Annual Report and **Consolidated Financial Statements** 2020/2021

EQL Pharma AB | Corporate ID No 556713-3425

EQL PHARMA

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CEO's report

The financial year 2020/2021 was yet another year of good growth for EQL Pharma. The Group's net sales during the financial year amounted to SEK 179.1 (72.1) million, an increase of 149 per cent. Adjusted for sales of a one-off nature, net sales amounted to SEK 95.8 (72.1) million, an increase of 33 per cent.

On the theme of sales and growth, we can also state that the five-year plan for 2016 – 2020/2021, which ended during the financial year, exceeded the target of 30 per cent annual growth, and for the next five-year period we expect even higher average growth (40 per cent) in our core business, i.e. excluding sales of a one-off nature stemming from the Covid-19 pandemic. Our profitability target for the end of the period is an EBIT of at least 25 per cent of net sales in the core business.

Our long-term objective, which we usually mention, is to be a leading company in niche generics in the Nordic countries and eventually in Europe. To succeed in this operationally we need an offensive and executable plan for rapid growth. The two principal components in the growth plan are geographical expansion of existing products and an increased number of new products. During the financial year 2020/2021 we continued to invest in the European expansion of our portfolio and pipeline. In practical terms this means that we recruited our first key person in the UK and engaged a well-reputed firm to prepare for launches in Germany.

In mentioning some of the many important product events in the past financial year, I would like to highlight that at the end of the year we in-licensed seven products for the Danish market, of which five are exclusive, in a single deal. Most of these products are of a clear niche nature and will be included in sales as of Q1 of 2021/2022. With that, we now have close to 60 products that are either launched, just over 20 products, or under development, nearly 40 products.

Another milestone for our product portfolio during the year is our long-term collaboration with Qilu Pharmaceutical, which has been further developed and deepened. There are now eight products for which EQL Pharma will act as a representative in the Nordic countries. Qilu is a leading Chinese pharmaceutical company with eight production facilities, over 15 000 employees and more than 200 products in its range. When EQL Pharma acts as a representative for Qilu, we purchase, stock and sell Qilu's medicines, however registration of the medicines is carried out by Qilu.

Finally, on the product theme, our medicine Mellozzan (melatonin) was approved at the end of the financial year for sales in Sweden by the Medical Products Agency. The product has considerable potential and, among other things, has the indication sleep disorders in children, aged 6 – 17, with ADHD, something that up to 85 per cent of all children with ADHD suffer from.

During the year we helped Swedish hospital regions to find, purchase and transport medical protective materials related to the Covid-19 pandemic. In total, we sold medical protective materials for just over SEK 80 million, which we consider to be of a one-off nature, i.e. not a recurrent long-term element in our sales, even though some protective materials may also be sold in the financial year 2021/2022.

After the end of the financial year, we postponed the listing change from Spotlight Next to Nasdaq Stockholm's main list. The exact date for the change is not set, but it is not likely to take place in the next

18 months. The background to the postponement is that during the Covid-19 pandemic, EQL Pharma was faced with, and successfully implemented, considerable adaptations in its business activities. By expanding into areas such as protective equipment and Covid-19 tests, and through the acquisition of a new product portfolio in the spring, EQL Pharma was able to use the adaptations to its advantage and delivered growth of almost 150 per cent (including Covid-19-related sales) during the last financial year. It remains our intention to make the listing change, but we are now in a very strong growth phase with many exciting projects that we want to execute. We are also certain that we would meet the requirements for the listing change, but the resources required can be better utilised to continue building the Company's current rapid growth.

During the financial year we changed the structure of the income statement to accounting classified by function and as of Q1 of the financial year 2021/2022 our accounting will be fully in accordance with IFRS.

If we sum up the financial year 2020/2021, it has been a particularly intensive year. We prepared for our expansion in Europe and considerably expanded out product portfolio during the year. We are also very proud of being able to help healthcare with PPE equipment during the year in order to combat the Covid-19 pandemic.

In conclusion, I would like to thank our employees and partners for the fantastic job they have done during the past year.

Christer Fåhraeus
CEO and board member
of EQL Pharma AB (publ)

Christer Fåhraeus, vd

Introduction to EQL Pharma

EQL Pharma, founded in 2006 by Christer Fåhraeus and Karin Wehlin, specialises in identifying, developing and selling generics, i.e. medicines that are medically equivalent to originator products.

The business in generics is currently entirely focused on prescription niche generics for inpatient and outpatient care, in which niche generics are defined by the Company as generics with little or no competition apart from the originator product, and this status is expected to continue for the foreseeable future. On 31 March 2021, EQL Pharma had 22 niche generics on the market and in addition there is a significant pipeline of other niche generics for future launch comprising 36 products. The focus area of niche generics has been complemented by the parallel import of medicines since 2016 as well as medtech products and consumable articles for healthcare since 2020/2021. The last-mentioned area is not part of the Company's core business and long-term strategy, and is intended to be phased out gradually during the financial year 2021/2022.

Vision

EQL shall be a driving force for medical accessibility by offering tested therapies to new European markets and thereby contribute to equal and optional care.

Mission

EQL shall reduce healthcare costs in Europe by identifying, developing and offering top-quality niche generics for the benefit of both patients and society.

Business concept

EQL Pharma's business concept is to identify, develop and sell generics, i.e. medicines that are medically equivalent to originator products whose patent protection has expired. By supplying high-quality medicines at a low cost, the Company contributes to significant cost-savings for patients and healthcare, and thereby to better health.

Business model

EQL Pharma works actively on investigations and evaluations followed by development and purchase or in-licensing of products for the manufacturing and selling of new niche generics, for which the Company identifies markets with little or no competition apart from the originator product. At present, EQL Pharma works only on prescription niche generics for inpatient and outpatient care.

Targets

The targets below constitute forward-looking statements. These forward-looking statements constitute no guarantees for the Company's future financial or operational outcomes, and, as a consequence of several factors, EQL Pharma's actual financial results may deviate considerably from what is stated or implied by these forward-looking statements.

Business objectives

- EQL Pharma's objective is to be a leading player in niche generics in the Nordic region and within five to ten years be a leading European generics company.
- The company's objective is strong, sustainable and profitable growth.
- The company has an objective to continue investing in the development of its product portfolio.
- In the long term, the company is to build up higher brand recognition regarding its generic preparations.

Financial targets for the coming five-year period

- to grow by at least 40 per cent per year on average, in which growth is expected to be spread unevenly over the five-year period,
- to achieve an EBIT margin that is to be more than 25 per cent by the end of the five-year period.

The financial targets relate to EQL Pharma's core business.

History and important events

2006 – 2010

- EQL Pharma is founded by Christer Fåhraeus and Karin Wehlin in 2006 on the basis that generics prices fell slowly in the Nordic market after a patent for an originator product expired.
- In 2008 the Company launches its first product, Venlafaxine EQL Pharma, in Sweden.
- Metformin is launched in 2009. In the same year the first product is launched in Finland, Anastrozole, and the Company announces a profit for the first time. Several generic players start to provide Anastrozole and the price falls considerably faster. In a strategic change the Company therefore chooses to refocus the strategy on so-called niche generics.
- In 2010 EQL Pharma releases its first product in Denmark and several new development projects begin.

2011 – 2014

- The first of EQL Pharma's own developed products are sent to the regulatory authority in 2011 to be granted marketing authorisation.
- In 2013 the Company launches its first niche generics, Doxycycline and Phenoxymethylpenicillin, in Sweden.
- The Company is listed on AktieTorget (now Spotlight Stock Market) in connection with a new share issue in 2013.
- Hydroxine is launched in 2014, a year when EQL Pharma's basic portfolio includes 15 products. The strategic change continues in that certain products are phased out as a result of increased competition and poor profitability.

2015 – 2018

- In 2015 Cadila Pharmaceuticals Ltd invests SEK 32.5 million in EQL Pharma and thereby becomes an important strategic international partner and an extensive collaboration for the development of new niche generics begins.
- In 2016 the position of Business Development Director is established, an important step signalling the start of robust expansion of EQL Pharma's portfolio of development products.
- EQL Pharma includes parallel import of medicines in its offering in Sweden.
- In late 2017 a three-year collaboration agreement is signed with a leading generics company regarding the medicine Potassium Chloride for sales in Denmark, Norway and Finland.
- Potassium Chloride, Eletriptan and Prednisolone are launched in 2018.

2019 –

- Sales of Methenamine Hippurate begin in the UK with a local partner in 2019. It is the first product developed by EQL Pharma to be sold outside the Nordic countries. Paracetamol, Magnesium Hydroxide, Clindamycin and Pregabalin are launched the same year.
- Metronidazole and Bupivacaine are launched in 2020.
- The Covid-19 pandemic leads to EQL Pharma temporarily including medtech products and consumables for healthcare in its offering in Sweden.
- Work on expansion in Europe outside the Nordic countries is initiated in 2020.
- Today, EQL Pharma is a profitable company with 22 approved and marketed generics, exclusive parallel imported medicines, and a pipeline of 36 upcoming generics.

Strategic considerations in generics

EQL Pharma develops and purchases or in-licenses generics for prescription sales to pharmacies and hospitals in Europe. The Company does not limit itself in the long term to specific therapy areas, product groups or geographical areas.

Focus on prescription niche generics

The Company's business in generics is focused exclusively on niche generics, which according to the Company's definition are generics with little or no competition apart from the originator, and this status is expected to continue for the foreseeable future. The reason for the limited competition in addition to the originator product and the increased likelihood that greater downward pressure on prices can be avoided, is that these medicines often have a small turnover globally in monetary terms and the number of tablets, but a relatively large turnover in a specific country or region, which is why international generic companies have so far not shown an interest in these local/regional medicines.

The entry barriers for potential competitors in niche generics are, for the above mentioned reasons, higher than for ordinary generics and, as these niche generics are often produced by EQL Pharma, no other player can sell them without manufacturing the products themselves.

The Company's core expertise and strengths

In general, pharmaceutical companies in-license generic products from companies that have already developed them or begin a new development process for the product with a Contract Research Organisation (CRO) or Contract Development and Manufacturing Organisation (CDMO).

