Interim report January – September 2018

Moberg Pharma AB (Publ)

Q1

Q2

Q3

Q4

STRONG MOMENTUM AND PIPELINE PROGRESS

"I'm very pleased with the continued momentum in our commercial operations as well as the progress for MOB-015 where we completed the enrollment for the North American phase 3-study and signed the first license agreement, confirming the market potential for our lead pipeline asset," says Peter Wolpert, CEO of Moberg Pharma.

PERIOD (JAN-SEP 2018)

- Net revenue SEK 342.0 million (348.9, current portfolio 287.1). Current portfolio growth 16%
- EBITDA SEK 70.0 million (62.4) including, and SEK 65.0 million (49.4) excluding, capital gains*
- EBITDA margin 20% (18)
- EBITDA for commercial operations SEK 86.0 million (75.3)
- Operating profit (EBIT) SEK 42.3 million (33.5)
- Net profit after tax SEK 8.9 million (1.6)
- Diluted earnings per share SEK 0.51 (0.09)
- Operating cash flow per share SEK 3.29 (1.40)

THIRD QUARTER (JUL-SEP 2018)

- Net revenue SEK 108.6 million (108.3, current portfolio 93.2) Current portfolio growth 17%
- EBITDA SEK 22.7 million (36.0) including, and SEK 22.7 million (23.0) excluding, capital gains*
- EBITDA margin 21% (33)
- EBITDA for commercial operations SEK 28.2 million (39.6)
- Operating profit (EBIT) SEK 13.5 million (26.6)
- Net profit after tax SEK 2.2 million (12.3)
- Diluted earnings per share SEK 0.12 (0.71)
- Operating cash flow per share SEK 1.71 (3.01)

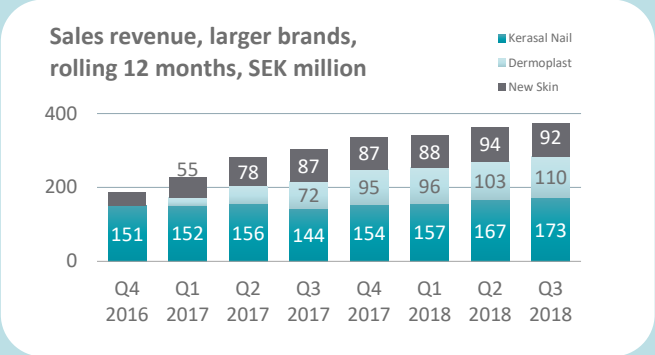
** Capital gains of SEK 5 million in Q2 2018 from the divestment of Balmex® and SEK 13 million in Q3 2017 from the divestment of Fiber Choice®. Of specific note, the 91% increase in share price during Q3 2018 resulted in an accounting adjustment expense related to LTI programs of SEK 2.5 million. Excluding this effect, EBITDA for Q3 2018 would be SEK 25.2 million.*

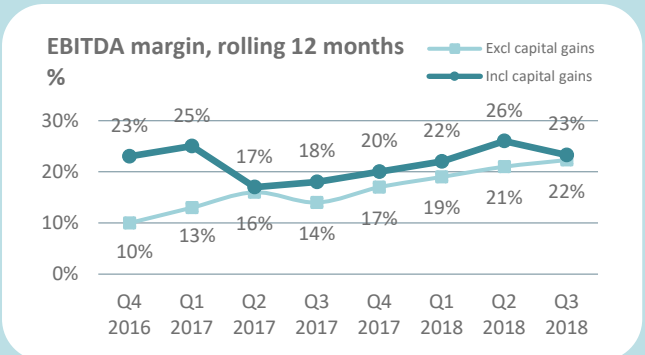
SIGNIFICANT EVENTS IN THE THIRD QUARTER

- An exclusive licence agreement for MOB-015 in Canada was signed with Cipher Pharmaceuticals. Under the agreement, Moberg Pharma is eligible to receive USD 14.6 million in one-time payments and milestones, as well as royalties on net sales in Canada
- Enrollment to the phase 3 study for MOB-015 in North America was completed
- Shaw Sorooshian was appointed Vice President and Chief Medical Officer and member of the management team

SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

- Distribution Agreement for Emtrix® was signed with Mundipharma for countries in MENA/South Africa





CONFERENCE CALL

CEO Peter Wolpert will present the report at a telephone conference today, November 6, 2018, at 3:00 p.m.
Telephone: SE +46-8-566 193 53, US +1 855 831 59 47

STATEMENT FROM THE CEO

Concluding the peak-season, I am very pleased with the strong performance and continued momentum in our commercial operations. I am equally excited about our pipeline progress where enrollment for the North American phase 3-study for MOB-015 was completed and the first attractive license agreement was signed, marking a key milestone and confirming the market potential for our lead pipeline asset.

Strong momentum in the commercial operations

The strong momentum in our commercial operations continued into the fall after a record-season with solid double-digit growth in retail sales[1], 14.5% for the nine-month period and 10% in the third quarter. Net revenues reached SEK 342 million and an EBITDA of SEK 70 million for the nine-month period, corresponding to a 16% revenue growth for the current portfolio. Our gross margin improved to 77% (71) as a result of the successful streamlining of the portfolio. In the third quarter, revenues excluding divested products increased by 17% (5% at fixed rate), despite the warehouse move in July which distorts quarterly comparisons.

All main brands sustained their leading positions as a result of successful marketing and sales campaigns. Strong results in the third quarter were led by the Kerasal franchise. Kerasal Nail® continued to outperform key competitors as direct sales for the nine-month period increased by nearly 25% compared to last year and retail sales grew by 19.4% the third quarter (L12W[1]). The flanker brand, Kerasal® Intensive Foot Repair maintained its strong performance since relaunch earlier this year with retail sales gains of +37.2% over the latest 12-week period[1].

Dermoplast maintained double-digit consumption growth (+15.2%[1] YTD) in response to digital and social marketing programs launched in the second quarter and revenues grew by 20% YTD. Year-to-date, New Skin® revenues grew by 8%, despite softer sales in the third quarter (-17%), reflecting the previously communicated shift of volume to the second quarter and optimization of marketing spend over the season. New Skin retail sales remained strong through-out the year (+11.5% YTD[1]).

Distributor sales were in line with the plan to stabilize full-year levels for 2018, with +14% revenue growth in the third quarter. The recently signed distribution agreement with Mundipharma in three markets in MENA/South Africa as well as the progress towards a potential registration in Russia, open new growth opportunities for Emtrix® in 2019.

