financial assets	-	200,388	-
Cash and cash equivalents	36,559	196,145	86,104
Total current assets	205,765	473,398	220,873
TOTAL ASSETS	1,211,921	726,095	1,232,176
Equity and liabilities			
Equity (attributable to parent company shareholders)	535,875	380,615	561,625
Non-current interest-bearing liabilities	590,456	293,986	589,040
Non-current non-interest-bearing liabilities	7,570	-	6,971
Current non-interest-bearing liabilities	78,020	51,494	74,540
TOTAL EQUITY AND LIABILITIES	1,211,921	726,095	1,232,176



CONSOLIDATED STATEMENT OF CASH FLOWS IN BRIEF

(SEK thousand)	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Full year 2016
Operating activities					
Operating profit before financial items	40	31,247	6,942	31,749	62,171
Financial items, received and paid	-8,829	-4,471	-17,907	-4,506	-8,319
Taxes paid	-540	-	-545	-26	-24
<i>Adjustments for non-cash items:</i>					
Depreciation/amortization and other adjustments	9,754	-38,980	19,518	-36,057	-29,073
Employee stock option costs ¹⁴	592	133	1,134	695	1,748
Cash flow before changes in working capital	1,017	-12,071	9,142	-8,145	26,503
Change in working capital					
Increase (-)/Decrease (+) in inventories	9,816	6,885	-2,940	5,829	-20,025
Increase (-)/Decrease (+) in operating receivables	-44,588	2,968	-43,332	-6,603	-30,651
Increase (+)/Decrease (-) in operating liabilities	8,650	3,535	9,151	6,609	6,232
OPERATING CASH FLOW	-25,105	1,317	-27,979	-2,310	-17,941
Investing activities					
Net investments in intangible assets	-12,710	61,765	-21,588	57,874	-680,401
Net investments in equipment	-93	-11	-124	-115	-255
Net investments in financial assets	-	-97,521	-	-196,375	-
CASH FLOW FROM INVESTING ACTIVITIES	-12,803	-35,767	-21,712	-138,616	-680,656
Financing activities					
Borrowings (+) / Loan amortization (-)	-	-	-	290,106	584,263
Issue of new shares less transaction costs	909	1,537	858	1,537	153,689
CASH FLOW FROM FINANCING ACTIVITIES	909	1,537	858	291,643	737,952
Change in cash and cash equivalents	-36,999	-32,913	-48,833	150,717	39,355
Cash and cash equivalents at the beginning of the period	74,045	228,790	86,104	45,356	45,356
Exchange rate differences in cash and cash equivalents	-487	268	-712	72	1,393
Cash and cash equivalents at the end of the period	36,559	196,145	36,559	196,145	86,104

¹⁴ Note that revaluation of estimated costs for social security contributions for employee stock options is recognized under change in operating liabilities



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Other capital contributions	Translation reserve	Accumulated loss	Total equity
<i>(SEK thousand)</i>					
January 1 – June 30, 2017					
Opening balance, January 1, 2017	1,741	524,003	62,119	-26,238	561,625
<i>Total income</i>					
Profit for the period				-10,768	-10,768
Other comprehensive income – translation differences on translation of foreign operations			-17,000		-17,000
<i>Transactions with shareholders</i>					
New share issue	3	944			947
Transaction costs, new share issue		-69			-69
Employee stock options		1,140			1,140
CLOSING BALANCE JUNE 30, 2017	1,744	526,018	45,119	-37,006	535,875
January 1 – June 30, 2016					
Opening balance, January 1, 2016	1,422	367,772	42,535	-58,906	352,823
<i>Total income</i>					
Profit for the period				22,347	22,347
Other comprehensive income – translation differences on translation of foreign operations			3,214		3,214
<i>Transactions with shareholders</i>					
New share issue	7	1,530			1,537
Transaction costs, new share issue					0
Employee stock options		694			694
CLOSING BALANCE JUNE 30, 2016	1,429	369,996	45,749	-36,559	380,615
January 1 – December 31, 2016					
Opening balance, January 1, 2016	1,422	367,772	42,535	-58,906	352,823
<i>Total income</i>					
Profit 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



