Year-end report 2018

Moberg Pharma AB (publ)

Q1

Q2

Q3

Q4

MAJOR TRANSFORMATION OF THE COMPANY AFTER A STRONG YEAR

As we conclude 2018, we're pleased to report that EBITDA exceeded 100 MSEK for the first time. For MOB-015, patient screening for the European Phase 3 study was recently completed along with a second major license agreement, for Europe. The strong progress enabled today's major event which realizes a premium value for our OTC business while indicating the significant value of MOB-015," says Peter Wolpert, CEO of Moberg Pharma.

PERIOD (FULL YEAR 2018)

- Net revenue SEK 439.0 million (439.0, current portfolio 369.2). Current portfolio growth of 16%*
- EBITDA SEK 101.7 million (89.4) including, and SEK 96.7 million (76.4) excluding, capital gains**
- EBITDA margin 23% (20)
- EBITDA for commercial operations SEK 123.1 million (106.0)
- Operating profit (EBIT) SEK 64.8 million (51.1)
- Net profit after tax SEK 19.8 million (11.1)
- Diluted earnings per share SEK 1.14 (0.64)
- Operating cash flow per share SEK 4.23 (3.07)
- The Board of Directors proposes that no dividend be paid for the 2018 financial year

FOURTH QUARTER (OCT-DEC 2018)

- Net revenue SEK 97.1 million (90.1, current portfolio 82.1) Current portfolio growth of 18%*
- EBITDA SEK 31.8 million (27.0)
- EBITDA margin 33% (30)
- EBITDA for commercial operations SEK 37.1 million (30.7)
- Operating profit (EBIT) SEK 22.5 million (17.6)
- Net profit after tax SEK 11.0 million (9.6)
- Diluted earnings per share SEK 0.62 (0.55)
- Operating cash flow per share SEK 0.95 (1.68)

** In fixed rates excluding milestones*

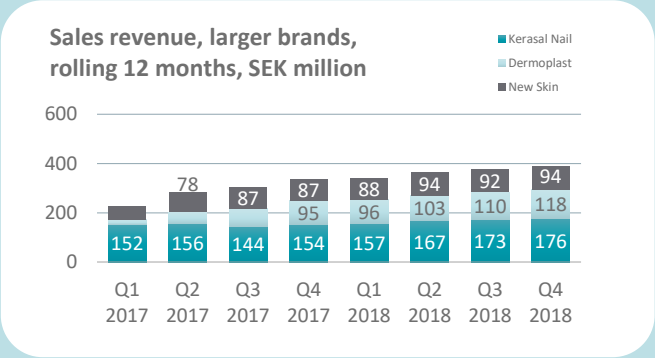
** Capital gains of SEK 5 million in Q2 2018 from the divestment of Balmex® and SEK 13 million in Q3 2017 of Fiber Choice®.*

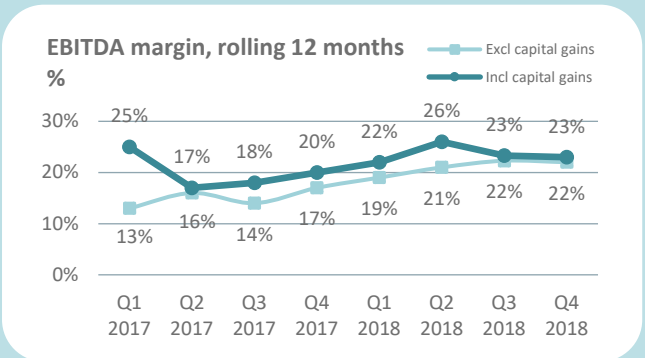
SIGNIFICANT EVENTS IN THE FOURTH QUARTER

- Moberg Pharma signed an agreement with Mundipharma to commercialize Emtrix® in the Middle East and Africa.
- Moberg Pharma was granted patent in China for MOB-015 until 2032, expanding the global patent scope.

SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

- Today, Moberg Pharma entered into an agreement with RoundTable Healthcare Partners and Signet Healthcare Partners to divest the entire commercial operation for a cash consideration of USD 155 million and an additional cash consideration of USD 5 million, providing funding for development and commercialization of MOB-015.
- Moberg Pharma signed a license agreement with Bayer AG to commercialize MOB-015 in Europe. Moberg Pharma is eligible to receive milestones payments up to EUR 50 million, including EUR 1.5 million paid at signing, upon achieving development, regulatory and commercial milestones, as well as supply fees including royalties.





PRESS CONFERENCE AND CONFERENCE CALL, FEBRUARY 12, 2019

Press Conference:	9:00 a.m., at Gernandt & Danielsson Advokatbyrå, Hamngatan 2, Stockholm. Dial-in: SE +46 8 566 427 03; US: +1 646 722 4957
Telephone conference :	3:00 p.m. Telephone: SE +46-8-505 583 53, US +1 646 722 49 57

STATEMENT FROM THE CEO

Today we announce the divestment of Moberg Pharma's commercial business, realizing a premium value for our OTC business while indicating the significant value of MOB-015. This transformative event is the result of great work by our team over the past years, all leading up to the strong progress in 2018 when EBITDA exceeded 100 MSEK for the first time. As for MOB-015, patient screening for the European Phase 3 study was recently finalized along with the second major license agreement, for Europe, marking the start of a very exciting year for our main pipeline asset.

Continued momentum in the commercial operations

U.S. sales were strong in the fourth quarter, contributing to double-digit growth for the full year. Our three major brands – Kerasal Nail®, Dermoplast® and New Skin® – strengthened their category leading positions, behind execution of the brand-specific growth plans. Kerasal Nail® in particular, stands out with a third consecutive year of double-digit growth in the U.S. and in 2018 became ranked as the #1 individual product, in the nail fungus segment as well as in the entire Foot Care category. The entire portfolio continues to benefit from successful positioning, compelling advertising and optimization of marketing investment. This spring we are launching a number of initiatives to further progress the growth plan of the business.

Distributor sales adjusted for milestone payments[1] also grew in the fourth quarter, in line with our stabilization plan, and for the full year were at the level of the previous year. We have submitted an application on Emtrix® registration in Russia and are preparing for an initial launch in the Middle East/Africa region.

Overall, our strategy to streamline the portfolio and focus on the key brands has resulted in healthy organic growth as well as increased profitability. Adjusted for items affecting comparability[2], net sales increased by 16% for the full year. EBITDA increased by 15% to the equivalent of SEK 102 million (89) and the gross margin rose to 76% (71). With an EBITDA margin of 23% for 2018, we are approaching the company's long-term profitability goal.

Today, Moberg Pharma entered into an agreement with RoundTable Healthcare Partners and Signet Healthcare Partners to divest the entire commercial operation and realize the value that we have created in this business over the past years. Additional details on the transaction are available in today's press release, which also is enclosed to this year-end report.

Important milestones for the pipeline

In the beginning of 2019, screening of patients to the European Phase 3 study for MOB-015 was finalized and we expect randomization to be completed during the first quarter of 2019. This means we can expect topline results for the U.S. Phase 3 study in late 2019 and corresponding results from the European Phase 3 study in the second quarter of 2020.

Commercialization preparations are underway in several territories. A milestone was reached in November when we were granted a patent for MOB-015 in China, which means that the product is now protected in all major markets, including the EU, U.S, Canada and Japan. After last fall's license agreement with Cipher Pharmaceuticals in Canada, we recently signed another significant license agreement, this time with the Consumer Health division of Bayer, a world leader in OTC antifungal treatments. The agreement with Bayer covers commercialization in Europe and can bring up to EUR 50 million in total milestone payments, including EUR 1.5 million paid at signing, as well as supply fees and royalties for delivered products. Naturally, we are very proud of this progress. We look forward to further development and intend in the year ahead to focus the company's development resources on MOB-015.