Pipeline progress and an attractive first licensing deal

In September, the enrollment to the North American phase 3-study for MOB-015 was completed, including in total 365 patients, randomized at 32 sites in the U.S. and Canada. Topline results from the North American Phase 3 study are expected by the the fourth quarter of 2019. Recruitment in Europe is also progressing well and at the current pace, screening and randomization of patients is expected to be completed by the beginning of 2019. As we approach Phase 3 results, we continue to prepare the commercialization of MOB-015. The recent license agreement with Cipher Pharmaceuticals is an important milestone and the first external confirmation of the significant market potential for our product. The Canadian prescription market is an important component in the global launch with one-time payments and milestones of USD 14.6 million for Canada only, in addition to attractive royalties on net sales.

Concluding a successful year and planning for an exciting upcoming year

We are entering the final quarter of a year of significant accomplishments for Moberg Pharma. The streamlining of our portfolio has resulted in sustained growth as well as consistent improvements in profitability, as reflected in our EBITDA margin more than doubling from 10% to 22% over the last two years, excluding capital gains. In addition, our pipeline has progressed significantly. Our immediate focus is on near-term execution and ensuring key initatives for next year and beyond are in place. The full attention of the organization is currently directed toward 2019 growth planning, our phase 3-studies and commercialization plans for MOB-015.

Peter Wolpert, CEO Moberg Pharma

[1] Symphony IRI, MULO through September 9, 2018

ABOUT MOBERG PHARMA

Moberg Pharma develops and markets consumer healthcare products to treat, relieve or improve the appearance of damaged skin and nails. The product portfolio comprises well established brands, each of which is a leader in its niche category. The Group's long-term goal is an EBITDA margin of 25 percent with healthy growth. Our strategy to achieve this is through profitable growth from strategic brands, value-creating acquisitions and commercialization of development projects.

STRONG BRAND PORTFOLIO

Since the start in 2006, Moberg Pharma's commitment to commercial and innovative excellence has resulted in rapid growth and profitability. We attribute our success to a unique approach built on collaboration, full team commitment, creativity and entrepreneurial spirit. The business is managed through high-performing cross-functional teams with 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.

The U.S. is by far our largest market, with three key non-prescription brands dominating sales: Kerasal Nail® with clinically proven efficacy for the improved appearance of nails affected by nail fungus, New Skin® - a waterproof liquid bandage also used to prevent blisters, and Dermoplast® - an anesthetic pain relieving antibacterial spray. Sales are managed through our own marketing organization, which in addition to the US includes the UK, where only Kerasal Nail® is sold, under the brand name Emtrix®.

Kerasal Nail® is also sold through distributors in larger EU markets, in Canada, Japan and Southeast Asia. Through a global network of ten partners with contractual rights to Kerasal Nail® under various local brand names, the product is currently sold in some 30 countries.

Kerasal®, Emtrix®, Naloc® and Zanmira®
Clinically proven formulas providing a visible difference in onychomycosis, nail psoriasis and dry feet. Kerasal Nail® is the leading OTC treatment of nail disorders in the U.S.

Dermoplast®
Dermoplast® is an anesthetic spray used externally for fast relief of pain and itching

New Skin®
New Skin® is the #1 OTC liquid bandage brand in the U.S. It is an antiseptic which kills germs and dries rapidly to form a clear protective cover

Domeboro®
Effective treatment for skin irritations and rashes

PIPELINE WITH TWO PRODUCTS IN PHASE 3

Moberg Pharma's clinical pipeline consists of two drug candidates in Phase 3 – both with the potential to become market leaders in their respective niches, generating revenue that exceeds the sales for the current portfolio.

MOB-015	BUPI
Nail fungus • Topical terbinafine • Target profile: Rapid, visible improvement, superior cure rate and shorter treatment time (vs other topical medications)	**Pain relief for oral mucositis** • Lozenge with bupivacaine • Target profile: Better and longer pain relief vs existing products
Phase 3 ongoing • Two Phase-3 studies in North America and Europe ongoing • Primary endpoint: complete clinical cure of big toe nail and negative fungal tests after 52 weeks	**Partnering and preparations for Phase 3 ongoing** • Partnering discussions ongoing, in addition to current partner Cadila Pharmaceuticals • Advisory meetings held with agencies in Sweden and Germany
Patent protection until 2032 • Patents granted in large markets, incl USA, EU, and Japan • Include new topical formulations of allylamines (including terbinafine), and treatment methods for nail fungus using the new formulations	**Patent protection until 2032** • Patents granted in EU, Canada and USA • 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: Leading data for severely affected nails • 54% mycological cure at 60 weeks • 100% negative culture at 60 weeks • 1000x more terbinafine in the nail vs oral administration • 40x more terbinafine in the nail bed vs oral administration • Negligible systemic exposure of terbinafine	**Phase 2 data: Significantly better pain relief vs Standard of care** • Primary endpoint: 31% less pain in the BUPI group vs Standard of care (maximum VAS value in the mouth/throat, p = 0.0032) • In mouth: 50% less pain in the BUPI group (p = 0.0002)
Estimated annual sales potential: USD 250–500 million	**Estimated annual sales potential: USD 100–200 million**

MOB-015 – PHASE 3 STUDIES ARE ONGOING

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 attractive global OTC markets. Nail fungus (onychomycosis) is 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. MOB-015 is a new topical treatment 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 US 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 at USD 250–500 million annually. Phase 3 studies are underway in North America, with completed enrollment in in September 2018, and Europe where screening and randomization is expected to be finalized by the beginning of 2019. Topline results are expected approximately 15 months after completed recruitment for each study. Upon positive Phase 3 results and based on the excellent Phase 2 data with high mycological cure rates and high terbinafine levels in the nail and nail bed, the company sees excellent potential in documenting differentiating claims versus key competitors, primarily focusing on three benefits i.e. better cure rates, fast visible improvement and shorter treatment time.

BUPI – BUPIVACAINE LOZENGE – PREPARATIONS FOR PHASE 3 UNDERWAY

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. BUPI is 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. Based on an analysis by LifeSci Capital[2], Moberg Pharma estimates the annual sales potential for BUPI to USD 100 - 200 million, assuming successful commercialization in oral mucositis and at least one further indication.

[2] LifeSci Capital, Oral Mucositis Market Insights – Based on Findings from a Physician Survey, February 2018

BUSINESS DEVELOPMENT IN 2018

The strong momentum in our commercial operations continued into the fall after a record-season, with growth in retail sales of 14.5% for the nine-month period and 10% in the third quarter. Net revenues reached SEK 342 million with an EBITDA of SEK 70 million for the nine-month period, corresponding to a 16% revenue growth for the current portfolio. MOB-015 studies progressed according to plan and an attractive license agreement was signed in Canada.