KEY RATIOS FOR THE GROUP

(SEK thousand)	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Full year 2016
Net revenue	136,072	71,294	240,622	140,746	334,304
Gross margin %	73 %	72 %	71 %	71 %	70 %
EBITDA	9,794	33,389	26,460	36,815	77,907
EBITDA %	7 %	47 %	11 %	26 %	23 %
Operating profit (EBIT)	40	31,247	6,942	31,750	62,172
Profit after tax	-7,764	27,995	-10,768	22,347	32,668
Profit margin %	Neg.	39 %	Neg.	16 %	10 %
Balance sheet total	1,211,921	726,095	1,211,921	726,095	1,232,176
Net receivables	-553,897	-97,841	-553,897	-97,841	-502,936
Debt/equity ratio	110 %	77 %	110 %	77 %	105 %
Equity/assets ratio	44 %	52 %	44 %	52 %	46 %
Return on equity	-1 %	7 %	-2 %	6 %	6 %
Diluted earnings per share, SEK	-0.45	1.96	-0.62	1.56	2.25
Diluted operating cash flow per share, SEK	-1.44	0.09	-1.61	-0.16	-1.24
Equity per share, SEK	30.73	26.64	30.73	26.64	32.26
Basic average number of shares	17,421,058	14,244,298	17,416,476	14,230,984	14,413,627
Diluted average number of shares	17,539,276	14,292,183	17,589,601	14,362,976	14,503,738
Number of shares at the end of the period	17,440,762	14,289,188	17,440,762	14,289,188	17,411,842
Share price on balance sheet date, SEK	49.00	36.80	49.00	36.80	57.00
Market capitalization on balance sheet date, SEK millions	855	526	855	526	992

Definitions of key ratios

Moberg Pharma presents certain financial performance measurements in this year-end report that are not defined in accordance with IFRS. In Moberg Pharma's opinion, these performance measurements provide valuable additional information as they provide investors and company management with an opportunity to evaluate the company's performance. These financial performance measurements are not always comparable with those used by other companies since not all companies calculate them in the same manner.

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

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

*Defined in accordance with IFRS



PARENT COMPANY INCOME STATEMENT IN BRIEF

(SEK thousand)	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Full year 2016
Net revenue	26,247	38,014	57,381	55,414	103,348
Cost of goods sold	-5,162	-6,376	-9,379	-11,203	-23,223
Gross profit	21,085	31,638	48,002	44,211	80,125
Selling expenses	-11,281	-3,508	-22,420	-7,081	-21,540
Business development and administrative expenses	-7,107	-6,314	-13,700	-12,136	-24,736
Research and development costs	-3,734	-1,789	-7,542	-5,184	-11,718
Other operating income	133	11,601	229	11,601	17,940
Other operating expenses	-1,447	-1,415	-1,755	-1,757	-6,299
Operating profit	-2,351	30,213	2,814	29,654	33,772
Interest income	-	9,316	-	9,386	15,308
Interest expenses	-9,371	-4,730	-19,464	-12,575	-30,935
Profit after financial items	-11,722	34,799	-16,650	26,465	18,145
Tax on profit for the period	2,539	-7,372	3,430	-5,307	-3,713
PROFIT	-9,183	27,427	-13,220	21,158	14,432



PARENT COMPANY BALANCE SHEET IN BRIEF

(SEK thousand)	06/30/2017	06/30/2016	12/31/2016
Assets			
Intangible assets	847,629	92,262	842,712
Property, plant, and equipment	362	564	452
Non-current financial assets	178,107	178,107	178,107
Deferred tax asset	13,611	7,455	10,161
Total non-current assets	1,039,709	278,388	1,031,432
Inventories	101	496	370
Trade receivables and other receivables	15,388	15,704	13,123
Receivables to Group companies	37,639	-	25,699
Current financial assets	-	200,388	-
Cash and cash equivalents	28,668	188,785	72,379
Total current assets	81,796	405,373	111,571
TOTAL ASSETS	1,121,505	683,761	1,143,003
Equity and liabilities			
Equity	483,783	347,390	494,983
Non-current interest-bearing liabilities	590,456	293,986	589,040
Liabilities from Group companies	-	18,118	-
Current non-interest-bearing liabilities	47,266	24,267	58,980
TOTAL EQUITY AND LIABILITIES	1,121,505	683,761	1,143,003