An exciting year

Our decision to divest the commercial business is transformational for Moberg Pharma and enables shareholders to recognize a compelling value for both components of our business. The upfront cash consideration of USD 155 million offers near-term liquidity and the incremental consideration of USD 5 million provides continued funding for MOB-015 at an attractive implied value. Overall, we are very excited with the outcome and look forward to continuing to create value for the shareholders of Moberg Pharma with a more focused strategy. The upcoming year will be pivotal for the company, with Phase 3 data for MOB-015 in North America expected in the fourth quarter and progressing commercialization plans with current and future partners.

Peter Wolpert, CEO Moberg Pharma

[1] Note that nonrecurring sales amounted to SEK 1.3 million in Q4 18, compared to SEK 8.0 million in Q4 17.
[2] In fixed currency adjusted for milestone revenues.

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

Nail fungus
- Topical terbinafine
- Target profile: Rapid, visible improvement, superior cure rate and shorter treatment time (vs other topical medications)

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

Patent protection until 2032
- Patents granted in large markets, incl USA, EU, Japan and China
- 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 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

Estimated annual sales potential: USD 250–500 million

BUPI

Pain relief for oral mucositis
- Lozenge with bupivacaine
- Target profile: Better and longer pain relief vs existing products

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 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: 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 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 was recently completed and randomization is expected to be finalized in a few weeks. 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

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[3], 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.

BUSINESS DEVELOPMENT IN 2018

In the fourth quarter, commercial operations continued to generate healthy growth in retail and net sales[4]. Major progress was also achieved for the pipeline. The company's net sales amounted to SEK 97 million (90) for the fourth quarter and SEK 439 million for the full year (439), while EBITDA increased to the equivalent of SEK 32 million (27) for the quarter and SEK 102 million (89) for the full year. The gross margin increased to 76% (71). Adjusted for items affecting comparability[5], revenue increased by 16% during the year.

IN THE MARKET – STRENTHENED POSITIONS FOR THE COMPANY'S THREE LEADING BRANDS

Strong finish to the year

The company's three largest brands strengthened their leading positions in the U.S. market in 2018. The portfolio as a whole grew by 5.9 % in consumer sales in the fourth quarter and 12.4% on a full-year basis. At the end of the year, the company put into place a growth plan for its OTC portfolio which will include a number of new initiatives to drive growth in 2019 and beyond.

In 2018, Kerasal Nail® delivered a third consecutive year of double-digit growth in the U.S. and became the #1 individual SKU product not only in the nail fungus segment but also in the entire Foot Care category. The drivers of the performance continue to be successful positioning, compelling advertising and optimization of marketing investment. Kerasal Intensive Foot Repair® also delivered strong results, behind the successful relaunch in the spring of 2018. Distributor sales for Kerasal Nail®, adjusted for milestone payments, increased by 46% in the fourth quarter, in line with the goal to stabilize full-year levels compared to the previous year. The initial launch of Emtrix® in the Middle East/Africa region is planned in 2019. Our partner for Russia has also recently submitted the final registration documentation.

New Skin® and Dermoplast® also delivered strong growth in 2018 due to positive consumer response to the integrated marketing initiatives launched in late spring, including digital and social media campaigns. The strong consumer sales of Dermoplast® led to increased distribution in the retail setting. During the year, important contracts were renewed with all key group purchasing organizations which means that Dermoplast is now available in nearly 90% of relevant hospitals in the U.S. Net revenue for New Skin® in the fourth quarter showed a modest growth versus prior year, while consumer sales were slightly down, due to lost distribution earlier in the year which we expect will be offset by distribution gains in Q4 2018 which will come in effect in 2019. For the full-year, consumer sales of New Skin® grew by 6.7%.

Consumer sales, U.S.		
	Last 52 weeks	Last 12 weeks
Kerasal Nail	+19.0%	+12.9%
Dermoplast	+14.5%	+12.0%
New Skin	+6.7%	-3.7%
Total portfolio[6]	**+12.4%**	**+5.9%**

Source: Symphony IRI, December 30, 2018

IN THE PIPELINE – MAJOR PROGRESS AND IMPORTANT LICENSING DEALS

In early February 2019, Moberg Pharma signed a second major license agreement for MOB-015, this time for commercialization in Europe. Bayer AG, world leader in OTC antifungal treatments, will be responsible for commercialization in Europe. Under the terms of the license agreement, Moberg Pharma will finalize the ongoing Phase 3 program, complete registration in Europe and provide supply for the product. Moberg Pharma is eligible to receive up to EUR 50 million in milestone payments, including EUR 1.5 million paid at signing. The majority of the milestone payments are contingent on sales

[3] LifeSci Capital, Oral Mucositis Market Insights – Based on Findings from a Physician Survey, February 2018
[4] Consumer data for 12 and 52 weeks
[5] Current portfolio growth in fixed rates excluding milestones
[6] Also includes other brands

targets, with the balance contingent on development and regulatory milestones. Moberg Pharma will also receive supply fees including royalties.

Phase 3 studies for MOB-015 progressed in 2018 in the EU and North America to document the product's efficacy and safety. Last fall recruitment was finalized for the North American study and is currently being completed in Europe. The screening in Europe was finalized in the end of January and the last patient is expected to be randomized in a few weeks time. The U.S. study comprises 365 patients randomized at 32 clinics in the U.S. and Canada, while the number of patients recruited in Europe is expected to exceed 400. Topline results from the North American Phase 3 study are expected in the fourth quarter of 2019, while the corresponding European results are expected in the second quarter of 2020. After intensive work in 2018, with our new CRO, this important progress for the project is very gratifying.

In fall 2018, Moberg Pharma signed an exclusive license agreement with Cipher Pharmaceuticals for MOB-015 in Canada. Under the terms of the agreement, Moberg Pharma is eligible to receive development and regulatory milestones up to USD 4.6 million, whereof US 0.5 million is an up-front fee at the time of signing. Pending commercial targets, Moberg Pharma is entitled to further payments up to USD 10 million, as well as royalties and supply fees for delivered products resulting in an industry standard gross margin for Cipher.

In addition, the Chinese Patent Office in November granted MOB-015 patent protection in China until 2032. The Chinese patent means that MOB-015 is now protected in the most important markets for commercialization. Besides China, this includes the EU, the U.S., Japan and Canada. It is an important milestone based on the company's strategy to establish broad patent protection for proprietary products.

With respect to BUPI, discussions are being held with potential partners primarily in North America and Europe, in addition to further detailed planning of development programs leading up to registration. In 2019, the company's development resources will however be focused on MOB-015.

CORPORATE EVENTS

Two experienced employees were added to the company's management team at the start of 2019. Annica Magnusson, Senior Director Regulatory Affairs, has been with Moberg Pharma since 2013 and previously held regulatory affairs positions at e.g. AstraZeneca. Gunilla Wengström, Senior Director Sales & Marketing, joined the team in 2011 after having held senior sales and marketing positions locally and globally at Orion Pharma and Mylan AB.

The Nomination Committee ahead of the Annual General Meeting of Moberg Pharma on May 15, 2019 is comprised of Thomas Eklund, Chairman of the Board; Gillis Cullin, appointed by Östersjöstiftelsen; Fredrik Persson, appointed by Zimbrine Holding; and Anders Lundmark. Together, the Nomination Committee represents 25.27% of the voting shares in the company as of September 28, 2018.

GROUP REVENUE AND EARNINGS

REVENUE

Fourth quarter (October-December 2018)

Net revenue amounted to SEK 97.1 million (90.1)[7], including a milestone payment of SEK 1.3 million. Adjusted for divestments (FiberChoice® in August 2017 and Balmex® in April 2018), revenue from the current portfolio increased by 17% from SEK 82.1 million to 97.1 million. Sales in the US maintained momentum throughout the quarter, with all reported items showing growth in both local currency and total. Other products include Kerasal Intensive Foot Repair® and Domeboro®. For sales to distributors, we increased efficiencies in late Q4 by synchronizing the manufacture of several orders, resulting in a larger than expected December delivery. We estimate that up to 20% of deliveries during Q4 may otherwise have been shipped in January 2019.

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.