EQL Pharma focuses its work on well thought-out analysis and selection of products, efficient and professional development and marketing of generic medicines as well as operational excellence and high-quality standards. The Company works actively on investigation and evaluation followed by development and purchase or in-licensing of products for the production and sales of new niche generics. The Company identifies markets with little or no competition apart from the originator product or therapies with a new formulation aimed at a specific therapy need or patient group – all with an aim to identify therapies and/or markets in which the Company sees strong potential for profitable growth.

For in-licensing, EQL Pharma identifies an available product somewhere in the world that the Company acquires in the form of a licence for manufacturing and sales. The niche generics the Company is interested in are often available to be purchased or in-licensed as fully developed products. The only alternative is to develop them ourselves.

The Company applies a retrospective approach, focusing on old patent expirations, and can therefore develop generics that have a stable and predictable demand and price. Many generic companies instead apply a forward-looking strategy in which they develop generics in relation to future patent expirations, something that gives rise to uncertainty and subjectivity about whether a patent or patent cluster will actually expire, as well as uncertainty about how many competitors are developing the same generic.

The challenge within niche generics is to find medicines where the originator product has been without patent protection for a long time, and where the Company deems there is little likelihood of competition, even after the three years or so it takes for the Company to be granted approval for the

medicine by the Medical Products Agency or similar regulatory authority.

EQL Pharma develops or licenses niche generics based on their estimated return on invested capital. As a large number of projects have been identified, the generics selected are those deemed to provide the best return on invested capital while having a reasonable level of risk from competitive, regulatory and development perspectives. Costs incurred in development projects are capitalised continuously.

The Company has a strategy of continuing to invest in its product portfolio. This is capital-intensive, but sales revenues are expected to rise at the same or higher rate.

Efficient outsourcing

With an aim to have an efficient organisation and low costs, product development – encompassing clinical testing, research and extensive documentation – as well as production, warehousing and distribution are carried out through outsourcing to external parties in Lund and the rest of Europe and the world. The Company has decided not to invest in an extensive internal sales and marketing organisation. When goods are ordered, the products are delivered straight to distribution partners from contract manufacturers. This means that EQL Pharma does not need to stock products in its own warehouses, even though the responsibility for stock remains with EQL Pharma until the customer has purchased the goods.

Growth strategy via geographical expansion and new products

EQL Pharma sells niche generics primarily to pharmacies and since 2020 has also started to focus its sales efforts on hospitals. The geographical orientation for sales up to and including 2020 was the Nordic countries. Several products in the Company's existing portfolio also have an existing market or potential in other European countries, which constitutes a significant basis for EQL Pharma's European expansion strategy as of 2021.

To enable expansion in Europe outside the Nordic countries, the Company is investing internal and external resources in understanding the markets' characteristics in order to select which products can be sold in which markets and to establish a marketing and sales strategy. In parallel with this, registrations are ongoing or being prepared in selected countries for the first wave of products that have clear European potential. These investments are expected to have a significant impact on the income statement in the financial years 2022/2023 – 2024/2025.

The Company's main growth strategy has two principal components, a geographical dimension in which new markets are added for existing products in the European market, and a product dimension, in which expansion is implemented via the Company's well-established Nordic approach for identifying and developing niche generics in our existing markets. Just as in the Nordic countries, there are a number of countries in Europe that have originator products with no or very little generic competition even though patent protection expired a long time ago.

The Company deems that Europe, excluding the Nordic countries, will account for a significant part of the Company's growth during the period 2021/2022 – 2024/2025.

Growth in the pharmacy market

Today, the Company sells to pharmacies in Sweden, Denmark and Norway under its own brand and in Finland, Iceland and the UK via partners. EQL Pharma entered the UK market in 2019.

In markets where the price is the crucial factor, the Company intends to build on direct sales under its own brand. In markets where factors other than the price are crucial, EQL Pharma intends to build on indirect sales, for example through licensing of products to partners with local knowledge as well as via established sales organisations and relationships built up at the doctor and/or pharmacy level.

The Company intends to establish itself in Germany and the Netherlands under its own name and make a transition in Finland from selling

via partners to selling under its own name. The remaining European markets are being analysed.

The Company has also entered into agreements to act as a representative for two foreign generic companies to supply their products in the Nordic countries, starting in 2021/2022.

The lowest price principle applied in the pharmacy segment in the Nordic countries is spreading in the rest of Europe. The pricing systems in Germany and the Netherlands, two countries that EQL Pharma is currently primed to expand into, according to the above, and in the UK, where the Company launched its first product in 2019, are based on the lowest cost principle, which creates potential for the Company to apply its niche strategy for generics in its expansion in Europe.

The Company deems that the pharmacy market will account for a significant part of the Company's growth during the period 2021/2022 – 2024/2025.

Growth in the hospital market

Countries often have different procurement systems for hospital and pharmacy products which, as in Finland, can lead to direct sales to the hospital market and indirect sales to the pharmacy market being preferable. The growth strategy in the hospital market may therefore differ from the strategy for the pharmacy market.

The hospital market in Europe is often fragmented. The procurement of medicines for hospitals may be carried out individually, via procurement groups regionally or via umbrella organisations, which to a large extent affects the choice of sales strategy. In certain cases, there is thus a need for a considerable sales force, whereas a very limited organisation may be sufficient in other cases.

EQL Pharma has sales in the hospital market under its own brand in Denmark and intends to establish itself in the other Nordic markets and in Germany and the Netherlands under its own name, with Germany first in line. The Company intends to indirectly address the southern European block of Spain, France and Italy in a first phase.

Sales of medicines to healthcare through procurement are expected to increase considerably in importance for the Company during the period 2022/2023 – 2024/2025 and it is also deemed that this will contribute to the Company's growth before then.

Pricing strategy for niche generics

As EQL Pharma sells generics in an open competitive market, price and logistics play a major role in being able to achieve results.

EQL Pharma's aim is to use marginal price adjustments on its niche generics in comparison with the current price of the originator products, which the Company is competing with, to achieve a reasonable share of the total annual sales in the relevant country, among other things with the support of systems that promote penetration of generics such as public procurements and subsidy schemes similar to the Swedish Product of the Month system.

Even though the hope is that EQL Pharma will be the sole generic manufacturer competing with the originator product in question, the Company, for precautionary reasons, bases its calculations on at least one competitor establishing itself against an originator product. The assessment is that a market with three to four suppliers of the preparation in question will provide possibilities for all players to achieve a reasonable market share with reasonable prices and contribution margin.

An originator product always has an advantage in the market through being well-established and a secure choice for the consumer. It is likely that certain consumers will continue to buy the originator product due to brand recognition and that there is only expected to be a difference of a few SEK in price in EQL Pharma's favour during those periods when the Company has the most advantageous price. The Company has also taken this into account in its sales calculations.

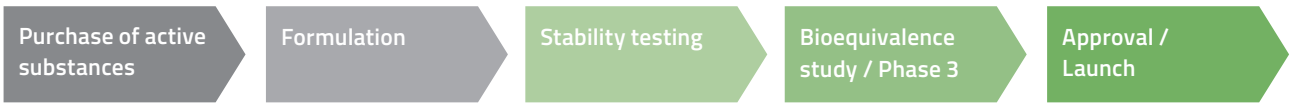
Niche generic product development and production

The Company's development process for generics is fast and cost-efficient.

The focus for the Company is to select medicines that can be registered for a bioequivalence study (or so-called biowaiver), i.e. a clinical study conducted on healthy volunteer test subjects to show that the active substance's concentration in the blood (plasma concentration) is equivalent to the originator product's, i.e. that the product is medically equivalent and of the same quality as the originator product. This saves both time and capital, and guarantees that the preparation is just as secure and effective.

EQL Pharma uses leading Contract Research Organisations (CROs) and major pharmaceutical companies in Europe, India and China in product development for clinical testing, research and extensive documentation. In connection with the start of the process, the new product's components are formulated and an agreement is entered into with a CRO or a pharmaceutical company, which during the preparation process is assisted by EQL Pharma in areas such as regulatory work and the compilation of documentation (dossier) for an application that will be submitted later in the process to the regulatory authority. After about two to three years the development and clinical studies are completed and the dossier is then submitted to the regulatory authority. After that, it generally takes about one year before a final statement and possible approval are obtained, after which sales can commence.

On the production side, the Company uses a Contract Manufacturing Organisation (CMO).



PERIOD FROM CONTRACT TO LAUNCH: 3 – 4 YEARS

Product portfolio and pipeline

EQL Pharma currently has 22 approved and marketed generic medicines in its portfolio. Most of these are sold in different strengths and pack sizes.

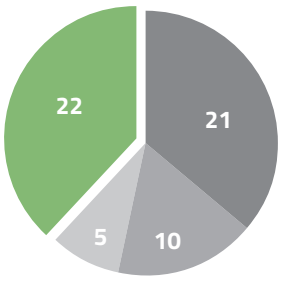
Pipeline of products

EQL Pharma's pipeline of new product development projects and in-licensings is subject to constant change and continuous development. Products from new in-licencings and product development projects are expected to be added continuously. However, certain products may be delayed or be removed completely as the evaluation process for products proceeds. The Company's current pipeline contains:

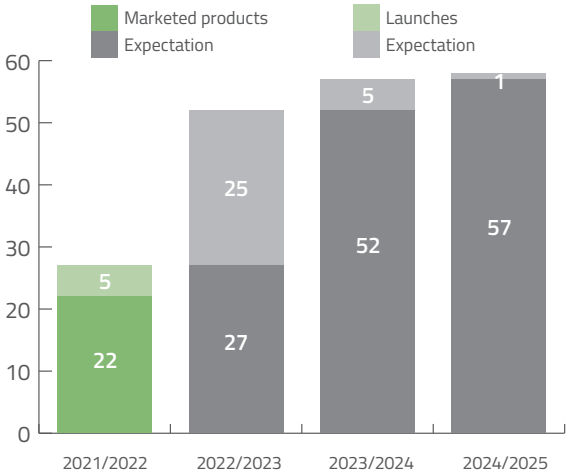
- 21 products in the development phase that are being developed with partners and for which the Company has signed licensing or distribution agreements for one or more markets without the Company having developed the product,
- 10 products under review at regulatory authorities,
- 5 products that are approved for launch and are in the so-called launch phase, in which the period from approval to launch of the product on the market as a rule takes six to nine months. The launch phase includes orders for manufacturing and delivery, applications for subsidies and tender submissions for procurements, if these are available.