IN THE MARKET

Maintaining strong momentum into the low-season

In the third quarter, commercial operations continued to generate healthy growth of 10% in retail sales[3], maintaining the strong momentum delivered in the first and second quarters. Revenues excluding divested products increased by 17% (5% at fixed rate) to SEK 108.6 million, despite shifted volumes of approximately SEK 5 – 10 million from the third to the second quarter due to a move to a larger warehouse facility. Note that this shift distorts quarterly comparisons and it is therefore recommended to compare the nine-month periods. Nevertheless, marketing expenditure for the third quarter was generally in line with previous seasonality patterns, though of note, the investment in Kerasal Intensive Foot Repair® was increased to extend the highly successful re-launch television campaign from May. The incremental spend helped deliver a +37.2%[3] gain in retail sales last 12 weeks for the brand. EBITDA excluding capital gains increased to SEK 65.0 million (49.4) for the nine-month period and the gross margin improved to 77% (71).

Kerasal Nail® continued to outperform key competitors with direct sales for the nine-month period increasing by nearly 25% from last year and retail sales growing by 19.4%[3] in the third quarter. The growth was driven by successful improvement of the marketing mix.

Dermoplast® maintained double-digit consumption growth (+15.2%[3] YTD) in response to digital and social marketing programs launched in the second quarter and revenues grew by 16% in the quarter and 20% YTD.

Year-to-date, New Skin® revenues grew by 8%, despite softer sales in the third quarter (-17%), reflecting the previously communicated shift of volume to the second quarter and optimization of marketing spend over the season. New Skin retail sales remained strong through-out the year (+11.5% YTD[1]).

Distributor sales increased by 14%, continuing to deliver against the objective of stabilizing the business in 2018. New growth opportunities are progressing to open new markets for Emtrix®, including the recently signed distribution agreement with Mundipharma for South Africa, Saudi Arabia and United Arab Emirates (UAE) and an option to expand with additional countries in Africa and Asia going forward. Moreover, we are making progress in Russia where the registration process for Emtrix® has been on-going since 2015. We have now been informed that further studies will not be required for registration, which may enable a Russian launch in 2019. Berlin-Chemie/Menarini holds the distribution rights in Russia and Ukraine (launched in 2018), representing a significant growth opportunity for Emtrix®.

IN THE PIPELINE – GOOD MOMENTUM AND THE FIRST LICENSING DEAL

Phase 3 studies for MOB-015 are progressing in the EU and North America, evaluating the efficacy and safety of MOB-015. In September, the enrollment to the North American study was completed with 365 patients randomized at 32 sites in the U.S. and Canada. Topline results from the North American Phase 3 study are expected in the fourth quarter of 2019. Recruitment in Europe has gained momentum and we expect our CRO TFS to complete randomization of patients by the beginning of 2019. The change to TFS is not deemed to have any significant financial effect on Moberg Pharma.

In mid-September, Moberg Pharma signed an exclusive license agreement with Cipher Pharmaceuticals for MOB-015 in Canada. Cipher will commercialize MOB-015 in Canada upon completed phase 3 studies and registration. Under the terms of the licensing agreement, Moberg Pharma will receive development and regulatory milestones totaling USD 4.6 million, whereof USD 0.5 million is an up-front fee at the time of signing. Pending commercial targets, Moberg Pharma is entitled to further milestone payments of USD 10 million as well as royalties and supply fees for delivered products, enabling an industry standard gross margin for Cipher. Cipher will be responsible for marketing, distribution and sales in Canada upon completed clinical studies and registration of the product. The Canadian market for onychomycosis prescription drugs amounted to CDN 58 million in 2017, 72% of which were topical drugs, growing steady at 18.3% in 2017 and at a CAGR of 25.4% for the period 2014-2017.

[3] Symphony IRI, MULO through September 9, 2018

Following the U.S. patent approval for BUPI, Moberg Pharma has initiated dialogues with potential new partners in North America and Europe, alongside the partnership with Cadila Pharmaceuticals.

CORPORATE EVENTS

Mid-August, Shaw Sorooshian was appointed as Vice President and Chief Medical Officer of Moberg Pharma, joining the management team during the fall. He brings extensive experience from his previous position as Senior Director Global Medical Affairs at Sobi AB (Swedish Orphan Biovitrum) as well as preceding senior positions at Shire, Lundbeck and Organon Laboratories. Kjell Rensfeldt retired during the fall after eleven years of valuable contributions to the Company and will continue to serve as Senior Advisor to Moberg Pharma on a part-time basis.

GROUP REVENUE AND EARNINGS

REVENUE

Third quarter (July-September 2018)

Net revenue amounted to SEK 108.6 million (108.3)[4], including a milestone payment of SEK 4.5 million, Moberg's first revenue stream from the future MOB-015 product. Adjusted for divestments (FiberChoice® in August 2017 and Balmex® in April 2018), revenue from the current portfolio increased by 17% from SEK 93.2 million to 108.6 million.

Sales in the US maintained momentum throughout the quarter, where consumption data for all key brands remained strong. New Skin however reported a decrease compared to the previous year's quarter, which follows the closure of our warehouse in July, shifting volumes of between SEK 5-10 million from the third to the second quarter, as previously communicated in the Q2 report.

Other products include Kerasal Intensive Foot Repair®, Domeboro® and a milestone payment for the MOB-015 licensing agreement with Cipher. Kerasal Intensive Foot Repair® continues to report strong growth for the quarter compared to previous year.

Most of the Group's invoicing is in foreign currency (predominantly US dollars and to a lesser extent euro), Moberg Pharma is therefore dependent on the development of these currencies in relation to the Swedish krona. This has an effect on how amounts are translated into group currency for any given period. During this quarter, we had a positive currency effect of 10% on reported net sales.

Nine-month period (January-September 2018)

The Group's total revenue comes predominantly from sales in the US and is dominated by the three largest brands – Kerasal Nail®, Dermoplast® and New Skin® – together accounting for approximately 90% of product sales. All three key brands show continued growth for the period.

Direct sales of Kerasal Nail® outperformed competitors with continued improvement of the marketing mix, including a highly successful marketing campaign ("Toes for Fingers") and grew by 24%. Dermoplast® continues to benefit from a stronger base for distribution and newly implemented marketing activities for 2018, growing by 20%. New Skin® grew by 8% where the "Mr Cut" campaign has run for its second year.