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

Reporting period (full year 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. Excluding divested products, revenue for the current portfolio grew by 14% in local currency and 17% in Group currency. The currency effect was 3% on reported net sales.

Net revenue by product	Oct-Dec					Full year				
			Percentage changes					Percentage changes		
(SEK thousand)	2018	2017	Fixed Rate	FX effect	Total	2018	2017	Fixed Rate	FX effect	Total
Kerasal Nail®	35,394	32,159	2	8	10	175,889	154,169	11	3	14
- of which direct sales	20,323	14,717	26	12	38	131,345	103,927	23	3	26
- of which to distributors	15,071	17,442	-18	4	-14	44,543	50,242	-15	4	-11
Dermoplast®	31,580	23,274	24	12	36	117,984	95,451	21	3	24
New Skin®	23,410	20,950	1	11	12	94,107	86,568	6	3	9
Other products[8]	6,680	5,409	12	12	24	42,680	32,728	26	3	30
CURRENT PORTFOLIO	**97,065**	**81,792**	**9**	**10**	**19**	**430,659**	**368,915**	**14**	**3**	**17**
Divested products[9]	–	8,332	-100	-	-100	8,382	70,117	-88	-	-88
TOTAL NET REVENUE	**97,065**	**90,124**	**-2**	**10**	**8**	**439,041**	**439,032**	**-2**	**2**	**0**

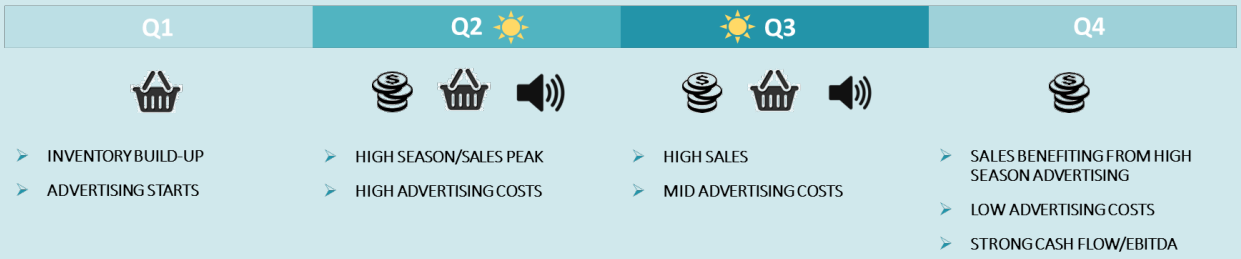
Net revenue by channel	Oct-Dec					Full year				
			Percentage changes					Percentage changes		
(SEK thousand)	2018	2017	Fixed Rate	FX effect	Total	2018	2017	Fixed Rate	FX effect	Total
Direct sales, organic	81,994	64,350	15	12	27	381,564	318,673	17	3	20
Sales to distributors, organic[10]	13,778	9,467	42	4	46	43,250	42,028	-1	4	3
Milestone payments	1,293	7,975	-88	4	-84	5,845	8,214	-33	4	-29
CURRENT PORTFOLIO	**97,065**	**81,792**	**9**	**10**	**19**	**430,659**	**368,915**	**14**	**3**	**17**
Direct sales, divestments[9]	–	8,332	-100	-	-100	8,382	70,117	-88	-	-88
TOTAL NET REVENUE	**97,065**	**90,124**	**-2**	**10**	**8**	**439,041**	**439,032**	**-2**	**2**	**0**

Net revenue by market	Oct-Dec					Full year				
			Percentage changes					Percentage changes		
(SEK thousand)	2018	2017	Fixed Rate	FX effect	Total	2018	2017	Fixed Rate	FX effect	Total
Europe	8,179	1,635	398	2	400	24,328	20,434	17	2	19
North and South America	83,048	72,250	4	11	15	385,932	325,913	15	3	18
Rest of the world	5,838	7,907	-30	4	-26	20,399	22,568	-14	4	-10
CURRENT PORTFOLIO	**97,065**	**81,792**	**9**	**10**	**19**	**430,659**	**368,915**	**14**	**3**	**17**
Divested products[9]	–	8,332	-100	-	-100	8,382	70,117	-88	-	-88
TOTAL NET REVENUE	**97,065**	**90,124**	**-2**	**10**	**8**	**439,041**	**439,032**	**-2**	**2**	**0**

[8] Includes Kerasal Intensive Foot Repair®, Domeboro® and MOB-015 up-front fee of USD 0.5 million in Q3 2018
[9] Fiber Choice®, Balmex®
[10] Note that distributor sales vary by quarter and do not directly reflect demand and pharmacy sales in the past period. Orders for most markets are placed 2-3 times per year.

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.



Fourth quarter (October-December 2018)

The strategy to streamline the portfolio lead to an increase in operating profit amounting to SEK 22.5 million (17.6), with an operating profit margin of 23% (19%).

Reported gross margin was strong at 75% (72), a result of the streamlining of the portfolio. Excluding milestones of SEK 1.3 million, gross margin on product sales was 75% (69). EBITDA from commercial operations increased to 38% (34), 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 43.7 million (36.9). The bulk of operating expenses comprise selling expenses, which excluding depreciation and amortization[11], was SEK 30.2 million (24.4). Selling expenses for 2018 include costs for testing and production of new campaigns set to run in 2019.

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 (8.6). Total depreciation and amortization expenses amounted to SEK 9.2 million (9.4).

Other operating revenue includes a revaluation gain on other receivables related to a holdback related to the sale of Balmex of SEK 1.9 million, plus positive net changes in exchange rates on operating receivables and liabilities of SEK 0.7 million (-1.3).

Profit after net financial items was SEK 12.8 million (7.7) and net profit after tax was SEK 11.0 million (9.6).

Reporting period (full year 2018)

Operating profit increased to SEK 64.8 million (51.1), or SEK 59.8 million (38.1) excluding capital gains. Gross margin strengthened to 76% (71), reflecting the strategy to streamline the portfolio.

EBITDA-margin reported amounted to 23% (20), or 22% (14) excluding capital gains on divested brands.

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

EBITDA Summary (SEK thousand)	Oct-Dec 2018	Oct-Dec 2017	Full year 2018	Full year 2017
Net revenue	97,605	90,124	439,041	439,032
Cost of goods sold	-24,186	-24,839	-104,436	-125,179
Gross profit	**72,879**	**65,285**	**334,605**	**313,853**
%	75%	72%	76%	71%
Selling expenses	-30,365	-24,355	-193,091	-190,809
Administrative expenses	-4,960	-7,097	-24,608	-23,707
Research and development costs – commercial operations[12]	-3,026	-1,798	-9,323	-6,145
Other operating income/operating expenses	2,554	-1,303	15,507	12,820
EBITDA from commercial operations	**37,082**	**30,732**	**123,090**	**106,012**
%	38%	34%	28%	24%
Research and development costs – future products[13]	-186	-721	-5,773	-6,299
Business development expenses	-5,137	-3,000	-15,573	-10,270
EBITDA	**31,759**	**27,011**	**101,744**	**89,443**
%	33%	30%	23%	20%
Depreciation/amortization	-9,221	-9,435	-36,925	-38,368
Operating profit (EBIT)	**22,538**	**17,576**	**64,819**	**51,075**

FINANCIAL POSITION

CASH FLOW

Fourth quarter (October-December 2018)

Cash holdings at the end of the quarter were SEK 110.8 million (119.4).

Cash flow from operating activities is used to fund initiatives and investments to further develop the business. Cash flow from operating activites amounted to SEK 16.6 million (29.3), in part due to a temporary change in working capital.

Cash flow from investing activites amounted to SEK -25.4 million (-30.2). The cash flow for the fourth quarter 2018 consists predominantly of capitalized expenditure for intangible assets, including capitalized development charges amounting to SEK 21.7 million (30.1).

Cash flow from financing activities amounted to SEK -0.1 million (0.0). Reported amounts during the quarter are attributed to transaction costs for the issue of shares which was finalized during the second quarter.