Most of the Company's contracted products in the pipeline are expected to be launched in the coming five-year period.

Pipeline	Products
Development phase	21
Review phase	10
Launch phase	5
Total	**36**
Marketed products	22
TOTAL	**58**



Development portfolio



Regulatory conditions for the Company's partners

EQL Pharma's partners are mainly developers and manufacturers of medicines as well as logistics providers. As a pharmaceutical company active in Europe, EQL Pharma therefore has to comply with the EU GMP and GDP.

GMP stands for Good Manufacturing Practice and is a framework for how medicines are produced in safe and secure conditions and guarantees the content of the products. GDP stands for Good Distribution Practice and sets up guidelines for the safe distribution of medicines. It regulates, for example, temperature control and what types of goods are allowed to be transported together. Overall, EU GMP and GDP aim to guarantee the products' content and the integrity of the entire value chain.

In addition to these regulations, the pharmaceutical industry has also had to comply with the Falsified Medicines Directive (FMD) since 2019. FMD is a regulation that aims to prevent falsified medicines from getting into the legal supply chain. This is achieved through each individual pack being allocated its own identity through a so-called 2D code, which is physically on the pack and also digital in a central EU database. When the pack is dispensed at the pharmacy, the pharmacist scans the code to check that the pack is in the database and thus legitimate.

Important permits and certificates

In order to conduct the trade, import and export of medicines, EQL Pharma holds wholesale permits, production permits, narcotics permits and Good Manufacturing Practice (GMP) and Good Distribution Practice (GDP) certificates.

These permits have been obtained by the Company being able to demonstrate appropriate processes and procedures to the Swedish Medical Products Agency. A narcotics permit is a specific permit for conducting trade in narcotic preparations of a given classification, as the regulations are somewhat stricter for non-narcotic preparations.

The permits are continuously maintained and renewed. The Medical Products Agency carries out regular inspections of EQL Pharma, which has an obligation to fulfil the Medical Products Agency's requirements in order not to risk the withdrawal of its permit or receive reprimands on how the operations are run. Ensuring a high standard and integrity in operations and thereby securing smooth lifecycle management of permits is in the Company's DNA and has the highest conceivable priority on its agenda.

As a part of ensuring high quality and integrity in operations, EQL Pharma in turn carries out its own regular inspections of manufacturers and suppliers. In this, all parts of their operations are reviewed in detail and the Company looks at everything from manufacturing processes to warehousing, environmental impact and local working conditions.

In addition, the Company carries out an annual analysis of all its products from a manufacturing perspective in which information on all produced batches and the release of these to EU markets is reviewed in detail.

Sales and marketing models in niche generics

EQL Pharma's niche generics can be roughly divided up into three parts based on three sales models/marketing models. These are Retail/pharmacy, Hospital and Branded.

Retail/pharmacy

Products within Retail/pharmacy are sold via so-called substitution systems. In Sweden, Denmark, Finland and Norway, legislation and ordinances are in place with an aim to keep down medicine prices for society according to the price-based model in so-called substitution systems (e.g. the Product of the Month system in Sweden), which are employed in the Nordic region and focus on the procurement of the active substance in question, correctly formulated for a price that is as low as possible. As a rule, originator products remain on the market in Sweden, Denmark, Finland and Norway even after generic competition has arisen, but a cheaper alternative is usually prescribed to the patient unless special circumstances exist. The assessment is that the non-Nordic European countries will move towards the Nordic system based on the lowest-price principle.

In many cases there are several generics for the same originator product on the market. The procedure to determine which generic is to substitute for the original begins with each company that wants to participate and compete sending in a price proposal for a fixed period to a pricing authority, which chooses the medicine with the lowest price and sends out information on the selected product to the pharmacies. This applies to Sweden, Denmark and Finland. In Norway the procedure is somewhat different in that marketing and price proposals are channelled directly to the pharmacy chains instead.

On those occasions when EQL Pharma's products are selected, the information is also sent directly to the Company's distribution partners, such as Oriola, Tamro, Tjellesen Max Jenne or Nomeco, which in turn ensure that the products rapidly reach all pharmacies.

The advantages within Retail are rapid market penetration and no requirement for sales or marketing resources. With the right price and stock, the products are sold automatically and without delay.

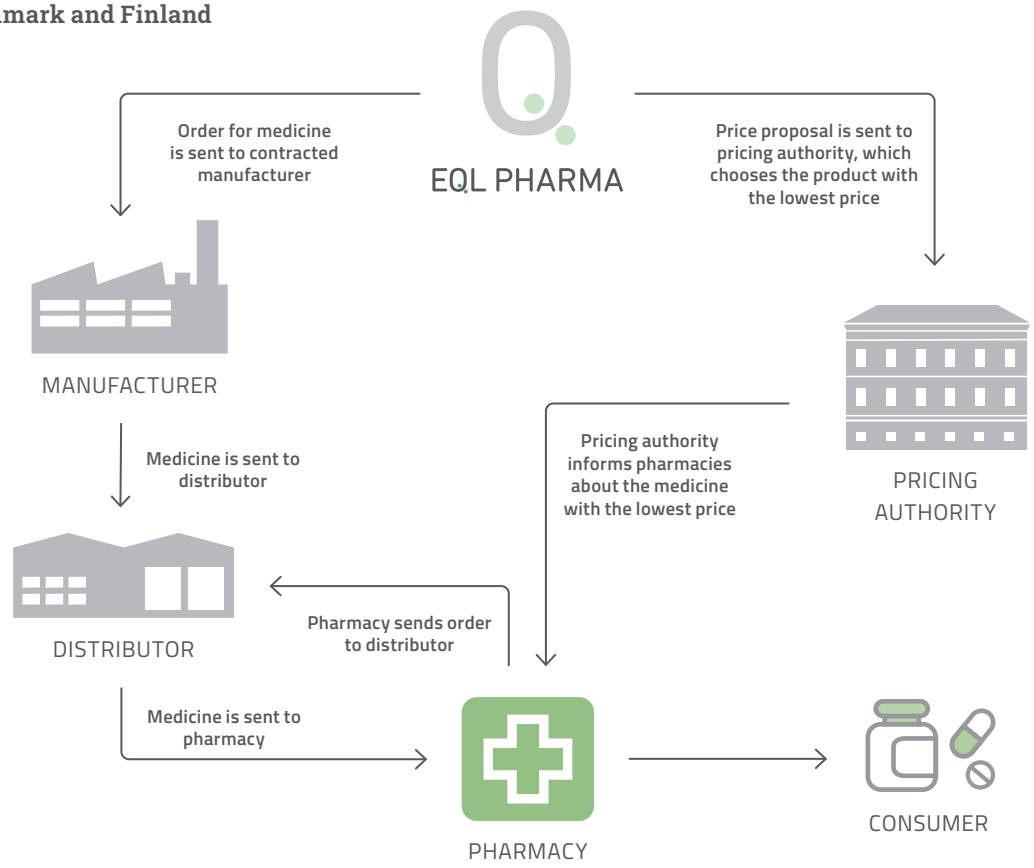
The disadvantage within Retail is, of course, that what is easily won is just as easily lost if a competitor can offer a lower price. This makes stock planning and market knowledge key assets within EQL Pharma in order to find the right balance between opportunities and risks when prices change on a yearly, quarterly, monthly or weekly basis.

Hospital

Products within Hospital are sold via so-called procurement systems, usually governed by a set of weighted criteria among which price always weighs heaviest even though requirements in areas such as environmental impact and user-friendliness (for healthcare) have acquired an increasing importance. Hospital is characterised by medicines that are only handled by healthcare staff, such as injection or infusion products.

Procurements, which can cover everything from individual hospitals to an entire country's needs, can vary widely regarding duration, exclusivity and requirement specification. Navigating correctly within this spectrum is a priority for EQL Pharma's efforts within Hospital. Procurement units include the Västra Götaland region, Amgros, Sykehusinnkjöp and Region Skåne. The Company uses, among others,

Sales model in Sweden, Denmark and Finland



Oriola, Tamro, Alliance Healthcare, Tjellesen Max Jenne and Nomeco as distributors.

In many European countries it is possible to sell independently to procurement units for individual hospitals or groups of hospitals even for a company such as EQL Pharma, which has decided not to invest in an extensive sales and marketing organisation. The market for hospital medicines in the Nordic region is, however, governed by public procurement with considerable similarities between the countries. Public procurement involves no negotiations and is characterised by transparency and a clear structure, something that is often absent from negotiations with individual hospitals or groups of hospitals without central public procurement.

The advantages and disadvantages are similar to those for Retail, with the major difference that procurements usually run over one or more years.

Branded

Niche generics within Branded are actively marketed by EQL Pharma or by partners appointed by EQL Pharma. Products in this segment usually have unique properties that distinguish them from other similar products, which means that substitution or procurement are not possible or particularly appropriate for the product. The medicines are sold via a direct prescription written by a prescriber, usually a doctor but also certain categories of nurses or dentists.

The advantage of the Branded segment is more secure, more predictable sales and return once the brand has become established and found its target group of prescribers and patients.

The disadvantage is that it usually takes time and resources to reach the target group of prescribers and become established.

Competitors

In EQL Pharma's current markets there are generally some 20 active players and the Company has directly competing products with a handful of them. The most important of these at present are Viatris (previously Mylan/Meda), Orifarm Generics, Evolan Pharma, Sandoz and AGB Pharma. As EQL Pharma launches more products in new markets the competitive picture will change to include additional important competitors.

Other operations

Parallel import

EQL Pharma has been established in the parallel import of medicines in Sweden since 2016. The prices of prescription medicines vary considerably between the EU's member countries, which is why the Company imports approved prescription medicines from countries within the EU where prices are lower than in Sweden.

In a parallel import a company buys an approved prescription medicine in an EU country where it is sold at a lower price, for example in Portugal, and then imports and repackages it for sale at a higher price in another EU country, for example in Sweden. It concerns exactly the same medicine, produced in the same factory according to the same quality standard. The only thing that is different is the pack and patient information leaflet, which is adapted to the respective country, and this necessitates repackaging after the parallel import before the medicine can be sold.