PARENT COMPANY CASH FLOW STATEMENT IN BRIEF

(SEK thousand)	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Full year 2016
Operating activities					
Operating profit before financial items	-2,351	30,213	2,814	29,654	33,772
Financial items, received and paid	-8,829	-4,471	-17,907	-4,506	-8,319
<i>Adjustments for non-cash items:</i>					
Depreciation/amortization and other adjustments	8,390	-9,555	16,761	-8,529	-3,450
Employee stock option costs	445	328	838	522	1,312
Cash flow before changes in working capital	-2,345	16,515	2,506	17,141	23,315
Change in working capital					
Increase (-)/Decrease (+) in inventories	242	-89	269	-89	36
Increase (-)/Decrease (+) in operating receivables	840	33,597	-15,763	40,367	18,317
Increase (+)/Decrease (-) in operating liabilities	2,455	15,610	-9,993	15,171	11,677
OPERATING CASH FLOW	1,192	65,633	-22,981	72,590	53,345
Investing activities					
Net investments in intangible assets	-12,710	3,433	-21,588	-458	-740,303
Net investments in equipment	-	-11	-	-115	-115
Net investments in financial assets	-	-97,521	-	-196,375	-
CASH FLOW FROM INVESTING ACTIVITIES	-12,710	-94,099	-21,588	-196,948	-740,418
Financing activities					
Borrowings (+) / Loan amortization (-)	-	-	-	290,106	584,263
Issue of new shares less transaction costs	909	1,537	858	1,537	153,689
CASH FLOW FROM FINANCING ACTIVITIES	909	1,537	858	291,643	737,952
Change in cash and cash equivalents	-10,609	-26,929	-43,711	167,285	50,879
Cash and cash equivalents at the beginning of the period	39,277	215,714	72,379	21,500	21,500
Cash and cash equivalents at the end of the period	28,668	188,785	28,668	188,785	72,379



ACCOUNTING POLICIES AND MEASUREMENT PRINCIPLES

The interim report was prepared in accordance with IAS 34 and the Swedish Annual Accounts Act. The consolidated financial statements were, like the annual accounts for 2016, prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and the Swedish Annual Accounts Act. The parent company financial statements were prepared in accordance with Swedish Annual Accounts Act and 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 2016 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, 2017. 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 previous year.

SEGMENT REPORTING

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

ASSOCIATE TRANSACTIONS

No material changes have occurred in relationships and transactions with associates.

FINANCIAL INSTRUMENTS

With the exception of bonds, the fair value of financial instruments approximates the carrying amount as of June 30, 2017. The fair value of bonds, according to Level 2 of the fair value hierarchy, amounted to approx. SEK 632 million (based on their liquid trading price) as of June 30, 2017. Purchase considerations are valued according to Level 3 of the fair value hierarchy and amounted to approx. SEK 19 million as of June 30, 2017.



FINANCIAL CALENDAR

Interim report for January – September 2017	November 13, 2017
Year-end report for the fiscal year 2017	February 13, 2018
Interim report for January – March 2018	May 8, 2018
Interim report for January – June 2018	August 7, 2018
Interim report for January – September 2018	November 6, 2018

The Annual General Meeting for Moberg Pharma will be held on May 15, 2018 at 5 p.m. at the company's premises. The deadline for stockholders to request to have agenda items transacted at the Annual Stockholders' Meeting is March 27, 2018.

FOR FURTHER INFORMATION, PLEASE CONTACT

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

For more information on Moberg Pharma's business, please see the company's website, www.mobergpharma.se

This interim report has not been reviewed by the company's auditors.

DECLARATION

The undersigned hereby declare that the interim 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, August 7, 2017

Thomas Eklund
Chairman of the Board

Sara Brandt
Board member

Torbjörn Koivisto
Board member

Thomas Thomsen
Board member

Geert Cauwenbergh
Board member

Mattias Klintemar
Board member

Peter Wolpert
CEO