Reporting period (full year 2018)

Cash flow from operating activities grew to SEK 73.9 million (53.8).

Cash flow from investing activities amounted to SEK -83.6 million (-19.7) 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 106.8 million (71.8). We estimate that most of the Phase III costs for MOB-015 are now paid.

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

CAPITAL EXPENDITURE

Investments in intangible assets refer mainly to capitalized expenditure for research and development activities of SEK 106.8 million (71.8). The company has two ongoing development projects in a late phase which are capitalized: MOB-015 and BUPI. In addition to capitalized R&D expenditure, Moberg Pharma had R&D expenses excluding depreciation of SEK 15.3 million (12.4) that were recognized directly in the statement of comprehensive income, of which SEK 5.8 million (6.3) was related to future products.

R&D expenses (costs and investments) (SEK thousand)	Oct-Dec 2018	Oct-Dec 2017	Full year 2018	Full year 2017
R&D expenses – current products	-3,026	-1,798	-9,323	-6,145
R&D expenses – future products	-186	-721	-5,773	-6,299
Depreciation/amortization of R&D items	-539	-557	-2,225	-1,967
R&D expenses (in statement of comprehensive income)	**-3,751**	**-3,076**	**-17,321**	**-14,411**
Capitalized R&D investments	-21,730	-30,141	-106,793	-71,827
Depreciation/amortization of capitalized R&D investments	365	355	1,461	1,277
Depreciation/amortization of other R&D items	174	202	764	690
Change in R&D investments (in statement of financial position)	**-21,191**	**-29,584**	**-104,568**	**-69,860**
Total R&D expenditure	**-24,942**	**-32,660**	**-121,889**	**-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 594.5 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 December 31, 2018 was 770,750 warrants and 263,000 performance share units. If all warrants were exercised, the total number of shares would increase by 770,750. 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, excluding repurchased own shares, would increase from 17,440,762 shares to 18,474,512 shares. Redemption price for the warrant programs varies from SEK 42.97 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	-	-	332,500	584,000	770,750
Number of shares allocated by performance share units	-	32,875	78,900	109,583	131,500
Theoretical dilution	**0.0%**	**0.2%**	**2.3%**	**3.8%**	**7.8%**
Company's market capitalization, SEK million	531	715	898	1,091	1,284
Gain for instrument holders[14], SEK million	0.0	1.3	6.3	12.4	21.7
Actual dilution from share-based instruments[15]	**0.0%**	**0.2%**	**0.7%**	**1.1%**	**1.7%**

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 December 28th, 2018:

Shareholders	Number of shares	% of votes and capital
ÖSTERSJÖSTIFTELSEN	2 274 179	12,85
ZIMBRINE HOLDING BV	1 902 849	10,75
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	1 761 042	9,95
UBS SECURITIES LLC, W9	1 676 000	9,47
NORDNET PENSIONSFÖRSÄKRING AB	668 034	3,77
SOCIETE GENERALE	519 631	2,94
JP MORGAN SECURITIES LLC, W9	348 101	1,97
LINDBÄRG, ERIK	333 825	1,89
LUNDMARK, SVEN ANDERS	320 000	1,81
EUROCLEAR BANK S.A/N.V, W8-IMY	317 943	1,8
MOBERG PHARMA AB	263 000	1,49
SYNSKADADES STIFTELSE	172 201	0,97
BNP PARIBAS SEC SERV LUXEMBOURG, W8IMY	150 000	0,85
ML, PIERCE, FENNER & SMITH INC	147 414	0,83
GAMLA LIVFORSAKRINGSAKTIEBOLAGET	131 760	0,74
HL-FAMILY OY	130 275	0,74
SKANDIA, FÖRSÄKRINGS	120 784	0,68
PLAIN CAPITAL BRONX	111 930	0,63
NORMAN, CARL ERIK	105 000	0,59
SEB LIFE INTERNATIONAL	104 000	0,59
SUMMA, 20 STÖRSTA ÄGARNA	**11 557 968**	**65,3**
Övriga aktieägare	6 145 794	34,7
TOTALT	**17 703 762**	**100**

ORGANIZATION

Per December 31st, 2018, the Moberg Pharma Group had 38 employees, of whom 74% were women. The parent company had 24 employees, of whom 83% were women.

[14] Total pretax gain for instrument holders.

[15] Calculated from the gain made by instrument holders through market capitalization at the given share price.

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 December 2018, the Parent Company's net revenue totaled SEK 142.4 million (130.1). Operating expenses, excluding the cost of goods sold, amounted to SEK 88.5 million (88.0). Operating profit was SEK 55.6 million (42.6), while profit after financial items was SEK 16.6 million (3.2). Cash and cash equivalents reported at the end of the period amounted to SEK 94.0 million (97.2).

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)	Oct-Dec 2018	Oct-Dec 2017	Full-year 2018	Full year 2017
Net revenue	97,065	90,124	439,041	439,032
Cost of goods sold	-24,186	-24,839	-104,436	-125,179
Gross profit	**72,879**	**65,285**	**334,605**	**313,853**
Selling expenses[16]	-38,532	-33,137	-226,962	-226 573
Business development and administrative expenses	-10,612	-10,193	-41,010	-34,614
Research and development costs	-3,751	-3,076	-17,321	-14,411
Other operating income	2,554	2	16,644	17,284
Other operating expenses	-	-1,305	-1,137	-4,464
Operating profit (EBIT)	**22,538**	**17,576**	**64,819**	**51,075**
Interest income and similar items	1	-	1	-
Interest expenses and similar items	-9,767	-9,869	-38,974	-39,402
Profit after financial items (EBT)	**12,772**	**7,707**	**25,846**	**11,673**
Tax on profit for the period	-1,812	1,859	-6,008	-515
PROFIT FOR THE PERIOD	**10,960**	**9,566**	**19,838**	**11,158**
Items that will be reclassified to profit				
Translation differences of foreign operations	3,242	3,213	20,853	-23,577
Other comprehensive income	3,242	3,213	20,853	-23,577
TOTAL PROFIT FOR THE PERIOD	**14,203**	**12,779**	**40,691**	**-12,419**
Profit for the period attributable to parent company shareholders	10,960	9,566	19,838	11,158
Profit for the period attributable to non-controlling interests	–	-	–	-
Total profit attributable to parent company shareholders	14,203	12,779	40,691	-12,419
Total profit attributable to non-controlling interests		-		-
Basic earnings per share	**0.63**	**0.55**	**1.14**	**0.64**
Diluted earnings per share[17]	**0.62**	**0.55**	**1.14**	**0.64**
EBITDA	**31,759**	**27,011**	**101,744**	**89,443**
Product right depreciation/amortization	-8,409	-8,635	-33,765	-35,668
Other depreciation/amortization	-812	-800	-3,160	-2,700
Operating profit (EBIT)	**22,538**	**17,576**	**64,819**	**51,075**

[16] Includes amortization of product rights

[17] 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)	2018.12.31	2017.12.31
Assets		
Intangible assets	1,034,218	979,873
Capitalized R&D	*237,624*	*132,292*
Computer systems	*2,359*	*2,446*
Goodwill	*97,088*	*89,092*
Acquired product rights	*690,297*	*749,193*
Patents	*6,850*	*6,850*
Property, plant and equipment	382	725
Non-current financial assets	–	-
Deferred tax asset	5,064	9,255
Total non-current assets	**1,039,664**	**989,853**
Inventories	24,976	26,561
Trade receivables and other receivables	76,189	87,406
Cash and cash equivalents	110,785	119,437
Total current assets	**211,950**	**233,404**
TOTAL ASSETS	**1,251,614**	**1,223,257**
Equity and liabilities		
Equity (attributable to parent company's shareholders)	594,018	552,409
Non-current interest-bearing liabilities	594,451	591,788
Non-current non-interest-bearing liabilities	65	-
Deferred tax liability	6,916	5,369
Total non-current liabilities	**601,432**	**597,157**
Current non-interest-bearing liabilities	56,164	73,691
Total current liabilities	**56,164**	**73,691**
TOTAL EQUITY AND LIABILITIES	**1,251,614**	**1,223,257**