As a result of competition the margins on parallel imports are limited. Profits on parallel imports are generally divided between the importer and the pharmacy chain that sells the parallel imported medicine, whereas the price for the consumer remains unchanged in relation to the original medicine. Certainly, increased competition via parallel imports also benefits medicine consumers, as parallel imports act as a check on prices for other competing medicines on the market.

Medtech products and consumables

During 2020 the Company added a product line in the wake of the Covid-19 pandemic comprising medtech products and consumables of limited complexity for healthcare, such as protective clothing and syringes, which were mainly purchased by regions, county councils and municipalities via public procurement in Sweden and Denmark. For many years, EQL Pharma has worked closely with leading Chinese life science companies and has a staff member who is a Chinese citizen. This has enabled the acquisition of rights to medical protective equipment. The Company's solid supplier network constitutes an important basis. The intention is that the operations will be gradually phased out in the financial year 2021/2022.

Board of directors and auditor

Anders Månsson
Born 1967, board member since 2018 and chairman since 2020.

Education: BSc and MBA Business Administration.

Other ongoing roles: CEO of RhoVac AB and board member of Amniotics AB.

Previous roles (past five years): Vice CEO of RhoVac AB, CEO of Amniotics AB, chairman of CanImGuide Therapeutics AB, board member of Respiratorius AB and Vice President LEO Pharma A/S.

Shareholding in the Company: 10 000 shares.

Maria Bech
Born 1968, board member since 2015.

Education: MSc Molecular Biology.

Other ongoing roles: CEO of EpiEndo Pharmaceuticals and board member of Neuronano AB, Iconovo AB and Paxman AB.

Previous roles (past five years): VP Clinical Development and Regulatory Affairs of Karo Bio AB, Study Delivery Director of AstraZeneca and Chief Scientific Officer of Smartfish AS.

Shareholding in the Company: 6 000 shares.

Lars Holmqvist
Born 1955, board member since 2009.

Education: MBA.

Other ongoing roles: CEO in Care Communicator AB, Senior Advisor to BearingPoint and chairman and majority owner of L&C i Lund AB.

Previous roles: (past five years): Chairman of Recyctec AB and Recyctec Holding AB.

Shareholding in the Company: 368 670.

Rajiv I. Modi
Born 1960, board member since 2015.

Education: MSc Biochemical Engineering, University College London, and PhD Biological Science, University of Michigan, Ann Arbor.

Other ongoing roles: CEO and chairman of Cadila Pharmaceuticals and chairman of the Indian Institute of Technology, Guwahati, India.

Previous roles: (past five years): Chairman of the CII National Committee on Pharma and the CII Gujarat State Council.

Shareholding in the Company: 8 718 500 shares.

Christer Fåhraeus
Born 1965, founder, CEO and board member since 2006.

Education: BA, MSc Biotechnology (UCSD), PhD hc.

Other ongoing roles: Chairman of Respiratorius AB, Amniotics AB, Umansense AB and Bionamic AB, and board member of CellaVision AB, FlatFrog Laboratories AB, Reccan Diagnostics AB, GASPOROX AB, Serstech AB, Serstech Förvaltning AB, Smältan Invest AB, IntuiCell AB, ScandiDos AB and LU Innovation AB.

Previous roles: (past five years): CEO of CellaVision AB, Anoto Group AB, FlatFrog Laboratories and Agellis Group AB and chairman of FlatFrog Laboratories AB and board member of LU Holding AB.

Shareholding in the Company: 9 410 271 shares.

Linda Neckmar
Born 1973, board member since 2020.

Education: MSc Chemical Engineering, LTH, Lund University.

Other ongoing roles: Head of Commercial Development for the business area Human Health at Chr Hansen AS and board member of Veg of Lund AB.

Previous roles (past five years): Board member of Phase Holographic Imaging AB.

Shareholding in the Company: 2 500 shares.

Auditor
The Company's auditor is Crowe Osborne AB, which at the 2020 AGM was re-elected for the period up to the end of the 2021 AGM. Olov Strömberg (born 1955) has been the Company's principal auditor since 2008. Olov Strömberg is an authorised public accountant and member of FAR (the trade organisation for authorised public accountants). Crowe Osborne AB and Olov Strömberg have been the auditor for the entire period covered by the historical financial information in the Prospectus. Crowe Osborne's office address is Drottninggatan 89, 111 83 Stockholm.


Anders Månsson


Maria Bech


Christer Fåhraeus


Lars Holmqvist


Rajiv I Modi


Linda Neckmar

Executive team

Christer Fåhraeus
Founder and CEO since 2006. See also board of directors.

Jennie Sterning
Born 1982. CFO since 2016. Education: Authorised accounting consultant FAR.

Other ongoing roles: None. Previous roles (past five years): Authorised accounting consultant (FAR) and head of office at Resursgruppen Ekonomi & Revision AB in Lund.

Shareholding in the Company: 30 350 shares.

Cornelia Lindström
Born 1986. Regulatory Affairs, Quality Assurance and PV Director since 2021. Education: MSc Pharm, Certified Pharmacist, Uppsala University.

Other ongoing roles: None. Previous roles (past five years): Head of Regulatory Affairs and Pharmacovigilance at Bayer Animal Health in Copenhagen.

Shareholding in the Company: 0.

Axel Schörling
Born 1986. Vice CEO since 2020 and COO since 2018. Education: MSc Engineering Physics, Chalmers and MSc Financial Economics, Gothenburg School of Business, Economics and Law.

Other ongoing roles: None. Previous roles (past five years): Director of Perstorp's Business Controlling team and management consultant at BearingPoint.

Shareholding in the Company: 49 113 shares and 250 000 call options.

Alexander Brising
Born 1970. Business Development Director since 2016. Education: MSc Business Administration, Management & Operations, Gothenburg School of Business, Economics and Law.

Other ongoing roles: Board member of the Association of Generic Pharmaceutical and Biosimilars in Sweden AB and Baabs AB. Previous roles (past five years): Commercial Head Sweden at Sandoz Nordic Headquarters in Copenhagen.

Shareholding in the Company: 356 543 shares.

Directors' report

The Board of Directors and CEO of EQL Pharma AB (publ), corporate identification number 556713-3425 with registered offices in Lund, hereby submit the annual accounts for operations in the Group and parent company for the financial year 1 April 2020 to 31 March 2021.

Operations

EQL Pharma AB specialises in developing and selling generics, i.e. medicines that are medically identical to the originator product. On 31 March 2021, the company has 22 niche generics (generics with little or no competition apart from the originator product) marketed. Moreover, there is a substantial pipeline of additional niche generics for launch in 2021 and beyond. At present, operations are entirely focused on prescription medicines. With operations based in Lund, EQL Pharma has ten employees and is listed on Spotlight Next Stock Market. EQL Pharma is running an extensive development programme in collaboration with leading contract manufacturers and large pharmaceutical companies in Europe and countries such as India and China.

Significant events during the financial year

EQL Pharma increased its product line to also include medtech products and consumables for healthcare. For many years, EQL Pharma has worked closely with leading Chinese life science companies and has a staff member who is a Chinese citizen. This has enabled the acquisition of rights to medical protective equipment.

Launches and deregistrations

During the financial year EQL Pharma launched Metronidazole, Mellozzan (melatonin) and Folic Acid in Sweden as well as Prednisolone, Morphine, Codeine, Furosemide, Methadone and Diazepam in Denmark. Clarithromycin was deregistered in Sweden and Zonisamide was deregistered in Denmark. In both cases this was due to deficient profitability and reduced prescriptions to patients. There are plenty of substitute products for both medicines, so no patient is at risk of being without treatment due to our reregistration. We have also deregistered Aripiprazole EQL Pharma oral solution as it did not become interchangeable at pharmacies, which was a condition for the launch of the product.

Approvals and acquisitions

EQL Pharma has been granted approvals for four medicines by regulatory authorities in the Nordic region. These are Fenoximetylpenicillin EQL Pharma, granulate for oral suspension, Folic Acid EQL Pharma, Glucosparc (metformin) modified release dosage, and Mellozzan (melatonin), and purchased seven (7) licences, of which five (5) are exclusive, for products on the Danish market.

Changes in equity – The Group

	Share capital	Other contributed capital	Other capital including profit for the year
Amount at start of year	**1 308**	**66 133**	**13 475**
New share issue / issue expenses	-	-	-
Translation differences for the year	-	-	-6
Profit for the year	-	-	10 385
Amount at end of year	**1 308**	**66 133**	**23 854**

Changes in equity – Parent company

	Share capital	Other restricted equity	Other non-restricted equity	Profit for the year	Total non-restricted equity
Amount at start of year	**1 308**	**6 299**	**69 975**	**2 930**	**72 906**
Appropriation of profit per AGM decision	-	-	2 930	-2 930	-
Development expenditure fund	-	403	-403	-	-403
New share issue / issue expenses	-	-	-	-	-
Profit for the year	-	-	-	9 949	9 949
Amount at end of year	**1 308**	**6 702**	**72 503**	**9 949**	**82 452**

The share

The company's share has been listed on Spotlight Stock Market (AktieTorget) since 17 December 2013. The total number of shares in the company at the end of the period was 29 063 610 (29 063 610) with a quotient value of SEK 0.045 per share.

Shareholders

The number of shareholders totalled around 1 200 at the start of the financial year and around 1 981 at the close of the financial year.

Dividend policy

The Board of Directors does not intend to propose a dividend until the company is generating healthy cash flows that cannot be put to better use through reinvestment in the business. EQL Pharma has not issued a dividend since the company was founded in 2006.

Parent company

EQL Pharma AB is the parent company in the EQL Pharma Group. Net sales for the year amounted to SEK 173.9 (67.8) million and operating profit totalled SEK 11.0 (4.4) million.

Going concern

The company assesses that conditions exist for a going concern for a period of 12 months from the balance sheet date.

Employees

The Group employs 10 (8) people, 6 (6) of whom are women. The number of full-time employees is 10 (8) people in the Swedish parent company.

In addition to permanent staff there are also consultants linked to the parent company with expertise in Good Manufacturing Practice (GMP), pharmacovigilance and wholesale operations.