Excluding divested products, revenue for the current portfolio grew by 16% in local as well as in group currency. Total revenue decreased by 2% compared to 2017 as several brands were divested (Balmex® was divested on April 27, 2018 and Fiber Choice® divested on August 21, 2017). The Group made no further acquisitions during this period.

During the nine-month period, the currency effect was flat (0%) on reported net sales.

[4] The comparative figures also include the divested brands FiberChoice® and Balmex®.

Net revenue by product	Jul-Sep					Jan-Sep				
			Percentage changes					Percentage changes		
(SEK thousand)	2018	2017	Fixed Rate	FX effect	Total	2018	2017	Fixed Rate	FX effect	Total
Kerasal Nail®	41,638	36,061	3	12	15	140,495	122,010	14	1	15
- of which direct sales	32,630	28,460	0	15	15	111,023	89,210	24	0	24
- of which to distributors	9,008	7,601	14	5	19	29,472	32,800	-13	3	-10
Dermoplast®	31,543	24,893	16	11	27	86,404	72,176	20	0	20
New Skin®	21,634	23,770	-17	8	-9	70,697	65,618	8	0	8
Other products	13,778	8,469	43	20	63	35,999	27,319	31	1	32
CURRENT PORTFOLIO	**108,592**	**93,193**	**5**	**12**	**17**	**333,594**	**287,123**	**16**	**0**	**16**
Divested products[5]	-	15,093	N/A	N/A	N/A	8,382	61,785	-86	0	-86
TOTAL NET REVENUE	**108,592**	**108,286**	**-10**	**10**	**0**	**341,976**	**348,908**	**-2**	**0**	**-2**

Net revenue by channel	Jul-Sep					Jan-Sep				
			Percentage changes					Percentage changes		
(SEK thousand)	2018	2017	Fixed Rate	FX effect	Total	2018	2017	Fixed Rate	FX effect	Total
Direct sales, organic	95,032	85,592	-1	12	11	299,579	254,323	18	0	18
Sales to distributors, organic[6]	9,008	7,601	14	5	19	29,472	32,561	-12	3	-9
Milestone payments	4,552	-	N/A	N/A	N/A	4,552	239	N/A	N/A	N/A
CURRENT PORTFOLIO	**108,592**	**93,193**	**5**	**12**	**17**	**333,594**	**287,123**	**16**	**0**	**16**
Direct sales, divestments[5]	-	15,093	N/A	N/A	N/A	8,382	61,785	-86	0	-86
TOTAL NET REVENUE	**108,592**	**108,286**	**-10**	**10**	**0**	**341,976**	**348,908**	**-2**	**0**	**-2**

Net revenue by market	Jul-Sep					Jan-Sep				
			Percentage changes					Percentage changes		
(SEK thousand)	2018	2017	Fixed Rate	FX effect	Total	2018	2017	Fixed Rate	FX effect	Total
Europe	3,869	5,584	-33	2	-31	16,149	18,799	-15	1	-14
North and South America	99,062	85,249	4	12	16	302,884	253,663	19	0	19
Rest of the world	5,661	2,330	125	18	143	14,561	14,661	-6	5	-1
CURRENT PORTFOLIO	**108,592**	**93,193**	**5**	**12**	**17**	**333,594**	**287,123**	**16**	**0**	**16**
Divested products[5]	-	15,093	N/A	N/A	N/A	8,382	61,785	-86	0	-86
TOTAL NET REVENUE	**108,592**	**108,286**	**-10**	**10**	**0**	**341,976**	**348,908**	**-2**	**0**	**-2**

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.

Third quarter (July-September 2018)

Operating profit excluding capital gains remains at SEK 13.5 million (13.5), with a consistent operating profit margin of 12% (12%). This includes a significant charge to update accrued social charges on LTI programs, where Moberg's share price moved from SEK 32 to SEK 62 during the quarter. This increase in share price resulted in an expense amounting to SEK 2.5 million (neg 0.5). Operating profit excluding capital gains and adjustments to social charges on LTI programs amounted to SEK 16.0 million (13.0), representing an adjusted operating profit margin of 15% (12).

Reported gross margin was strong at 77% (71), a result of the streamlining of the portfolio. Excluding milestone recognised of SEK 4.6 million, gross margin on product sales was 76% (71). EBITDA from commercial operations excluding capital gains increased to 26% (25), in line with a stronger gross margin profile.

Operating expenses, excluding the cost of goods sold, depreciation/amortization and other operating items, amounted to SEK 64.9 million (56.6). The bulk of operating expenses comprise selling expenses, which excluding depreciation and amortization[7], was SEK 51.0 million (47.1). Selling expenses for 2018 include a number of new initiatives, including testing new digital strategies plus the launch of Kerasal Psoriasis on Amazon.

Administrative expenses, business development expenses and research and development costs have increased slightly as we support and prepare the business for current and future growth opportunities.

Depreciation and amortization amounts mainly consist of amortization of product rights of SEK 8.4 million (8.8). Total depreciation and amortization expenses amounted to SEK 9.2 million (9.4).

Other operating revenue include positive net changes in exchange rates on operating receivables and liabilities plus a revaluation of amounts previously reported for a holdback of SEK 4.5 million (4.1).

Profit after net financial items was SEK 3.8 million (16.5) and net profit after tax was SEK 2.2 million (12.4). Excluding capital gains, profit after net financial items was SEK 3.8 million (3.5) and net profit after tax was SEK 2.2 million (2.2).

Excluding capital gains in 2017, EBITDA was SEK 22.7 million (23.0) with an unchanged EBITDA-margin of 21% (21). Excluding capital gains and social charges on LTI programs, EBITDA was SEK 25.2 million (22.5). Adjusted for capital gains and social charges on LTI programs, the EBITDA margin for the commercial operations was 27% (25%, or 37% including capital gains and other adjustments).

Nine-month period (January-September 2018)

Operating profit increased to SEK 42.3 million (33.5), or SEK 37.3 million (20.5) excluding capital gains. Gross margin strengthened to 77% (71), reflecting the strategy to streamline the portfolio, finalized during 2018 with the divestment of Balmex.

EBITDA-margin reported amounted to 20% (18), or 19% (14) excluding capital gains on divested brands.