CONSOLIDATED STATEMENT OF CASH FLOWS SUMMARY

(SEK thousand)	Oct-Dec 2018	Oct-Dec 2017	Full year 2018	Full year 2017
Operating activities				
Operating profit before financial items	22,538	17,574	64,819	51,073
Financial items, received and paid	-9,101	-9,104	-36,410	-36,414
Taxes paid	-707	-23	-736	-557
Adjustments:				
Depreciation/amortization and capital gains	9,221	9,434	31,861	25,369
Revaluation assets/liabilities	-4,552	-	-4,552	-
Employee share-based adjustments to equity	-107	411	1,438	2,326
Cash flow before changes in working capital	**17,292**	**18,292**	**56,420**	**41,797**
Change in working capital				
Increase (-)/Decrease (+) in inventories	-1,926	-473	3,822	12,105
Increase (-)/Decrease (+) in operating receivables	7,007	2,741	17,583	4,219
Increase (+)/Decrease (-) in operating liabilities	-5,776	8,716	-3,943	-4,302
OPERATING CASH FLOW	**16,596**	**29,276**	**73,891**	**53,819**
Investing activities				
Net investments in intangible assets	-25,454	-30,139	-83,641	-19,295
Net investments in equipment	-	-110	-	-382
CASH FLOW FROM INVESTING ACTIVITIES	**-25,454**	**-30,249**	**-83,641**	**-19,677**
Financing activities				
Issue of new shares less transaction costs	-74	-	-666	858
CASH FLOW FROM FINANCING ACTIVITIES	**-74**	**-**	**-666**	**858**
Change in cash and cash equivalents	**-8,932**	**-973**	**-10,416**	**35,000**
Cash and cash equivalents at beginning of period	120,747	120,759	119,437	86,104
Exchange rate differences in cash and cash equival.	1,030	-349	1,764	-1,667
Cash and cash equivalents at the end of period	110,785	119,437	110,785	119,437

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(SEK thousand)	Share capital	Other capital contributions	Translation reserve	Accumulated loss	Total equity
January 1 – December 31, 2018					
Opening balance, January 1, 2018	**1,744**	**527,203**	**38,542**	**-15,080**	**552,409**
Total income					
Profit for the period				19,838	19,838
Other comprehensive income – translation differences on translation of foreign operations			20,852		20,852
Transactions with shareholders					
New share issue	26				26
Transaction costs, new share issue		-519			-519
Repurchase own shares	-26				-26
Employee share-based incentive adjustments		1,438			1,438
CLOSING BALANCE, DECEMBER 31, 2018	**1,744**	**528,122**	**59,394**	**4,758**	**594,018**
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)	Oct-Dec 2018	Oct-Dec 2017	Full year 2018	Full year 2017
Net revenue	97,065	90,124	439,041	439,032
Gross margin %	75 %	72%	76 %	71%
EBITDA	31,759	27,011	101,744	89,443
EBITDA %	33 %	30%	23 %	20%
Operating profit (EBIT)	22,538	17,576	64,819	51,075
Profit after tax	10,960	9,566	19,838	11,158
Profit margin %	11 %	11%	5 %	3%
Balance sheet total	1,251,614	1,223,257	1,251,614	1,223,257
Net debt	-483,666	-472,351	-483,666	-472,351
Debt/equity ratio	100 %	107%	100 %	107%
Equity/assets ratio	47 %	45%	47 %	45%
Return on equity	2 %	1%	3 %	2%
Diluted earnings per share, SEK	0.62	0.55	1.14	0.64
Diluted operating cash flow per share, SEK	0.95	1.68	4.23	3.07
Equity per share, SEK	34.06	31.67	34.06	31.67
Basic average number of shares	17,440,762	17,440,762	17,440,762	17,428,719
Diluted average number of shares	17,552,678	17,440,762	17,462,351	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
Share price on balance sheet date, SEK	43.00	27.70	43.00	27.70
Market capitalization on balance sheet date, SEK millions	750	483	750	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)	Oct-Dec 2018	Oct-Dec 2017	Full year 2018	Full year 2017
Net revenue	42,981	41,538	142,394	130,086
Cost of goods sold	-4,319	-3,818	-14,130	-16,754
Gross profit	**38,661**	**37,720**	**128,263**	**113,332**
Selling expenses	-10,784	-11,392	-42,346	-44,827
Business development and administrative expenses	-6,566	-7,290	-29,226	-25,743
Research and development costs	-3,548	-2,602	-16,207	-13,036
Other operating income	2,824	-	16,914	17,282
Other operating expenses	-	-1,292	-1,077	-4,431
Operating profit	**20,587**	**15,144**	**56,321**	**42,577**
Interest income	1	-	1	-
Interest expenses	-9,767	-9,869	-38,974	-39,402
Profit after financial items	**10,820**	**5,275**	**17,347**	**3,175**
Tax on profit for the period	-2,041	-1,135	-4,337	-926
PROFIT	**8,779**	**4,140**	**13,010**	**2,249**

PARENT COMPANY BALANCE SHEET SUMMARY

(SEK thousand)	2018.12.31	2017.12.31
Assets		
Intangible assets	889,346	841,973
Property, plant and equipment	114	294
Non-current financial assets	178,106	178,106
Deferred tax asset	5,064	9,255
Total non-current assets	**1,072,630**	**1,029,628**
Inventories	728	-
Trade receivables and other receivables	19,043	21,425
Receivables from Group companies	-	-
Cash and cash equivalents	93,998	97,205
Total current assets	**113,769**	**118,630**
TOTAL ASSETS	**1,186,399**	**1,148,258**
Equity and liabilities		
Equity	514,364	500,435
Non-current interest-bearing liabilities	594,451	591,788
Non-current non-interest-bearing liabilities	65	-
Liabilities to Group companies	41,306	8,194
Current non-interest-bearing liabilities	36,213	47,841
TOTAL EQUITY AND LIABILITIES	**1,186,399**	**1,148,258**

PARENT COMPANY CASH FLOW STATEMENT SUMMARY

(SEK thousand)	Oct-Dec 2018	Oct-Dec 2018	Full year 2018	Full year 2017
Operating activities				
Operating profit before financial items	20,587	15,144	56,321	42,577
Financial items, received and paid	-9,101	-9,104	-36,410	-36,414
Adjustments:				
Depreciation/amortization and capital gains	7,816	8,111	26,429	20,030
Revaluation assets/liabilities	-4,552	-	-4,552	-
Employee share-based adjustments to equity	-302	208	607	1,598
Cash flow before changes in working capital	**14,448**	**14,359**	**42,395**	**27,791**
Change in working capital				
Increase (-)/Decrease (+) in inventories	-174	35	-728	370
Increase (-)/Decrease (+) in operating receivables	3,712	-10,618	2,381	15,538
Increase (+)/Decrease (-) in operating liabilities	36,572	12,343	33,989	-598
OPERATING CASH FLOW	**54,558**	**16,119**	**78,037**	**43,101**
Investing activities				
Net investments in intangible assets	-22,391	-30,141	-80,578	-19,133
CASH FLOW FROM INVESTING ACTIVITIES	**-22,391**	**-30,141**	**-80,578**	**-19,133**
Financing activities				
Issue of new shares less transaction costs	-74	-	-666	858
CASH FLOW FROM FINANCING ACTIVITIES	**-74**	**-**	**-666**	**858**
Change in cash and cash equivalents	**32,093**	**-14,022**	**-3,207**	**24,826**
Cash and cash equivalents at the beginning of the period	61,905	111,227	97,205	72,379
Cash and cash equivalents at the end of the period	93,998	97,205	93,998	97,205

NOTE 1 ACCOUNTING POLICIES AND MEASUREMENT PRINCIPLES

The year-end report was prepared in accordance with IAS 34 and the Swedish Annual Accounts Act. The consolidated financial statements were, like the annual accounts for 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 by use of the modified retrospective approach, which does not require restatement of comparative periods. All revenues are recognized at a point in time and not over time.