Multi-year comparison, the Group

The annual accounts are prepared in SEK thousands	2020/2021	2019/2020	2018/2019	2017/2018	2016	2015
Net sales	179 141	72 029	49 755	33 905	28 200	26 872
Sales growth %	149	45	47	20	5	53
Gross margin %	38	51	56	51	61	62
Profit before depreciation	28 720	7 290	3 374	1 266	5 112	5 502
Profit after financial items	10 440	2 724	-1 513	-516	3 541	3 722
Profit for the year	10 385	2 707	-1 513	-516	3 541	3 722
Equity/assets ratio %	46	65	77	85	90	89
Total cash flow	16 269	-11 382	12 821	-18 308	370	26 809
Return on equity %	11	3	neg.	neg.	14	14

Risk factors

EQL Pharma is exposed to several risk factors that can have a negative impact on the business. It is therefore very important to take account of relevant risks alongside the company's growth possibilities. Below is a description of risk factors, in no particular order. The list is not exhaustive.

Delays to breakthroughs in new markets may cause a decline in earnings for the Company and it therefore cannot be ruled out that EQL Pharma may need to obtain additional capital in the future. Extensive investment and product development by a competitor may entail risks in the form of a decline in sales and profitability. Increased competition may cause negative sales and earnings effects for the Company in the future.

External factors such as inflation, exchange rate and interest rate changes, availability and demand, and periods of high and low economic activity can impact on operating expenses, sales price and share valuation. EQL Pharma's future revenue and share valuation may be negatively affected by these factors, which are beyond the Company's control. A large portion of purchases are in EUR, the value of which can change significantly.

EQL Pharma will continue to develop new products within its operating segment. The time and cost aspects of product development are difficult to accurately determine in advance. This entails a risk that planned product development will incur greater costs than anticipated or take longer than planned.

Further risks and uncertainty factors that are not known to EQL Pharma at this time can develop into important factors that affect the Company's operations, earnings and financial position. For a more detailed list of risks please refer to EQL's information memorandum dated 29 October 2018, pages 4 – 7.

Appropriation of earnings

Proposed appropriation of company profit/loss

At the disposal of the AGM:	
non-restricted equity	72 502 873
profit/loss for the year	9 949
	72 512 822
The Board of Directors proposes that	
the following amount be carried forward	72 512 822
	72 512 822

Retained earnings are offset against non-restricted equity.

The company's earnings for the financial year and financial position on 31 March 2021 are detailed in the attached financial statements with accompanying notes, which comprise an integral part of these annual accounts.

EQL Pharma AB, Corporate ID No 556713-3425

Financial overview

Income statement

		Group		Parent company	
		4/1/2020 3/31/2021	4/1/2019 3/31/2020	4/1/2020 3/31/2021	4/1/2019 3/31/2020
Operating income etc.	Note				
Net sales	12	179 141	72 029	173 944	67 788
Capitalised work for own account		701	0	701	0
Other operating income		514	459	514	459
		180 356	72 489	175 159	68 248
Operating expenses					
Goods for resale		-111 013	-35 209	-107 410	-31 905
Other external costs	1, 2, 10	-24 361	-16 483	-23 413	-15 789
Employee expenses	2	-16 263	-13 507	-16 263	-12 333
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets		-17 275	-4 134	-17 120	-3 858
		-168 912	**-69 332**	**-164 206**	**-63 885**
Operating profit		**11 445**	**3 156**	**10 953**	**4 362**
Profit/loss from financial items					
Interest expense and similar profit/loss items		-1 004	-432	-1 004	-432
		-1 004	**-432**	**-1 004**	**-432**
Profit/loss after financial items		**10 440**	**2 724**	**9 949**	**3 930**
Appropriations					
Group contributions paid		0	0	0	-1 000
Tax on profit/loss for the year	3	-55	-17	0	0
Profit/loss for the year		**10 385**	**2 707**	**9 949**	**2 930**
Attributable to: Parent company shareholders		10 385	2 707		

Balance sheet

		Group		Parent company	
		3/31/2021	3/31/2020	3/31/2021	3/31/2020
ASSETS	Note				
Non-current assets					
Intangible assets					
Capitalised expenditure	4	6 702	6 302	6 702	6 302
Licensed and development products	5	93 676	56 031	93 348	55 555
		100 378	**62 333**	**100 050**	**61 858**
Property, plant and equipment					
Equipment, tools, fixtures and fittings	6	214	366	214	366
		214	**366**	**214**	**366**
Non-current financial assets					
Investments in Group companies	8	0	0	390	390
Participations in other companies		1	1	1	1
Deferred tax asset	7	295	295	0	0
		296	**296**	**391**	**391**
Total non-current assets		**100 888**	**62 996**	**100 655**	**62 615**
Current assets					
Inventories etc.					
Goods for resale		39 948	27 866	38 362	26 602
Advance payments to suppliers		2 409	496	2 409	496
		42 357	**28 362**	**40 771**	**27 098**
Current receivables					
Trade receivables		21 824	17 147	21 322	15 880
Receivables from Group companies		0	0	2 418	1 972
Other receivables		3 765	1 225	3 765	1 224
Prepaid expenses and accrued income	11	3 413	4 273	3 282	4 152
		29 002	**22 645**	**30 786**	**23 228**
Cash and bank balances					
Cash and bank balances		26 579	10 310	25 220	10 145
Total current assets		**97 938**	**61 317**	**96 777**	**60 471**
TOTAL ASSETS		**198 826**	**124 313**	**197 432**	**123 086**

Balance sheet

		Group		Parent company	
		3/31/2021	3/31/2020	3/31/2021	3/31/2020
EQUITY AND LIABILITIES	Note				
Consolidated equity					
Share capital		1 308	1 308		
Other contributed capital		66 133	66 133		
Other equity including profit for the year		23 854	13 478		
Total consolidated equity		**91 295**	**80 918**		
Equity, parent company					
Restricted equity					
Share capital (29 063 610 shares)				1 308	1 308
Development expenditure fund				6 702	6 299
				8 010	**7 607**
Non-restricted equity					
Retained earnings				72 503	69 975
Profit for the year				9 949	2 930
				82 452	**72 906**
Total equity, parent company				**90 462**	**80 513**
Long-term liabilities					
Liabilities to credit institutions	14	12 600	0	12 600	0
Total long-term liabilities		12 600	0	12 600	0
Current liabilities					
Trade payables		19 029	12 144	18 726	11 623
Liabilities to credit institutions	14	5 400	0	5 400	0
Pledged invoices	13	4 330	6 859	4 330	6 859
Pledged inventory	13	60 082	20 039	60 082	20 039
Tax liabilities		125	202	86	185
Other liabilities		2 611	2 399	2 492	2 216
Accrued expenses and deferred income	9	3 354	1 751	3 254	1 651
Total current liabilities		**94 931**	**43 394**	**94 370**	**42 573**
TOTAL EQUITY AND LIABILITIES		**198 826**	**124 313**	**197 432**	**123 086**

Cash flow statement

		Group		Parent company	
		4/1/2020 3/31/2021	4/1/2019 3/31/2020	4/1/2020 3/31/2021	4/1/2019 3/31/2020
Operating activities	Note				
Profit/loss for the year		10 440	2 724	9 949	3 930
Tax		-55	-17	-	-
Group contribution		0	0	0	0
Depreciation/amortisation		17 275	4 134	17 120	3 858
Capital gain/loss property, plant and equipment		-0	-0	-0	-0
Cash flow from operating activities before changes in working capital		**27 660**	**6 841**	**27 069**	**7 788**
Cash flow from changes in working capital					
Decrease(+)/increase(-) in inventories		-13 995	-13 814	-13 673	-13 745
Decrease(+)/increase(-) in receivables		-6 357	-6 039	-7 559	-5 703
Decrease(-)/increase(+) in current liabilities		51 536	19 699	51 797	19 435
Cash flow from operating activities		**58 845**	**6 687**	**57 634**	**7 774**
Investing activities					
Investment in capitalised expenditure	4	-3 097	-493	-3 097	-493
Investment in licensed and development products	5	-52 073	-17 587	-52 063	-17 173
Investment in equipment	6	0	-9	0	-9
Sales of equipment	6	0	14	0	14
Contributions/acquisitions of Group companies		0	0	0	0
Cash flow from investing activities		**-55 170**	**-18 075**	**-55 160**	**-17 661**
Financing activities					
New issue/issue expenses		0	0	0	0
Raising/amortisation of long-term loans		12 600	0	12 600	0
Group contributions paid		-	-	0	-1 000
Translation difference		-6	6	-	-
Cash flow from financing activities		**12 594**	**6**	**12 600**	**-1 000**
Change in cash and cash equivalents		**16 269**	**-11 382**	**15 074**	**-10 887**
Opening cash and cash equivalents		10 310	21 692	10 145	21 032
Closing cash and cash equivalents		**26 579**	**10 310**	**25 220**	**10 145**

Supplementary disclosures

General disclosures

Accounting policies

The annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and BFNAR 2012:1 Annual and consolidated accounts.

The policies are the same as last year.

Valuation principles

Receivables

Receivables have been stated at the amounts expected to be received.

Other assets, provisions and liabilities

Other assets, provisions and liabilities have been measured at cost, unless otherwise stated below.

Reporting of distribution costs

Historically, EQL Pharma has included distribution costs for medicines in direct costs of materials. However, the pharmaceutical industry regards distribution as an operating activity and therefore includes these costs in sales and marketing costs, i.e. operating expenses. In order to facilitate the calculation of efficiency measures and production of comparative analyses vis-à-vis the pharmaceutical industry, EQL Pharma reports distribution costs under other external costs, in line with the pharmaceutical industry.

Revenue recognition

Revenue is recognised at the fair value of what has been received or what will be received. The company therefore recognises revenue at a nominal amount (invoice amount) if remuneration is received in cash immediately upon delivery. Deductions are made for discounts.

Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and any impairment losses. Assets are depreciated on a straight-line basis over the assets' estimated useful life. Useful life is reviewed on every balance sheet date.

The following useful life period is applied:

Equipment, tools and machinery	5 years

Intangible assets

Non-current intangible assets are recognised at cost less accumulated amortisation and any impairment losses. Useful life is reviewed at every balance sheet date.

Licensed products

Licensed products pertain to the rights for the company to manufacture, market and sell medicines within a specific territorial area. Depreciation of fully developed products, so-called licensed products, is on a straight-line basis at 20 per cent per year. Depreciation begins once the products have been launched.