EBITDA Summary (SEK thousand)	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Full year 2017

[7] Amortization of product rights is recognized as selling expenses in the income statement

Net revenue	108,592	108,286	341,976	348,908	439,032
Cost of goods sold	-24,504	-31,346	-80,250	-100,340	-125,179
Gross profit	**84,088**	**76,940**	**261,726**	**248,568**	**313,853**
%	77%	71%	77%	71%	71%
Selling expenses	-50,998	-47,087	-162,726	-166,454	-190,809
Administrative expenses	-6,504	-4,861	-19,648	-16,610	-23,707
Research and development costs – commercial operations[8]	-1,855	-1,071	-6,297	-4,347	-6,145
Other operating income/operating expenses	3,481	15,663	12,953	14,123	12,820
EBITDA from commercial operations	**28,212**	**39,584**	**86,008**	**75,280**	**106,012**
%	26%	37%	25%	22%	24%
Research and development costs – future products[9]	-1,958	-1,592	-5,587	-5,578	-6,299
Business development expenses	-3,574	-2,020	-10,436	-7,270	-10,270
EBITDA	**22,680**	**35,972**	**69,985**	**62,432**	**89,443**
%	21%	33%	20%	18%	20%
Depreciation/amortization	-9,170	-9,415	-27,704	-28,933	-38,368
Operating profit (EBIT)	**13,510**	**26,557**	**42,281**	**33,499**	**51,075**

FINANCIAL POSITION

CASH FLOW

Third quarter (July-September 2018)

Cash holdings at the end of the quarter were SEK 120.7 million (120.8).

Cash flow from operating activities remains strong and is used to fund initiatives and investments to further develop the business. Cash flow from operating activites amounted to SEK 30.0 million (52.5, or 38.9 excluding one off items from divestment activites).

Cash flow from investing activites amounted to SEK -32.4 million (32.3). Reported amounts 2017 include net receipts from the divestment of Fiber Choice (SEK 53.8 million) whereas the cash flow for the third quarter 2018 consists predominantly of capitalized expenditure for intangible assets, including capitalized development costs of SEK 34.9 million (20.2).

Cash flow from financing activities amounted to SEK -0.1 million (0.0). Reported amounts are attributed to transaction costs for the issue of shares which are held in trust by Moberg Pharma during the second quarter.

Nine-month period (January to September 2018)

Cash flow from operating activities was strong and amounted to SEK 57.3 million (24.5).

Cash flow from investing activities amounted to SEK -58.2 million (10.6) and consists of consideration received for the sale of Balmex of SEK 34.5 million, contingent consideration paid to Prestige Brands of SEK 10.0 million in connection with the acquisition of New Skin®, Fiber Choice® and PediaCare® and capitalized expenditure for research and development activities of SEK 85.1 million (41.6).

CAPITAL EXPENDITURE

Investments in intangible assets during the nine-month period refer mainly to capitalized expenditure for research and development activities of SEK 85.1 million (41.7). The company has two ongoing development projects in a late phase which

[8] Research and development costs – commercial operations include R&D expenses for new product variations under existing brands
[9] Research and development costs – future products include R&D expenses for new product candidates

are capitalized: MOB-015 and BUPI. In addition to capitalized R&D expenditure, Moberg Pharma had R&D expenses excluding depreciation of SEK 11.9 million (9.9) that were recognized directly in the statement of comprehensive income, of which SEK 5.6 million (5.6) was related to future products.

R&D expenses (costs and investments) (SEK thousand)	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Full year 2017
R&D expenses – current products	-1,855	-1,071	-6,297	-4,347	-6,145
R&D expenses – future products	-1,958	-1,592	-5,587	-5,578	-6,299
Depreciation/amortization of R&D items	-553	-498	-1,686	-1,410	-1,967
R&D expenses (in statement of comprehensive income)	**-4,366**	**-3,161**	**-13,570**	**-11,335**	**-14,411**
Capitalized R&D investments	-34,934	-20,260	-85,063	-41,686	-71,827
Depreciation/amortization of capitalized R&D investments	366	329	1,096	922	1,277
Depreciation/amortization of other R&D items	187	169	590	488	690
Change in R&D investments (in statement of financial position)	**-34,381**	**-19,762**	**-83,377**	**-40,276**	**-69,860**
Total R&D expenditure	**-38,747**	**-22,923**	**-96,947**	**-51,611**	**-84,271**

LIABILITIES

Interest-bearing liabilities consist of a bond loan of SEK 600 million, which will mature on January 29th, 2021. The loan carries a variable interest rate of STIBOR 3m + 6%. The bond loan has no covenants. In accordance with IAS 39, the bond loan is recognized less transaction costs amortized over the term of the loan, giving a difference between SEK 600 million and the amount of SEK 593.8 million shown in the statement of financial position. The full terms and conditions of the bond are available on the company's website www.mobergpharma.se

PLEDGED ASSETS AND CONTINGENT LIABILITIES

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

CHANGES IN EQUITY

SHARE-BASED COMPENSATION PLANS

The number of instruments outstanding as at September 30, 2018 was 907,834 warrants and 263,000 performance share units. If all warrants were exercised, the total number of shares would increase by 908,668. The performance share units are issued and held in trust, where the actual amount of shares that may vest range from 0% to 100% depending on share price development. If all warrants were exercised and all shares granted, the total number of shares would increase from 17,440,762 shares to 18,612,430 shares. Redemption price for the warrant programs varies from SEK 32.75 to SEK 65.47, and performance share units are tied to share performance from SEK 35.00. For detailed information on the warrant programs, see the 2017 Annual Report. Detailed information on the performance share units may be found within the Notice to the Annual General Meeting for 2018, which were subsequently resolved to approve as noted in the minutes of the Annual General Meeting.

The following table gives an indication of the maximum levels of dilution at different levels of share price:

Instruments granted based on strike price					
Share price	**30**	**40**	**50**	**60**	**70**
Number of new shares due to diluting warrants	-	125,418	470,418	721,918	908,668
Number of shares allocated by performance share units	-	32,875	78,900	109,583	131,500
Theoretical dilution	**0.0%**	**0,9%**	**3.1%**	**4.6%**	**5.6%**
Company's market capitalization, SEK million	531	715	916	1,120	1,321
Gain for instrument holders[10], SEK million	0.0	1.6	7.9	15.4	26.1
Actual dilution from share-based instruments[11]	**0.0%**	**0.2%**	**0.9%**	**1.4%**	**2.0%**

SHARES

Share capital amounted to SEK 1,744,076.20 (1,744,076.20) and there were a total of 17,703,762 (17,440,762) ordinary shares outstanding with a nominal value of SEK 0.10, of which 263 000 (0) were repurchased own shares.