IFRS 16 Leasing will enter into force on January 1, 2019. The Group has chosen to perform the transition by use of the modified retrospective approach, which does not require restatement of comparative periods. The lease liability at transition is estimated to SEK 15.2 million and equals the right-of-use asset, with a lease portfolio consisting of leased office space. Recognizing depreciation of right of use assets instead of minimum lease payments is estimated to have a small positive impact on operating profit. Interest on lease liabilities is estimated to have a small negative impact on net financial items. The Group has elected not to recognize short-term and low-value leases as right-of-use assets and lease liabilities.

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)	December 31, 2018
Product rights for Dermoplast®	398,809
Product rights for New Skin®	230,279
Product rights for Kerasal®	47,686
Product rights for Domeboro®	13,525
Total product rights	**690,298**

Specification of capitalized expenditure for research and development work (SEK thousand)	December 31, 2018
Capitalized expenditure for MOB-015	203,173
Capitalized expenditure for Kerasal®	20,819
Capitalized expenditure for BUPI	13,632
Total capitalized expenditure for research and development work	**237,624**

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 December 31, 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 December 31, 2018 whereas the carrying amount was SEK 594.5 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.

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

This year-end report has not been reviewed by the company's auditors.

DECLARATION

The undersigned hereby declare that the year-end report provides a true and fair overview of the operations, financial position, and results of the parent company and Group, as well as a fair description of significant risks and uncertainties faced by the parent company and Group companies.

Bromma, February 12, 2019

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

PRESS RELEASE

Moberg Pharma divests its OTC-business for USD 155 million and secures new funding for MOB-015 in transformational transaction

STOCKHOLM, February 12th, 2019. Moberg Pharma AB (publ) ("Moberg Pharma" or the "Company") (OMX: MOB) today announces that it has entered into agreement with a holding company owned by RoundTable Healthcare Partners and Signet Healthcare Partners (the "Purchaser") to divest MPJ OTC AB and Moberg Pharma North America LLC, which at closing will hold Moberg Pharma's entire OTC-business, for a cash consideration of USD 155 million (equivalent of SEK 1,431 million[1]) adjusted for working capital, resulting in a capital gain of approximately SEK 500 million and multiples of 3.3x sales, as well as 14.1x EBITDA and 11.6x EBITDA for commercial operations. The Company intends to use the cash consideration to redeem its outstanding bonds and to distribute approximately SEK 43–45 per share to its shareholders. In addition, the Purchaser has undertaken to provide financing to the Company with a total amount USD 5 million (equivalent of SEK 46 million), of which half is subscription for newly issued series B shares in the Company, at a price of SEK 35.16 per share, and the remaining half is a loan to the Company with pertaining warrants. The combined value to Moberg Pharma's shareholders of the transaction equals approximately SEK 78–80 per share, based upon the expected payment to shareholders and Purchaser's subscription in the Company. The transaction enables Moberg Pharma to further focus resources on the MOB-015 pipeline program and distribute significant value to its shareholders. The transaction is among other things conditional upon shareholder approval at a general meeting in Moberg Pharma.

Summary of the transaction and its overall effects

- The Company has entered into the following agreements regarding the divestment of the OTC-business and the funding of the MOB-015 pipeline program:
    - a share purchase agreement, whereby all shares in MPJ OTC AB and all units in the Company's American subsidiary, Moberg Pharma North America LLC – which together at closing will hold Moberg Pharma's entire Global Consumer Health Business comprising both direct and distributor sales under the over-the-counter brands Kerasal®, Kerasal Nail®, New Skin®, Dermoplast®, Domeboro®, Emtrix® and Zanmira®, including all assets and liabilities related to such business (the "**OTC-business**") – will be transferred from the Company to the Purchaser for a cash consideration of USD 155 million (equivalent of SEK 1,431 million), to include a customary working capital adjustment to be determined upon closing (the "**Cash Consideration**"). The transaction is expected to result in a capital gain of approximately SEK 500 million. Since the transaction involves the divestiture of subsidiaries it is not expected to be subject to taxation. The Cash Consideration will be used by the Company to redeem its outstanding SEK 600 million bonds and make a payment to its shareholders of approximately SEK 43–45 per share;
    - an investment and subscription agreement, whereby the Purchaser undertakes to subscribe for newly issued series B shares, which will constitute a new class of shares, in the Company for an aggregate subscription amount of USD 2.5 million (equivalent of SEK 23 million) at a subscription price of SEK 35.16 per share, valuing MOB-015 at approximately SEK 630 million (equivalent of USD 70 million) (the "**New Shares**"); and
    - an investment and warrant instrument undertaking, whereby the Purchaser undertakes to (i) subscribe for 659,421 newly issued warrants in the Company, each of which gives the holder a right to subscribe for one ordinary share in the Company at a subscription price of SEK 35.16 per share, (the "**Warrants**")

[1] All equivalent amounts based on a preliminary USD/SEK exchange rate of 9.23. However, the Company will enter into a forward contract or a similar hedging arrangement, securing the exchange rate applicable to the Company per Closing to approximately 9.23.

and (ii) provide a loan to the Company with a principal amount of USD 2.5 million (equivalent of SEK 23 million) (the "**MOB-015 Loan**").

- In addition, the Company will prior to or upon closing of the transaction enter into:
    - an asset transfer agreement, whereby the OTC-business of Moberg Pharma will be separated and transferred to the special purpose vehicle MPJ OTC AB; and
    - a transitional services agreement, whereby Moberg Pharma will provide certain services to MPJ OTC AB with respect to the OTC-business.
- Completion of the divestment of the OTC-business ("**Closing**"), including the steps described above, is expected by the end of March 2019, but conditional upon:
    - the passing at a general meeting in Moberg Pharma of a resolution to approve the contemplated transaction and any other steps related thereto, passed with the relevant required majority;
    - the waiting period (and any extension thereof) applicable to the share purchase agreement and the transaction under the HSR Act (Hart-Scott-Rodino Antitrust Improvements Act) shall have been terminated or shall have expired;
    - certain fundamental warranties under the share purchase agreement being true, accurate and not misleading on Closing; and
    - the Purchaser having received debt financing on certain specified terms.
- The parties have agreed on a termination fee and reimbursement of expenses on a mutual basis, entailing that Moberg Pharma is entitled to a termination fee of USD 6 million (equivalent of SEK 55 million) if Closing does not take place solely due to the Purchaser's failure to receive the relevant debt financing according to the abovementioned closing condition, whereas the Purchaser is entitled to reimbursement from the Company of any direct external expenses incurred in connection with the transaction if the transaction is not approved by the general meeting in Moberg Pharma.
- The Company intends to announce a notice for an extraordinary general meeting in Moberg Pharma to approve the proposed transaction and any other steps related thereto. Such general meeting is expected to be held on or about March 15th, 2019 (the "**Extraordinary General Meeting**"). In due time before the Extraordinary General Meeting, the Company intends to make public an information document containing information regarding the transaction and its effects for Moberg Pharma.
- Shareholders representing approximately 39% of the voting rights in the Company have entered into voting undertakings in which they commit to, at the Extraordinary General Meeting, vote in favour of the transaction as well as of electing a person suggested and nominated by the Purchaser as an ordinary board member of the Company for the period from Closing up to and including the next annual general meeting in Moberg Pharma.
- The Company intends to use part of the Cash Consideration to redeem its outstanding SEK 600 million bonds due 2021 with ISIN SE0007953989 (the "**Bonds**") in full in accordance with the terms and conditions for the Bonds.
- The Company further intends to use the remaining part of the Cash Consideration net of the Company's transaction expenses and cash retained for the MOB-015 development program to make a payment to its shareholders, which may include a formal dividend distribution, share split and redemption of split shares, reduction of the share capital or similar events (the "**OTC-dividend**").
- The combined value to shareholders of the transaction equals approximately SEK 78–80 per share and can be calculated as follows:
    - The OTC-dividend which is expected to be approximately SEK 43–45 per share to be distributed to shareholders.
    - Subscription in the Company for USD 2.5 million at a subscription price of SEK 35.16 per share.