Development products

Development products pertain to the costs of developing new medicines. In order to obtain the right to market a particular medicine a registration application must also be submitted to the regulatory authorities in those countries where the products are to be marketed. These registrations are activated in connection with the payment of licence and registration fees. Products developed by the company, so-called development products, are depreciated on a straight-line basis at 10 per cent per year. Depreciation begins once the products have been launched.

In cases where it emerges that the potential for the products is fulfilled before 3 or 5 years respectively have elapsed since the launch, the remaining value is depreciated immediately.

The following useful life periods are applied:

Capitalised expenditure	5 years
Licensed products	5 years
Development products	10 years
Registration fees, licensed products	5 years
Registration fees, development products	10 years
Brands and similar rights	10 years

Inventories

Inventories are measured at the lowest of cost, calculated according to the first-in, first-out method, and net realisable value. Net realisable value has been calculated at sales value less estimated selling expenses whereby obsolescence has been taken into account.

Income tax

Current tax is income tax for the current financial year that relates to taxable profit for the year and the portion of previous financial years' income tax that has not yet been recognised.

Current tax is measured at the likely amount according to the tax rates and tax rules that apply on the balance sheet date.

Deferred tax is income tax for taxable profit relating to future financial years resulting from previous transactions or events.

Deferred tax is calculated on temporary differences. A temporary difference exists when the carrying amount of an asset or liability differs from the tax base. Temporary differences are not considered in differences attributable to investments in subsidiaries, branches, associates or joint ventures if the company is able to determine the timing of reversal of the temporary differences, and it is not evident that the temporary difference will be reversed within the foreseeable future. Neither do differences deriving from initial recognition of goodwill or on initial recognition of an asset or liability, provided the attributable transaction is not a business combination or affects tax or recognised earnings, constitute temporary differences.

Deferred tax assets regarding loss carry-forwards or other future taxable deductions are recognised to the extent that it is highly likely that deductions can be offset against future taxable profit.

Deferred tax liabilities attributable to untaxed reserves are not recognised separately; untaxed reserves are recognised at gross amounts in the balance sheet.

Consolidated financial statements

Subsidiaries

Subsidiaries are companies in which the parent company directly or indirectly holds more than 50 per cent of the votes or in other ways exercises a controlling interest. A controlling interest means the right to govern a company's financial and operating strategies with a view to deriving economic benefits. Business combinations are accounted for using the economic unit approach. This means that the acquisition analysis is prepared on the date the acquirer obtains a controlling interest. From this date, the acquirer and the acquired entity are treated as a reporting unit. The application of the economic unit approach also means that all assets (including goodwill) and liabilities, as well as revenue and expenses, are included in their entirety, even for part-owned subsidiaries.

The acquisition cost of subsidiaries is estimated at the sum of the fair value on the acquisition date of assets paid, plus liabilities arising and assumed and equity instruments issued, expenses directly attributable to the business combination and any additional consideration. The acquisition analysis establishes the fair value, with some exceptions, on the acquisition date of acquired identifiable assets and assumed liabilities, as well as minority interests. Minority interests are measured at fair value on the acquisition date. From the acquisition date, the acquired company's revenue and expenses, identifiable assets and liabilities and any goodwill or negative goodwill arising are included in the consolidated accounts.

Translation of foreign subsidiaries

The accounts of foreign subsidiaries have been translated into SEK in accordance with the current rate method. The current rate method means that all assets, provisions and other liabilities are translated at the rate on the balance sheet date and all items in the income statement are translated at the average exchange rate for the year. Translation differences arising are recognised directly in consolidated equity.

Elimination of transactions between Group companies and associates

Intra-Group receivables and liabilities, income and expenses and unrealised gains or losses arising on transactions between Group companies, are eliminated in their entirety. Unrealised gains arising on transactions with associates are eliminated in proportion to the Group's interests in the company. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no indication of any impairment.

Disclosures for individual items

Note 1 Remuneration to auditors	Group		Parent company	
	2020/2021	2019/2020	2020/2021	2019/2020
Crowe Osborne AB				
Audit engagement	200	187	166	155
Other services	161	80	161	79
	361	**267**	**327**	**234**

Audit engagement refers to the auditor's work concerning the statutory audit and auditing services including various types of quality assurance services. Other services include such services that are not part of the audit engagement, auditing services or tax advice. Other services mainly relate to costs for the implementation of IFRS for the upcoming financial year.

Note 2 Employees	Group		Parent company	
	2020/2021	2019/2020	2020/2021	2019/2020
Average no. of employees				
The average number of employees is based on paid attendance hours related to normal working hours.				
Average no. of employees has been	10,00	8,00	10,00	8,00
of whom, women	6,00	6,00	6,00	6,00
of whom, men	4,00	2,00	4,00	2,00
Salaries, remuneration, etc.				
Salaries, remuneration, social security contributions and pension costs have been paid in the following amounts:				
Board of Directors				
Salaries and remuneration	1 150	650	1 150	650
Invoiced fees	1 120	1 680	1 120	1 680
	2 270	**2 330**	**2 270**	**2 330**
Other employees				
Salaries and remuneration	9 116	7 768	9 116	6 594
Pension costs	1 536	1 092	1 536	1 092
	10 652	**8 860**	**10 652**	**7 687**
Social security contributions	2 849	2 370	2 849	2 370
Total for Board and other employees	**15 771**	**13 560**	**15 771**	**12 387**

Fees have been paid in the amount of SEK 250 thousand to the Chairman of the Board in 2020/2021, previous year SEK 250 thousand. Fees have been paid in the amount of SEK 100 thousand per member to the other members of the Board, totalling SEK 650 thousand, previous year SEK 650 thousand. Fees have been paid to CEO Christer Fåhraeus' company affiliate in the amount of SEK 1 120 thousand in 2020/2021, previous year SEK 1 680 thousand. Christer Fåhraeus has been employed by the company since 1 December 2020.

Note 3 Tax on profit for the year	Group		Parent company	
	2020/2021	2019/2020	2020/2021	2019/2020
Reconciliation of effective tax				
Profit/loss before tax	**10 440**	**2 724**	**9 949**	**2 930**
Tax expense 21.4%	-2 234	-583	-2 129	-627
Tax effect of:				
Non-deductible expenses	-7	-5	-7	-5
Adjustment for previous years	0	0	0	0
Change in loss carry-forwards	2 186	571	2 136	632
Total reported tax	**-55**	**-17**	**-0**	**-0**

The parent company and Group's combined business losses amount to SEK 16.4 million, previous year SEK 26.3 million. The nominal value of deferred tax assets attributable to loss carry-forwards in Sweden, at a tax rate of 21.4 per cent, is SEK 3.5 million, previous year SEK 5.6 million at a tax rate of 21.4 per cent. SEK 0.3 million of this figure has been recorded in the balance sheet. Tax assets that have not been recorded regarding loss carry-forwards will be recorded as assets in the balance sheet when the company/Group reports stable profits.

Note 4 Capitalised expenditure	Group		Parent company	
	2020/2021	2019/2020	2020/2021	2019/2020
Opening cost	8 535	8 965	8 535	8 965
Purchases	3 097	493	3 097	493
Sales/disposals	-3	-140	-3	-140
Impairment losses	-1 434	-783	-1 434	-783
Closing accumulated cost	**10 196**	**8 535**	**10 196**	**8 535**
Opening depreciation	-2 233	-2 034	-2 233	-2 034
Sales/disposals	0	140	0	140
Depreciation for the year	-1 261	-339	-1 261	-339
Closing accumulated depreciation	**-3 494**	**-2 233**	**-3 494**	**-2 233**
Closing carrying amount	**6 702**	**6 302**	**6 702**	**6 302**

Capitalised expenditure is depreciated over 5 years from the launch of the product to which the capitalised expenditure is linked. In cases where it emerges that the potential of the product is fulfilled before 5 years have elapsed since the launch, the remaining value is depreciated immediately.

Note 5 Licensed and development products	Group		Parent company	
	2020/2021	2019/2020	2020/2021	2019/2020
Opening cost	65 386	48 393	64 298	47 719
Purchases	52 073	17 587	52 063	17 173
Sales/disposals	0	0	0	0
Impairment losses	-9 535	-594	-9 532	-594
Closing accumulated cost	**107 924**	**65 386**	**106 829**	**64 298**
Opening depreciation	-9 355	-7 091	-8 743	-6 754
Sales/disposals	0	0	0	0
Impairment losses for the year	0	0	0	0
Depreciation for the year	-4 893	-2 264	-4 738	-1 989
Closing accumulated depreciation	**-14 248**	**-9 355**	**-13 480**	**-8 743**
Closing carrying amount	**93 676**	**56 031**	**93 348**	**55 555**

Licensed products are depreciated over 5 years from launch. In cases where it emerges that the potential of the product is fulfilled before 5 years have elapsed since the launch, the remaining value is depreciated immediately. Development products are depreciated over 10 years from launch. In cases where it emerges that the potential for the product is fulfilled before 10 years have elapsed since the launch, the remaining value is depreciated immediately.

Note 6 Equipment, tools, fixtures and fittings	Group		Parent company	
	2020/2021	2019/2020	2020/2021	2019/2020
Opening cost	857	870	857	870
Purchases	0	9	0	9
Sales/disposals	0	-22	0	-22
Closing accumulated cost	**857**	**857**	**857**	**857**
Opening depreciation	-491	-346	-491	-346
Sales/disposals	0	8	0	8
Depreciation for the year	-153	-153	-153	-153
Closing accumulated depreciation	**-643**	**-491**	**-643**	**-491**
Closing carrying amount	**214**	**366**	**214**	**366**

Scheduled depreciation is calculated based on a useful life of 5 years.