SHAREHOLDER INFORMATION

The company's largest shareholders per September 28th, 2018:

Shareholders	Number of shares	% of votes and capital
ÖSTERSJÖSTIFTELSEN	2 274 179	12,9
ZIMBRINE HOLDING BV	1 775 849	10,0
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION[12]	1 738 130	9,8
UBS SECURITIES LLC, W9	1 648 000	9,3
NORDNET PENSIONSFÖRSÄKRING AB	605 878	3,4
SOCIETE GENERALE	589 520	3,3
LUNDMARK, SVEN ANDERS	320 000	1,8
EUROCLEAR BANK S.A/N.V, W8-IMY	317 943	1,8
JP MORGAN SECURITIES LLC, W9	302 000	1,7
LINDBÄRG, ERIK	300 798	1,7
MOBERG PHARMA AB	263 000	1,5
BNP PARIBAS SEC SERV LUXEMBOURG, W8IMY	200 000	1,1
SYNSKADADES STIFTELSE	172 201	1,0
ML, PIERCE, FENNER & SMITH INC	147 414	0,8
HL-FAMILY OY	134 500	0,8
GAMLA LIVFORSAKRINGSAKTIEBOLAGET	131 760	0,7
FÖRSÄKRINGS AB SKANDIA	131 134	0,7
NORMAN, CARL ERIK	126 000	0,7
MORGAN STANLEY & CO INTL PLC, W-8BEN	113 202	0,6
SEB LIFE INTERNATIONAL	104 000	0,6
TOTAL, 20 LARGEST SHAREHOLDERS	**11 395 508**	**64,4**
Other shareholders	6 308 254	35,6
TOTAL	**17 703 762**	**100,0**

[10] Total pretax gain for instrument holders.
[11] Calculated from the gain made by instrument holders through market capitalization at the given share price.
[12] Includes 435,399 shares owned by the company's CEO, Peter Wolpert, through an endowment insurance policy.

ORGANIZATION

Per September 30th, 2018, the Moberg Pharma Group had 39 employees, of whom 72% were women. The parent company had 25 employees, of whom 80% 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. For the period January to September 2018, the Parent Company's net revenue totaled SEK 99.4 million (88.5). Operating expenses, excluding the cost of goods sold, amounted to SEK 53.9 million (48.2). Operating profit was SEK 35.7 million (27.4), while profit after financial items was SEK 6.5 million (-2.1). Cash and cash equivalents reported at the end of the period amounted to SEK 61.9 million (111.2).

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 2017 Annual Report on page 28.

Over the next 12 months, the most significant risk factors are deemed to be associated with market developments, the development of established partnerships, 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.

We continue to focus on driving organic growth primarily from our three largest brands, stabilizing sales outside the US, and advancing the company's Phase 3 development programs to enable future growth. Moberg Pharma utilizes 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 and establish relations with potential commercialization partners in multiple territories.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(SEK thousand)	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Full year 2017
Net revenue	108,592	108,286	341,976	348,908	439,032
Cost of goods sold	-24,504	-31,346	-80,250	-100,340	-125,179
Gross profit	**84,088**	**76,940**	**261,726**	**248,568**	**313,853**
Selling expenses[13]	-59,504	-55,590	-188,430	-193,436	-226 573
Business development and administrative expenses	-10,189	-7,295	-30,398	-24,421	-34,614
Research and development costs	-4,366	-3,161	-13,570	-11,335	-14,411
Other operating income	4,576	17,053	14,090	17,282	17,284
Other operating expenses	-1,095	-1,390	-1,137	-3,159	-4,464
Operating profit (EBIT)	**13,510**	**26,557**	**42,281**	**33,499**	**51,075**
Interest income and similar items	-	-	-	-	-
Interest expenses and similar items	-9,770	-10,069	-29,207	-29,533	-39,402
Profit after financial items (EBT)	**3,740**	**16,488**	**13,074**	**3,966**	**11,673**
Tax on profit for the period	-1,561	-4,128	-4,196	-2,374	-515
PROFIT FOR THE PERIOD	**2,179**	**12,360**	**8,878**	**1,592**	**11,158**
Items that will be reclassified to profit					
Translation differences of foreign operations	-2,945	-9,790	17,610	-26,790	-23,577
Other comprehensive income	-2,945	-9,790	17,610	-26,790	-23,577
TOTAL PROFIT FOR THE PERIOD	**-766**	**-2,570**	**26,488**	**-25,198**	**-12,419**
Profit for the period attributable to parent company shareholders	2,179	12,360	8,878	1,592	11,158
Profit for the period attributable to non-controlling interests	-	-	-	-	-
Total profit attributable to parent company shareholders	-766	2,570	26,488	-25,198	-12,419
Total profit attributable to non-controlling interests					-
Basic earnings per share	**0,12**	**0.71**	**0,51**	**0.09**	**0.64**
Diluted earnings per share[14]	**0,12**	**0.71**	**0,51**	**0.09**	**0.64**
EBITDA	**22,680**	**35,972**	**69,985**	**62,432**	**89,443**
Product right depreciation/amortization	-8,400	-8,747	-25,356	-27,033	-35,668
Other depreciation/amortization	-770	-668	-2,348	-1,900	-2,700
Operating profit (EBIT)	**13,510**	**26,557**	**42,281**	**33,499**	**51,075**

[13] Includes amortization of product rights

[14] 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 SUMMARY

(SEK thousand)	2018.09.30	2017.09.30	2017.12.31
Assets			
Intangible assets	1,019,125	956,963	979,873
Capitalized R&D	*216,260*	*102,505*	*132,292*
Computer systems	*2,081*	*2,786*	*2,446*
Goodwill	*95,858*	*87,755*	*89,092*
Acquired product rights	*698,076*	*757,067*	*749,193*
Patents	*6,850*	*6,850*	*6,850*
Property, plant and equipment	440	714	725
Non-current financial assets	-	1	-
Deferred tax asset	7,089	10,390	9,255
Total non-current assets	**1,026,654**	**968,068**	**989,853**
Inventories	22,623	25,815	26,561
Trade receivables and other receivables	77,002	80,006	87,406
Cash and cash equivalents	120,747	120,759	119,437
Total current assets	**220,372**	**226,580**	**233,404**
TOTAL ASSETS	**1,247,026**	**1,194,648**	**1,223,257**
Equity and liabilities			
Equity (attributable to parent company's shareholders)	579,981	539,211	552,409
Non-current interest-bearing liabilities	593,785	591,122	591,788
Deferred tax liability	7,773	8,142	5,369
Total non-current liabilities	**601,558**	**599,264**	**597,157**
Current non-interest-bearing liabilities	65,487	56,173	73,691
Total current liabilities	**65,487**	**56,173**	**73,691**
TOTAL EQUITY AND LIABILITIES	**1,247,026**	**1,194,648**	**1,223,257**