- Post-Closing, the Company will be well funded by the USD 5 million from the New Shares and the MOB-015 Loan as well as a portion of the proceeds.

Rationale for the transaction

- **Realizes compelling value for the OTC-business:** The Cash Consideration of USD 155 million (equivalent of SEK 1,431 million) allows shareholders to recognize the value the Company has created in developing its OTC-business over the last years. The OTC-business generated sales of SEK 434 million. The transaction implies a multiple for the entire Moberg Pharma group of 3.3x sales and 11.6x EBITDA for commercial operations (14.1x EBITDA for total Moberg Pharma).
- **Provides continued funding for MOB-015 at an attractive implied value:** The Company will receive USD 5 million (equivalent of SEK 46 million) to support on-going development of MOB-015. This will include USD 2.5 million (equivalent of SEK 23 million) received from newly issued series B shares at a subscription price of SEK 35.16 per share, implying a value for MOB-015 of approximately SEK 630 million (equivalent of USD 70 million).
- **Offers shareholders meaningful near-term liquidity and preserves future upside:** The transaction will allow the Company to both redeem the Bonds and distribute substantial proceeds to shareholders. In addition, the Company and Management will be focused on development and commercialization of the pipeline, with a focus on MOB-015. Shareholders will continue to benefit from future value creation associated with the MOB-015 program.

Peter Wolpert, CEO Moberg Pharma, says:

"We are excited to announce this transformational transaction. The transaction delivers exceptional value for the OTC-business and further validates the significant potential in MOB-015. The proceeds from this transaction offer near-term liquidity to our shareholders while preserving future upside. I would like to commend and thank our team for all of their hard work. Over the last few years we have acquired, built and generated superior performance for the company, and those efforts are reflected in this transaction."

Recommendation

The transaction is, *inter alia*, conditional upon shareholder approval at a general meeting in the Company. Against the background provided in this press release, the Board of Directors of the Company consider the terms of the transaction to be fair and reasonable and in the best interests of the Company and its shareholders. Accordingly, the Board of Directors unanimously recommend that the Extraordinary General Meeting approves the transaction by voting in favour of proposed resolutions to be included in the notice for the Extraordinary General Meeting. The recommendation by the Board of Directors is supported by a diligent auction process conducted by the Company's financial advisor Sawaya Partners LLC aimed at providing the Company and the shareholders with the best possible transaction outcome in terms of value and deal certainty, where multiple third party transaction proposals and offers were evaluated, and where this transaction was compared with similar transactions, of which this transaction was determined by the Board of Directors to offer the shareholders the best value and highest level of deal certainty. The Board of Directors, accordingly, based on this process, found the current transaction to be fair and reasonable and in the best interests of the Company and its shareholders.

Thomas Eklund, Chairman of the board at Moberg Pharma, added:

"After a thorough process, the board is convinced that the proposed transaction is the most attractive and brings significant value to the shareholders. The combination of a premium consideration for the OTC-business, specialized U.S. Healthcare investors entering at a premium valuation, while repaying outstanding debt, is highly attractive. Shareholders benefit from receiving a significant dividend while retaining the considerable upside of the MOB-015 program."

Use of Cash Consideration for Bond redemption and OTC-dividend

The Company intends to use the increased liquidity following Closing and the receipt of the Cash Consideration to redeem the Bonds in full and pay the OTC-dividend to its shareholders. Information regarding the contemplated redemption of the

Bonds is expected to be announced through a press release and sent by mail to the bondholders on or about the date of Closing.

Payment of the OTC-dividend will require that the Company has adopted an annual report for the current financial year in order to demonstrate sufficient distributable earnings. In order to carry out the OTC-dividend in 2019, the Company plans to shorten the current financial year to the period January 1st – June 30th, 2019. The resolution to change the Company's financial year is expected to be passed at the Extraordinary General Meeting. Furthermore, the payment of OTC-dividend will be subject to shareholder approval at the annual general meeting for the shortened financial year January 1st – June 30th, 2019. For these reasons, and according to the Company's current time plan, completion of the OTC-dividend is expected by the end of October 2019. It is the Company's current estimate that the OTC-dividend is expected to amount to approximately SEK 43–45 per ordinary share in the Company. However, the actual and final amount of the OTC-dividend is subject to change and dependent on several different factors, such as transaction costs, expected milestone payments received, expected research and development investments, business development and administrative expenses for completing the MOB-015 development program, changes in exchange rates as well as other factors affecting the Company's financial position at the actual time of the payment of the OTC-dividend. The final amount of the OTC-dividend will be announced at the latest when the notice for the annual general meeting for the shortened financial year is announced.

In accordance with the parties' agreement, the Purchaser will be excluded from the OTC-dividend. As a result, the New Shares will be issued as a new class of shares (class B shares) in the Company that will not be entitled to receive the OTC-dividend. The New Shares may be converted to ordinary shares in the Company after the payment of the OTC-dividend.

Funding obtained for the MOB-015 pipeline program
Subject to Closing taking place, the Purchaser shall subscribe and pay for the New Shares and subscribe for the Warrants in the Company and issue the MOB-015 Loan to the Company.

The total subscription amount for the New Shares will amount to USD 2.5 million (equivalent of SEK 23 million), corresponding to approximately 3.6% of all shares in the Company and entailing a valuation of the Company's MOB-015 business at SEK 35.16 per share and a total value of the MOB-015 business of approximately SEK 630 million (equivalent of USD 70 million).

The MOB-015 Loan, with a principal amount of USD 2.5 million (equivalent of SEK 23 million), will be advanced to the Company promptly following Closing. The proceeds from the MOB-015 Loan will be used to fund the MOB-015 pipeline program. The MOB-015 Loan will accrue PIK interest at a rate of 3 months LIBOR + 5.50% and the loan will mature on 31 March 2023. If, prior to 31 March 2023, the Company receives milestone payments, royalties and any other similar payments from partners in excess of USD 10 million (equivalent of SEK 92 million) plus any amounts actually received from partner agreements signed to date (for the avoidance of doubt, not including payments received to cover fees, expenses and other costs), the Company will use such excess funds to repay any amount outstanding under the MOB-015 Loan in full or in part.

The principal amount outstanding under the MOB-015 Loan may be reduced by way of set off against the exercise price in connection with the exercising of the Warrants to subscribe for ordinary shares in the Company. The Warrants will not be issued against payment, *i.e.* no subscription price will be paid in connection with the issuance and allocation of the Warrants. Each Warrant will entitle the holder to subscribe for one ordinary share in the Company at a price of SEK 35.16 per share. However, no Warrant may be exercised prior to the payment of the OTC-dividend.

The Purchaser shall subscribe for such number of New Shares, at a subscription price of SEK 35.16 per share, to be issued for an aggregate subscription amount of USD 2.5 million by applying the exchange rate reported by Bloomberg one business day prior to Closing. With an application of the exchange rate reported as of February 8th, 2019 (9.27), the number of shares and votes in the Company would accordingly upon Closing increase by 656,286 from 17,440,762 to 18,097,048

shares and votes[2]. This would imply a dilution of approximately 3.6 percent of the shares and votes in the Company. In case all 659,421 Warrants are exercised, an additional 659,421 shares may be issued, corresponding to an additional dilution of approximately 3.5 percent, implying a total dilution of 7.0 percent of the shares and votes in the Company.

Overall financial effects of the transaction for Moberg Pharma
The transaction will yield gross proceeds of USD 155 million (equivalent of SEK 1,431 million) for the OTC-business and a capital gain[3] of approximately SEK 500 million. The Purchaser's undertaking to subscribe for newly issued series B shares in the Company will generate USD 2.5 million (equivalent of SEK 23 million) and MOB-015 Loan will generate USD 2.5 million (equivalent of SEK 23 million). These funds will be used for MOB-015.