Note 7 Deferred tax	3/31/2021			3/31/2020		
The Group	Temporary difference	Deferred tax asset	Deferred tax liability	Temporary difference	Deferred tax asset	Deferred tax liability
Tax loss carry-forwards	0	295	0	0	295	0
	0	**295**	**0**	**0**	**295**	**0**

Note 8 Investments in Group companies				3/31/2021	3/31/2020
Parent company					
Company	**Corporate ID no.**	**Registered office**	**No./Cap. share %**	**Carrying amount**	**Carrying amount**
EQL Pharma Oy	2136140-3	Helsinki	100	40	40
EQL Pharma Int AB	556957-9484	Lund	100	350	350
				390	**390**

Note 9 Accrued expenses and deferred income	Group		Parent company	
	3/31/2021	3/31/2020	3/31/2021	3/31/2020
Accrued fees	1 069	912	1 069	912
Accrued holiday pay	647	470	647	470
Accrued salaries	1 150	0	1 150	0
Other interim liabilities	489	369	389	269
	3 354	**1 751**	**3 254**	**1 651**

Note 10 Operating leases	Group		Parent company	
	2020/2021	2019/2020	2020/2021	2019/2020
Future minimum lease payments to be paid regarding non-cancellable leases				
Payable within 1 year	1 056	1 037	1 056	1 037
Payable after 1 year and within 5 years	0	0	0	0
Payable after 5 years	0	0	0	0
Lease payments expensed during the period	1 150	1 136	1 150	1 136

In the company's financial statements, operating leases essentially comprise rented premises. Rental agreements for premises run for 5 years, and thereafter agreements may be extended for 3 years at a time. The present rental agreements expire in February 2022.

Note 11 Prepaid income and accrued income	Group		Parent company	
	2020/2021	2019/2020	2020/2021	2019/2020
Prepaid rents	288	287	288	287
Prepaid insurance premiums	136	126	136	126
Accrued contracted revenue	256	1 329	256	1 329
Other interim receivables	2 732	2 531	2 601	2 410
	3 413	**4 273**	**3 282**	**4 152**

Note 12 Intra-Group purchases and sales	Group		Parent company	
	2020/2021	2019/2020	2020/2021	2019/2020
Portion of purchases that concern Group companies	0	0	52	53

Note 13 Pledged invoices / Pledged inventory	Group		Parent company	
	2020/2021	2019/2020	2020/2021	2019/2020
Granted pledged invoice credit amounts to:	20 000	15 000	20 000	15 000
Granted pledged inventory credit amounts to:	60 000	20 000	60 000	20 000

Note 14 Long-term liabilities	Group		Parent company	
	2020/2021	2019/2020	2020/2021	2019/2020
Payable between 1 – 5 years from the balance sheet date				
Liabilities to credit institutions	12 600	0	12 600	0

Note 15 Liabilities for which security is provided	Group		Parent company	
	2020/2021	2019/2020	2020/2021	2019/2020
Pledged invoices	4 330	6 859	4 330	6 859
Pledged inventories	60 082	20 039	60 082	20 039
Liabilities to credit institutions	4 600	0	4 600	0
Pledged assets				
For own liabilities				
Pledged receivables	10 163	6 859	10 163	6 859
Inventories	39 948	27 866	39 948	27 866
Chattel mortgages	4 600	3 600	4 600	3 600
	54 711	**38 325**	**54 711**	**38 325**

Note 16 Significant events after the end of the financial year

EQL Pharma becomes Nordic representative for Qilu Pharmaceutical
Qilu Pharmaceutical is a leading Chinese pharmaceutical company with eight production facilities, more than 15 000 employees and over 200 products in its range. Gefitinib Qilu is the first of seven initial pharmaceuticals for which EQL Pharma will act as a representative for Qilu in the Nordic region. As a representative, EQL Pharma buys, stocks and sells Qilu's pharmaceuticals in the Nordic region. However, registration of the pharmaceuticals is carried out by Qilu and they own all rights and have all the obligations a registration entails regarding regulatory authorities.

EQL Pharma's CFO has chosen to leave her position
A process to recruit a new CFO will begin soon. Emanuel Eriksson will take over as acting CFO during the period from Jennie Sterning's last day until a new long-term CFO is in place. Jennie will remain as CFO until mid-July.

EQL Pharma postpones the listing change to Nasdaq Stockholm
EQL Pharma has decided to postpone the announced listing change from Spotlight Stock Market to Nasdaq Stockholm's main list. The exact date for the change is not set, but it is not likely to take place in the next 18 months.

Colecalciferol EQL Pharma approved
Colecalciferol EQL Pharma tablets 800IU and 2000IU have been approved for sale by the Irish Health Products Regulatory Agency (HPRA). Approvals are also expected soon in the Netherlands, Norway and Sweden.

EQL Pharma launches first CE-marked self-test for SARS-CoV-2
EQL Pharma will soon begin deliveries of Europe's first CE-marked SARS-CoV-2 self-test intended for detection of Covid-19 infection. In Sweden there was previously two non-CE-marked antigen-based self-tests that have been granted a temporary exemption by the Medical Products Agency. The self-test will be available in selected pharmacy chains in the second half of May.

Mellozzan (melatonin) included in high-cost protection system
The Swedish Dental and Pharmaceutical Benefits Agency (TLV) has decided that Mellozzan (melatonin) tablets 0.5mg, 1mg, 2mg, 3mg, 4mg and 5mg are to be included in the system that provides high-cost protection to patients regarding prescription medicines with a limitation to the indication "Insomnia in children and adolescents aged 6 – 17 with ADHD, where sleep hygiene measures have been insufficient".

Lund, 7 July 2021

Christer Fåhraeus
Chief Executive Officer

Maria Bech

Rajiv I Modi

Linda Neckmar

Lars Holmqvist

Anders Månsson

Our auditor's report was presented on 9 July 2021

Olov Strömberg
Authorised Public Accountant,
Crowe Osborne AB

Auditor's report

To the Annual General Meeting of the shareholders of EQL Pharma AB Corporate ID no. 556713-3425

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of EQL Pharma AB for the financial year 1 April 2020 – 31 March 2021.

The company's annual accounts and consolidated accounts are included in the printed version of this document on pages 22 – 36.

In our opinion, the annual and consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company and Group on 31 March 2021 and of their financial earnings and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopt the income statement and balance sheet for the parent company and the Group.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) and good auditing practice in Sweden. Our responsibility according to these standards is described in more detail under the section 'Auditor's responsibility'. We are independent of the parent company and the Group, in accordance with the code of professional ethics for accountants in Sweden, and have fulfilled our ethical responsibilities in other respects according to these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Information other than the annual accounts and consolidated accounts

The Board of Directors and CEO are responsible for the other information, which is contained in pages one to ten (but does not include the annual accounts, consolidated accounts and our auditor's report regarding these).

Our opinion regarding the annual accounts and consolidated accounts does not cover this information and we express no opinion with recommendation regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts it is our responsibility to read the information that is identified above and consider whether the information to a substantial extent is at variance with the annual accounts and consolidated accounts. In this review we also consider the knowledge that we have otherwise obtained during the audit and assess in other respects whether the information seems to contain material misstatements.

If, based on the work that has been carried out concerning this information, we come to the conclusion that the other information contains a material misstatement, we have an obligation to report it. We have nothing to report in this regard.

Responsibilities of the Board of Directors and CEO

The Board of Directors and CEO are responsible for ensuring that the annual accounts and consolidated accounts are prepared and that they provide a true and fair view in accordance with the Annual Accounts Act. The Board of Directors and the CEO are also responsible for such internal control as they deem necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

When preparing the annual accounts and consolidated accounts, the Board of Directors and CEO are responsible for analysing the company and Group's ability to continue operating. Where applicable, they provide notification of circumstances that could affect the ability to continue operations and to use the going concern assumption. The going concern assumption does not apply, however, if the Board of Directors and the CEO intend to liquidate the company, discontinue operations or do not have any realistic alternative to taking either of these options.

Auditor's responsibility

Our objectives are to achieve a reasonable level of assurance as to whether the annual accounts and the consolidated accounts as a whole do not contain any material misstatements, whether due to fraud or error, and to submit an auditor's report that contains our opinions. Reasonable assurance is a high level of assurance, but is no guarantee that an audit carried out in accordance with ISA and good auditing practice in Sweden will always detect a material misstatement if it exists. Misstatements may occur because of fraud or error and are deemed material if individually or together they could be expected to affect the financial decisions that users take based on the annual accounts and the consolidated accounts.

Auditor's report (cont.)

As part of an audit in accordance with ISA, we use our professional judgement and have adopted professional scepticism throughout the audit. In addition:

» we identify and assess risks of material misstatement in the annual accounts and consolidated accounts, whether due to fraud or error, we design and implement auditing procedures based in part on such risks and obtain audit evidence that is sufficient and appropriate to provide the basis for our opinions. The risk of not detecting a material misstatement as a result of fraud is greater than for a material misstatement due to error, as fraud may comprise actions involving collusion, falsification, intentional omission, incorrect information or disregard of internal control.

» we obtain an understanding of the part of the company's internal control that is of significance for our audit in order to develop auditing measures that are appropriate in view of the circumstances, but not in order to give an opinion on the effectiveness of such internal control.

» we evaluate the suitability of the accounting policies used and the reasonableness of the Board of Directors and CEO's estimates in the accounts and associated information.

» we draw a conclusion about the suitability of the Board of Directors and the CEO using the assumption of continued operations in preparing the annual accounts and the consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether there is any uncertainty relating to such events or circumstances that could lead to significant doubt over the company and Group's ability to continue operating. If we conclude that there is material uncertainty, our auditor's report must draw attention to the relevant information in the annual accounts and consolidated accounts about the material uncertainty or, if such information is insufficient, modify our opinion about the annual accounts and the consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or circumstances may result in a company and a group no longer being able to continue operating.

» we evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and the consolidated accounts reflect the underlying transactions and events in a manner that provides a fair view.

» we obtain sufficient and appropriate audit evidence regarding the financial information for the units or business activities within the Group in order to give an opinion on the consolidated accounts. We are responsible for the management, monitoring and implementation of the consolidated accounts. We are solely responsible for our opinions.

We must inform the Board of Directors about aspects such as the planned extent and focus of the audit and its date. We must also provide notification about significant observations during the audit, including significant deficiencies in internal control that we have identified.

Auditor's report (cont.)

Report on other legal and regulatory requirements

Opinions
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the CEO of EQL Pharma AB for the financial year 1 April 2020 – 31 March 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

Basis of opinion
We conducted our audit in accordance with good auditing practice in Sweden. Our responsibility according to these standards is described in more detail under the section 'Auditor's responsibility'. We are independent of the parent company and the Group, in accordance with the code of professional ethics for accountants in Sweden, and have fulfilled our ethical responsibilities in other respects according to these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and CEO
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. Any proposed dividend contains, among other things, an assessment of whether the dividend is justifiable with regard to the requirements that the company and Group's type of business, size and risks place on the size of the parent company and Group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organisation and administration of the company's affairs. This includes continually assessing the company and Group's financial situation and ensuring that the company's organisation is structured so that its accounting records, management of funds and the company's financial affairs in other respects are subject to satisfactory checks. The CEO must conduct ongoing administration in accordance with the Board of Directors' guidelines and instructions and, for example, take the action necessary to ensure that the company's accounting records are implemented in compliance with the law and that management of funds is carried out satisfactorily.