CONSOLIDATED STATEMENT OF CASH FLOWS SUMMARY

(SEK thousand)	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Full year 2017
Operating activities					
Operating profit before financial items	13,510	26,557	42,281	33,499	51,073
Financial items, received and paid	-9,104	-9,403	-27,309	-27,310	-36,414
Taxes paid	-21	11	-29	-534	-557
Adjustments:					
Depreciation/amortization and capital gains	9,170	-3,583	22,640	15,935	25,369
Employee share-based adjustments to equity	200	781	1,545	1,915	2,326
Cash flow before changes in working capital	**13,755**	**14,363**	**39,128**	**23,505**	**41,797**
Change in working capital					
Increase (-)/Decrease (+) in inventories	-2,235	15,518	5,748	12,578	12,105
Increase (-)/Decrease (+) in operating receivables	51,403	44,810	10,586	1,478	4,219
Increase (+)/Decrease (-) in operating liabilities	-32,943	-22,169	1,833	-13,018	-4,302
OPERATING CASH FLOW	**29,980**	**52,522**	**57,295**	**24,543**	**53,819**
Investing activities					
Net investments in intangible assets	-32,357	32,432	-58,187	10,844	-19,295
Net investments in equipment	-	-148	-	-272	-382
CASH FLOW FROM INVESTING ACTIVITIES	**-32,357**	**32,284**	**-58,187**	**10,572**	**-19,677**
Financing activities					
Issue of new shares less transaction costs	-64	-	-592	858	858
CASH FLOW FROM FINANCING ACTIVITIES	**-64**	**-**	**-592**	**858**	**858**
Change in cash and cash equivalents	**-2,441**	**84,806**	**-1,484**	**35,973**	**35,000**
Cash and cash equivalents at beginning of period	122,173	36,559	119,437	86,104	86,104
Exchange rate differences in cash and cash equival.	1,015	-606	2,794	-1,318	-1,667
Cash and cash equivalents at the end of period	120,747	120,759	120,747	120,759	119,437

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(SEK thousand)	Share capital	Other capital contributions	Translation reserve	Accumulated loss	Total equity
January 1 – September 30, 2018					
Opening balance, January 1, 2018	**1,744**	**527,203**	**38,542**	**-15,080**	**552,409**
Total income					
Profit for the period				8,878	8,878
Other comprehensive income – translation differences on translation of foreign operations			17,610		17,610
Transactions with shareholders					
New share issue	26				26
Transaction costs, new share issue		-462			-462
Repurchase own shares	-26				-26
Employee share-based incentive adjustments		1,546			1,546
CLOSING BALANCE, SEPTEMBER 30, 2018	**1,744**	**528,287**	**56,152**	**-6,202**	**579,981**
January 1 - September 30, 2017					
Opening balance, January 1, 2017	**1,741**	**524,003**	**62,119**	**-26,238**	**561,625**
Total income					
Profit for the period				1,592	1,592
Other comprehensive income – translation differences on translation of foreign operations			-26,790		-26,790
New share issue	3	944			947
Transaction costs, new share issue		-69			-69
Employee share-based adjustments		1,906			1,906
CLOSING BALANCE, SEPTEMBER 30, 2017	**1,744**	**526,784**	**35,329**	**-26,646**	**539,211**
January 1 - December 31, 2017					
Opening balance, January 1, 2017	**1,741**	**524,003**	**62,119**	**-26,238**	**561,625**
Total income					
Profit for the period				11,158	11,158
Other comprehensive income – translation differences on translation of foreign operations			-23,577		-23,577
Transactions with shareholders					
New share issue	3	944			947
Transaction costs, new share issue		-69			-69
Employee share-based adjustments		2,325			2,325
CLOSING BALANCE, DECEMBER 31, 2017	**1,744**	**527,203**	**38,542**	**-15,080**	**552,409**

KEY RATIOS FOR THE GROUP

(SEK thousand)	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Full year 2017
Net revenue	108,592	108,286	341,976	348,908	439,032
Gross margin %	77%	71%	77%	71%	71%
EBITDA	22,680	35,972	69,985	62,432	89,443
EBITDA %	21%	33%	20%	18%	20%
Operating profit (EBIT)	13,510	26,557	42,281	33,499	51,075
Profit after tax	2,179	12,360	8,878	1,592	11,158
Profit margin %	2%	11%	3%	0%	3%
Balance sheet total	1,247,026	1,194,648	1,247,026	1,194,648	1,223,257
Net debt	-473,038	-470,363	-473,038	-470,363	-472,351
Debt/equity ratio	102%	110%	102%	110%	107%
Equity/assets ratio	47%	45%	47%	45%	45%
Return on equity	0%	2%	2%	0%	2%
Diluted earnings per share, SEK	0.12	0.71	0.51	0.09	0.64
Diluted operating cash flow per share, SEK	1.71	3.01	3.29	1.40	3.07
Equity per share, SEK	33.25	30.92	33.25	30.92	31.67
Basic average number of shares	17,440,762	17,440,762	17,440,762	17,424,660	17,428,719
Diluted average number of shares	17,558,088	17,458,142	17,440,854	17,575,669	17,540,270
Number of shares at the end of the period excluding repurchased own shares	17,440,762	17,440,762	17,440,762	17,440,762	17,440,762
Share price on balance sheet date, SEK	62.00	38.20	62.00	38.20	27.70
Market capitalization on balance sheet date, SEK millions	1,098	666	1,098	666	483

DEFINITIONS OF KEY RATIOS

Moberg Pharma presents certain financial performance measurements in the interim report that are not defined in accordance with IFRS. In Moberg Pharma's opinion, these performance measurements provide valuable additional information to investors and company management as they enable an evaluation of 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.