The Company intends to use part of the Cash Consideration to redeem its outstanding SEK 600 million Bonds. The Company intends to use remaining part of the Cash Consideration net of the Company's transaction expenses and cash retained for the MOB-015 development program to make a payment to its shareholders.[4]

Following the transaction, Moberg Pharma's operations will change from selling products to focusing on MOB-015. The business will be operated with an organization dedicated to research and development, regulatory matters and business development. The Company's assets following the transaction will primarily consist of balanced research and development assets, while the classes of assets data systems, goodwill, acquired product rights and stock are divested in connection with the transaction. Accounts receivable and other receivables will decrease substantially while the Company's leverage will be significantly reduced when the Bonds are repaid. In addition, the Company's assets will comprise cash retained from the divestment of the OTC-business, the share issue to the Purchaser and the MOB-015 Loan.

As regards the Company's revenue streams following the transaction, the revenue from the current product sales will stop, and the revenue will initially comprise milestone payments, royalties and similar payments from existing and new license partners. The Company's costs following the transaction will be primarily comprised of research and development, business development and administrative expenses.

Detailed information on the financial effects of the transaction, including certain financial information for 2018 prepared on a pro forma basis, will be included in the information document that the Company intends to make public in due time before the Extraordinary General Meeting.

Indicative high-level timetable for the transaction

February 12th, 2019	Announcement of transaction
February 15th, 2019	Notice of Extraordinary General Meeting (Notice is announced on February 13th, 2019)
March 15th, 2019	Extraordinary General Meeting
End of March 2019	Closing, including that the Purchaser (i) pays the Cash Consideration, (ii) extends the MOB-015 Loan and (iii) subscribes for the New Shares and the Warrants Notice of redemption of Bonds
End of April 2019	Redemption of Bonds
June 30th, 2019	Last day of shortened financial year
End of September 2019	Annual general meeting for shortened financial year resolving on among other things payment of the OTC-dividend to shareholders
End of October 2019	Payment of OTC-dividend to shareholders

[2] Excluding treasury shares held by the Company.
[3] The capital gain is not expected to be subject to taxation.
[4] The payment may be effected through formal dividend distribution, share split and redemption of split shares, reduction of the share capital or similar events.

On February 12th, 2019 at 9:00 am (CET), investors, analysts and journalists are hereby invited to participate in an information meeting with the Management of the Company at the offices of Gernandt & Danielsson to receive additional detail about the transaction. Participants may also dial in to the meeting.

To participate in the meeting, please visit the following address before the start of the meeting:
Gernandt & Danielsson Advokatbyrå KB
Hamngatan 2
111 47 Stockholm

To participate in the conference, please dial in on any number below before the start of the call:
SE: +46 8 566 427 03
US: +1 646 722 49 57

On February 12th, 2019, at 3:00 pm (CET), Moberg Pharmas's CEO Peter Wolpert will present the Year-end report 2018 and the transaction in a teleconference. The presentation will be held in English.

To participate in the conference, please dial in on any number below before the start of the call:
SE: +46 8 505 583 53
US: +1 646 722 49 57

Advisors to Moberg Pharma
Sawaya Partners has been engaged as financial advisor regarding the transaction. Hansen Law has been engaged as legal advisor regarding the transfer and sale of the OTC-business and Gernandt & Danielsson has been engaged as legal advisor regarding the MOB-015 funding, public and corporate law aspects of the transaction and the redemption of the Bonds.

Advisors to Purchaser
Sidley Austin LLP and Roschier have been engaged as legal advisors to the Purchaser in respect of the acquisition of the OTC-business and the investment in Moberg Pharma and the MOB-015 funding.

For additional information, please contact:
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About this information
This information is information that Moberg Pharma AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the contact persons set out above, at 01.00 am (CET) on February 12th, 2019.

About RoundTable Healthcare Partners
RoundTable Healthcare Partners, based in Lake Forest, IL, is an operating-oriented private equity firm focused exclusively on the healthcare industry. RoundTable partners with companies that can benefit from its extensive industry relationships and proven operating and transaction expertise. RoundTable has established a successful track record of working with owner/founders, family companies, management teams, entrepreneurs and corporate partners who share a vision and believe in the value creation potential of its partnership model. RoundTable has raised USD 2.75 billion in committed capital, including four equity funds totalling USD 2.15 billion and three subordinated debt funds totalling USD 600 million. More information about RoundTable Healthcare Partners can be found at www.roundtablehp.com.

About Signet Healthcare Partners
Signet Healthcare Partners is an established provider of growth capital to innovative healthcare companies. Signet invests in commercial-stage healthcare companies that are revenue generating or preparing for commercial launch. The firm's focus has primarily been on the pharmaceutical sector and medical technology companies. Signet maintains a disciplined,

yet flexible investment approach. As an active investor, Signet partners closely with its companies to build their value including facilitating activities between portfolio companies. During Signet's 18-year history, it has developed a strong reputation and track record of successful investments. Signet has raised four funds with total capital commitments of over USD 400 million and has invested in more than 45 companies. For more information, visit www.signethealthcarepartners.com.

About MOB-015 and Onychomycosis
Approximately 10% of the general population suffer from onychomycosis and a majority of those afflicted go untreated. The global market opportunity is significant with more than hundred million patients worldwide and a clear demand for better products. Moberg Pharma estimates the annual world-wide peak sales potential for MOB-015 to be in the range of USD 250-500 million.

MOB-015 is an internally developed topical formulation of terbinafine based on Moberg Pharma's experience from its leading OTC product Kerasal Nail®/Emtrix®. Oral terbinafine is currently the gold standard for treating onychomycosis but associated with safety issues, including drug interactions and liver damage. For many years, developing a topical terbinafine treatment without the safety issues of oral terbinafine has been highly desirable, but unsuccessful due to insufficient delivery of the active substance through the nail.

In a previous phase 2 study, MOB-015 demonstrated delivery of high microgram levels of terbinafine into the nail and through the nail plate into the nail bed. Mycological cure of 54% and significant clear nail growth was observed in patients who completed the phase 2 study. The results are remarkable, particularly when taking into account the severity of the nails included in the study – on average approximately 60% of the nail plate was affected by the infection. Plasma levels of terbinafine with MOB-015 were substantially lower than after oral administration, reducing the risk of liver toxicities observed with oral terbinafine.

MOB-015 is currently being evaluated over 52 weeks in two randomized, multicenter, controlled Phase 3 studies, including in total approximately 800 patients in North America and Europe. The primary endpoint in both studies is the proportion of patients achieving complete cure of their target nail. Topline results from the North American study are expected in the fourth quarter of 2019, followed by results in Europe in 2020.

About BUPI and oral mucositis
BUPI is intended for pain relief for patients suffering from oral mucositis (OM), 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 of 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. Based on external analysis, 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. Planning of regulatory development programs as well as partner discussions are ongoing.

About Moberg Pharma, www.mobergpharma.com
Moberg Pharma AB (publ) is a rapidly growing Swedish pharmaceutical company with OTC sales operations in the U.S. and a distributor network in more than 30 countries. The company's portfolio includes the OTC brands Kerasal®, Kerasal Nail®, New Skin®, Dermoplast® and Domeboro®. Kerasal Nail® (Emtrix®, Zanmira® or Nalox™ in certain markets) is a leading OTC treatment of nail disorders in the U.S., Canada as well as in several markets in EU and Southeast Asia. The company is growing organically as well as through acquisitions. Internal development programs focus on innovative drug delivery of proven compounds and include two assets in late-stage clinical development, MOB-015 (onychomycosis) and BUPI (pain management in oral mucositis). Moberg Pharma has offices in Stockholm and New Jersey and the company's shares are listed on the Small Cap list of the NASDAQ OMX Nordic Exchange Stockholm (OMX: MOB).