Auditor's responsibility
Our objective for the audit of administration, and therefore our statement on discharge from liability, is to obtain audit evidence to have a reasonable level of assurance to be able to assess whether any Board member or the CEO in any significant respect:

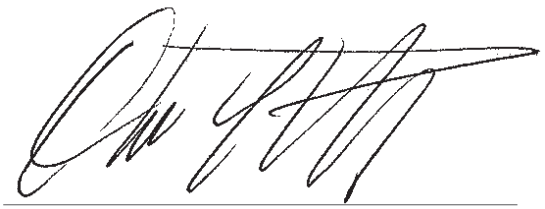
- has taken any action or is guilty of any negligence that could lead to a liability to the company, or
- has in some way acted in breach of the Swedish Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective for the audit of the proposed appropriation of the company's profit or loss, and therefore our statement about this, is to have a reasonable level of assurance to assess whether the proposal is consistent with the Swedish Companies Act.

Reasonable assurance is a high level of assurance, but is no guarantee that an audit carried out in accordance with good auditing practice in Sweden will always detect dealings or negligence that could lead to a liability to the company, or that proposed appropriations of the company's profit or loss are not consistent with the Swedish Companies Act.

As part of an audit in accordance with good auditing practice in Sweden, we use our professional judgement and have adopted professional scepticism throughout the audit. The audit of administration and the proposed appropriations of the company's profit or loss are mainly based on the audit of the financial statements. Additional auditing procedures are carried out according to our professional judgement based on risk and materiality. This means we focus the audit on such measures, areas and circumstances that are of significance to the business and in relation to which deviations and breaches would be of particular significance to the company's situation. We review decisions taken, documentation for decision-making, action taken and other circumstances that are relevant to our statement on discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we have examined whether the proposal is in accordance with the Companies Act.

Lund, 9 July 2021
Crowe Osborne AB



Olov Strömberg
Authorised Public Accountant

The Annual General Meeting and calendar

According to the Companies Act, the Annual General Meeting is the Company's highest decision-making body. At the Annual General Meeting, the shareholders exercise their voting rights on key issues such as adoption of the income statement and balance sheet, appropriation of the Company's earnings, granting of discharge from liability to the members of the board and CEO, election of board members and remuneration to the board and auditors.

The Annual General Meeting must be held within six months of the end of the financial year. In addition to the Annual General Meeting, the shareholders may be called to an extraordinary general meeting. According to the articles of association, the notice to convene the Annual General Meeting is through an announcement in Post- och Inrikes Tidningar and through the notice being made accessible on the Company's website www.eqlpharma.com. The notice has also been announced at the same time in Svenska Dagbladet. If publication of Svenska Dagbladet were to cease, the announcement would instead be made through Dagens Industri.

The right to participate in the Annual General Meeting

The right to participate in the Annual General Meeting is held by those shareholders registered as a shareholder in the share register maintained by Euroclear Sweden as stipulated in chapter 7, section 28, paragraph 3 of the Companies Act (i.e. the share register applies to conditions six bank days before the Annual General Meeting and takes into account voting rights registrations of nominee-registered shares that have been made at the latest four bank days before the Annual General Meeting) and who have notified the Company of their intention to participate at the latest on the day stated in the notice to convene the Annual General Meeting. This day is not to be a Sunday, public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve and is not to fall earlier than the fifth weekday before the Annual General Meeting.

In addition to informing the Company of their intention to participate in the Annual General Meeting, shareholders whose shares are registered with nominees must, through a bank or other nominee, request that these shares are temporarily registered in their own name in the share register maintained by Euroclear Sweden in order to have the right to participate in the Annual General Meeting.

If a shareholder intends to be represented by a proxy, the number of proxies is to be stated in the notification. Shareholders are entitled to vote in relation to all the shares that they hold.

Initiatives by shareholders

Shareholders who wish to have a matter addressed by the Annual General Meeting must submit a request in writing to the board. The request is normally to be received by the board at the latest seven weeks before the Annual General Meeting.

Nominating Committee

At the Annual General Meeting held on 27 August 2020, it was decided that the chairman of the board, immediately after the registered ownership of the Company on 31 December 2020 is known, is to contact the three largest registered owners in terms of votes according to the Company's share register and ask them to each appoint a member of the Nominating Committee. If these shareholders do not wish to appoint a member, a request is then made to the next-largest registered owners in terms of votes until three owner representatives have been appointed. The members appointed in this way are to comprise the Nominating Committee.

The chairman of the board is to convene the Nominating Committee, but not be included as a member. However, the Nominating Committee may choose to co-opt the chairman of the board for part of the Nominating Committee's work. The Nominating Committee then appoints a chairman from among its members. The names of the Nominating Committee members are to be published by the Company at the latest six months before the 2021 Annual General Meeting.

If a shareholder that appointed a member of the Nominating Committee should have a lower placing on the list of the largest shareholders in terms of votes before the Nominating Committee's duties have been completed, the member appointed by the shareholder, unless the Nominating Committee decides otherwise, is to be replaced by a new member appointed by the shareholder who at that juncture is the largest registered shareholder in terms of votes that is not already represented in the Nominating Committee. Should one of the members of the Nominating Committee resign for another reason before the Nominating Committee duties have been completed or cease to represent the shareholder who appointed the member, such a member, if the shareholder who appointed the member so requests, is to be replaced by a member appointed by the shareholder.

The term for a Nominating Committee appointed in this way is to run until a new Nominating Committee has taken up the duties. No remuneration is paid for the members' work in the Nominating Committee. If required, the Company is to cover reasonable costs that the Nominating Committee deems necessary for the Nominating Committee to fulfil its assignment. The Nominating Committee may also co-opt members to the Nominating Committee if this is considered appropriate. Co-opted members do not have a right to vote in the Nominating Committee.

The Nominating Committee's duties consist of preparing and putting forward proposals for shareholders at the

Annual General Meeting regarding the chairman of the meeting, the number of board members, the election of board members and chairman of the board, election of auditor, board and auditor fees, any changes in the instructions for the Nominating Committee as well as other issues that may arise in the committee's work.

The composition of the Nominating Committee for the 2021 Annual General Meeting was announced through a press release on 12 February 2021. At the end of December 2020, the three largest shareholders were Cadila Pharmaceuticals Ltd, Fårö Capital AB and Emanuel Eriksson. All have agreed to participate in the Nominating Committee's work. Thus, the Nominating Committee for the 2021 Annual General Meeting comprises Christer Fåhraeus (Fårö Capital AB), Rajiv I Modi (Cadila Pharmaceuticals Ltd.) and Emanuel Eriksson.

Annual General Meeting

The Annual General Meeting of EQL Pharma will be held on Tuesday 17 August 2021. In light of the ongoing Covid-19 pandemic and in order to reduce the risk of spreading infection, the board of directors has decided that the Annual General Meeting is to be held solely by advance voting (postal vote) in accordance with temporary statutory requirements. This means that the Annual General Meeting will be conducted without the physical presence of shareholders, proxies or external parties and that shareholders' exercising of voting rights at the Annual General Meeting can only be fulfilled through the shareholder voting in advance according to the procedure described below.

Right to participate and registration

Shareholders who wish to participate in the Annual General Meeting through advance voting must be registered as a shareholder in the share register maintained by Euroclear Sweden AB on Monday 9 August 2021 and submit notification of their participation no later than Monday 16 August 2021 by casting their advance vote to the Company in accordance with the instructions below so that the advance vote is received by the Company not later than that day.

To have the right to participate in the Annual General Meeting through advance voting, shareholders whose shares are registered with a nominee through a bank or other nominee must request the nominee to register the shares in their own name in the share register maintained by Euroclear Sweden AB (so-called voting rights registration). The nominee must have carried out the voting rights registration no later than Wednesday 11 August 2021, which means that shareholders who want such voting rights registration must inform the nominee about it in good time before this date.

Shareholders may exercise their voting rights at the Annual General Meeting solely through advance voting, so-called postal voting, in accordance with section 22 of the Act (2020:198) relating to temporary exceptions to facilitate the holding of company and association meetings. A special form is to be used for advance voting. The form is available on the company's website (www.eqlpharma.com). The advance voting form applies as a notification of participation in the Annual General Meeting. The completed form must be received by the company no later than Monday 16 August 2021. The completed form is to be sent to EQL Pharma AB, Anna Jönsson, Stortorget 1, 222 23 Lund. A completed form may also be submitted electronically and is to be sent to anna.jonsson@eqlpharma.com. If a shareholder votes in advance through a proxy, a written and dated proxy authorisation signed by the shareholder is to be enclosed with the form. The proxy authorisation form is available on the company's website (www.eqlpharma.com). If the shareholder is a legal entity, a registration certificate or other document of authorisation is to be enclosed with the form. The shareholder may not include specific instructions or conditions with the advance vote. If so, the vote is invalid. Further instructions and conditions are stated on the advance voting form.

More information about the Annual General Meeting is stated in the notice to convene the Annual General Meeting and on EQL Pharma's website (www.eqlpharma.com).

Other information

Upcoming reporting dates

Interim report April – June (Q1)
16 August 2021

Interim report April – September (Q2)
11 November 2021

Interim report October – December (Q3)
16 February 2022

Year-end report (Q4)
13 May 2022

Financial reports, press releases and other information are available on EQL Pharma's website, www.eqlpharma.com, from the date of publication. You can subscribe to and download EQL Pharma's financial reports and press releases from the company's website, or via Spotlight Stock Market's website.

For environmental and cost reasons, EQL Pharma has decided to primarily distribute its annual report via the company's website. It will still be possible for those shareholders and stakeholders who request it to order a copy of the printed version of the annual report from the company to be sent by post. For further information, please contact Christer Fåhraeus, Chief Executive Officer, tel +46 (0)705 60 90 00 or email: info@eqlpharma.com.

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