Net revenue adjusted for acquisitions and divestments	Net revenue for products owned by the company through the entire reporting period and through the entire comparative period
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 debt	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 SUMMARY

(SEK thousand)	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Full year 2017
Net revenue	32,942	31,167	99,413	88,548	130,086
Cost of goods sold	-3,119	-3,557	-9,811	-12,936	-16,754
Gross profit	**29,823**	**27,610**	**89,602**	**75,612**	**113,332**
Selling expenses	-10,234	-11,015	-31,562	-33,435	-44,827
Business development and administrative expenses	-7,416	-4,753	-22,660	-18,453	-25,743
Research and development costs	-4,061	-2,892	-12,659	-10,434	-13,036
Other operating income	4,576	17,053	14,090	17,282	17,282
Other operating expenses	-1,077	-1,384	-1,077	-3,139	-4,431
Operating profit	**11,611**	**24,619**	**35,734**	**27,433**	**42,577**
Interest income	-	-	-	-	-
Interest expenses	-9,771	-10,069	-29,207	-29,533	-39,402
Profit after financial items	**1,840**	**14,550**	**6,527**	**-2,100**	**3,175**
Tax on profit for the period	-968	-3,221	-2,296	209	-926
PROFIT	**872**	**11,329**	**4,231**	**-1,891**	**2,249**

PARENT COMPANY BALANCE SHEET SUMMARY

(SEK thousand)	2018.09.30	2017.09.30	2017.12.31
Assets			
Intangible assets	874,753	819,911	841,973
Property, plant and equipment	132	327	294
Non-current financial assets	178,106	178,107	178,106
Deferred tax asset	7,089	10,390	9,255
Total non-current assets	**1,060,081**	**1,008,735**	**1,029,628**
Inventories	554	35	-
Trade receivables and other receivables	15,055	9,795	21,425
Receivables from Group companies	5,273	1,526	-
Cash and cash equivalents	61,905	111,227	97,205
Total current assets	**82,787**	**122,583**	**118,630**
TOTAL ASSETS	**1,142,868**	**1,131,318**	**1,148,258**
Equity and liabilities			
Equity	505,750	495,876	500,435
Non-current interest-bearing liabilities	593,785	591,122	591,788
Liabilities to Group companies	99	99	8,194
Current non-interest-bearing liabilities	43,234	44,221	47,841
TOTAL EQUITY AND LIABILITIES	**1,142,868**	**1,131,318**	**1,148,258**

PARENT COMPANY CASH FLOW STATEMENT SUMMARY

(SEK thousand)	Jul-Sep 2018	Jul-Sep 2017	Jan-Jul 2018	Jan-Jul 2017	Full year 2017
Operating activities					
Operating profit before financial items	11,611	24,619	35,734	27,433	42,577
Financial items, received and paid	-9,104	-9,403	-27,309	-27,310	-36,414
Adjustments:					
Depreciation/amortization and capital gains	7,774	-4,842	18,613	11,919	20,030
Employee share-based adjustments to equity	-17	552	909	1,390	1,598
Cash flow before changes in working capital	**10,264**	**10,926**	**27,947**	**13,432**	**27,791**
Change in working capital					
Increase (-)/Decrease (+) in inventories	-88	66	-554	335	370
Increase (-)/Decrease (+) in operating receivables	-7,227	41,919	-1,331	26,156	15,538
Increase (+)/Decrease (-) in operating liabilities	-9,477	-2,948	-2,583	-12,941	-598
OPERATING CASH FLOW	**-6,528**	**49,963**	**23,479**	**26,982**	**43,101**
Investing activities					
Net investments in intangible assets	-32,357	32,596	-58,187	11,008	-19,133
CASH FLOW FROM INVESTING ACTIVITIES	**-32,357**	**32,596**	**-58,187**	**11,008**	**-19,133**
Financing activities					
Issue of new shares less transaction costs	-64	-	-592	858	858
CASH FLOW FROM FINANCING ACTIVITIES	**-64**	**-**	**-592**	**858**	**858**
Change in cash and cash equivalents	**-38,949**	**82,559**	**-35,300**	**38,848**	**24,826**
Cash and cash equivalents at the beginning of the period	100,854	28,668	97,205	72,379	72,379
Cash and cash equivalents at the end of the period	61,905	111,227	61,905	111,227	97,205

NOTE 1 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 2017, 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 2017 Annual Report. New or revised standards that were adopted effective January 1, 2018, such as IFRS 15 on revenue recognition and IFRS 9 for financial instruments, have not had a material effect on the Group and implementation of the new standards does not require restatement of previous periods since the effects are insignificant. The Group has applied the transition to IFRS 15 retrospectively. All revenues are recognized at a point in time.

IFRS 16 Leasing will enter into force on January 1, 2019. The company does not expect the new standard to have a material effect on Moberg Pharma since a limited number of lease contracts exist within the Group. The effect on Moberg Pharma will be disclosed in the Annual Report for 2018.

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.

NOTE 2 SPECIFICATION OF MAJOR INTANGIBLE NON-CURRENT ASSETS

Specification of product rights (SEK thousand)	September 30, 2018
Product rights for Dermoplast®	403,143
Product rights for New Skin®	232,838
Product rights for Kerasal®	48,401
Product rights for Domeboro®	13,694
Total product rights	**698,076**

Specification of capitalized expenditure for research and development work (SEK thousand)	September 30, 2018
Capitalized expenditure for MOB-015	181,666
Capitalized expenditure for Kerasal®	21,184
Capitalized expenditure for BUPI	13,410
Total capitalized expenditure for research and development work	**216,260**

NOTE 3 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.

NOTE 4 ASSOCIATE TRANSACTIONS

No material changes have occurred in relationships and transactions with associates compared with as described in the Annual Report.

NOTE 5 FINANCIAL INSTRUMENTS

With the exception of bonds, the fair value of financial instruments approximates the carrying amount as of September 30, 2018. The fair value of bonds, according to Level 2 of the fair value hierarchy, amounted to approximately SEK 599 million (based on their liquid trading price) as of September 30, 2018 whereas the carrying amount was SEK 593.8 million.

INFORMATION AND FINANCIAL CALENDAR

This information is such that Moberg Pharma AB (publ) is obliged to disclose pursuant to the Securities Market Act and/or the Financial Instruments Trading Act.

Year-end report for the fiscal year 2018	February 12, 2019
Interim report for January-March 2019	May 14, 2019
Interim report for January-June 2019	August 13, 2019
Interim report for January-September 2019	November 6, 2019

FOR FURTHER INFORMATION, PLEASE CONTACT

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Mark Beveridge, VP Finance, tel. +46 (0)8-522 307 00, mark.beveridge@mobergpharma.se

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

This interim report has 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, November 6, 2018

Thomas Eklund
Chairman of the Board

Sara Brandt
Board member

Geert Cauwenbergh
Board member

Mattias Klintemar
Board member

Anna Malm Bernsten
Board member

Peter Wolpert
CEO

REVIEW REPORT

To the Board of Directors of Moberg Pharma AB (publ), Corp. Reg. No. 556697-7426

Introduction

We have reviewed the condensed interim report for Moberg Pharma AB as at September 30, 2018 and for the nine-month period then ended. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of the review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden.

The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Opinion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, November 6th, 2018

Ernst & Young AB

Andreas Troberg

Authorized Public Accountant