EQL PHARMA

Annual Report 2024/2025

Financial year 01-04-2024 – 31-03-2025

EQL Pharma AB | Corporate ID No 556713-3425

EQL PHARMA

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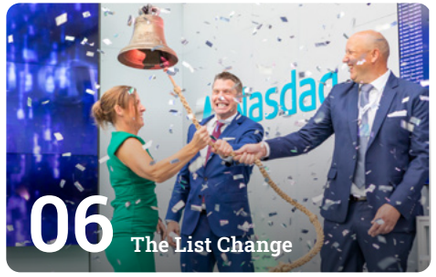
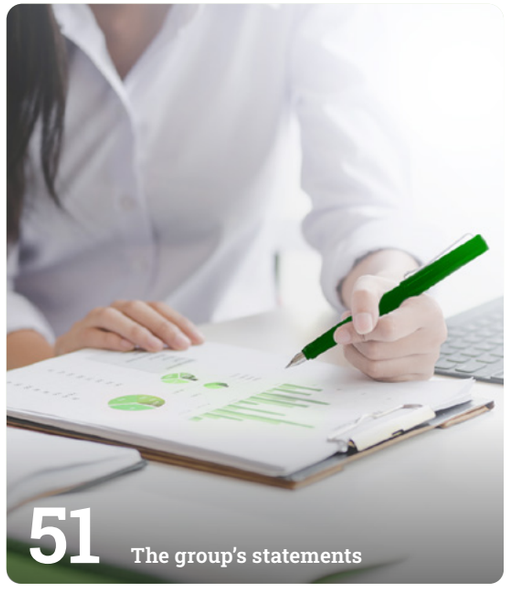
Content





The addition of new products to the pipeline, along with approvals and launches, is the engine that drives EQL's organic growth forward.

Introduction

EQL Pharma focuses on a segment that we call niche generics. This includes products where competition is limited despite the lack of patent protection.

Brief Introduction to EQL Pharma

EQL Pharma specializes in identifying, developing, and selling generics, i.e. medicines that are medically equivalent to originator medicines.

VISION

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

Read more about our strategy

FOUNDED

2006

by Christer Fåhraeus and Karin Wehlin

PRODUCTS

46

NUMBER OF EMPLOYEES

21

NUMBER OF SHARES

29,063,610

Listed on Nasdaq Stockholm Small Cap

The Period in Brief

Distribution Agreement Outside the European Union

In March 2025, EQL Pharma entered into an exclusive distribution agreement with Pharmalink for the product Mellozzan (melatonin) for the GCC region (Gulf Cooperation Council), which includes the United Arab Emirates, Saudi Arabia, Kuwait, Qatar, Oman, and Bahrain.

EQL will hold the marketing authorizations for Mellozzan in the GCC territory, making this agreement an important step in establishing our presence outside the European Union.

Read more about the agreement in the Comments from the CEO on page 9

Acquisition of a Portfolio of Original Pharmaceuticals

Through its subsidiary EQL Pharma Int AB, a binding asset purchase agreement was signed in December 2024 with the Danish family-owned pharmaceutical company Medilinik A/S for DKK 120 million. The acquisition included a product portfolio consisting of Buronil (melperone), Folimet (folic acid/B vitamins), Hydromed (hydrochlorothiazide), and Marplan (isocarboxazid).

The product portfolio comprises well-established products, which limits the need for additional marketing efforts and complements EQL's portfolio of niche generics.

Read more about the product portfolio on page 17

Listing Change for EQL Pharma to Nasdaq's Main Market

On July 4, 2024, EQL Pharma's shares began trading on Nasdaq's main market, Small Cap segment.

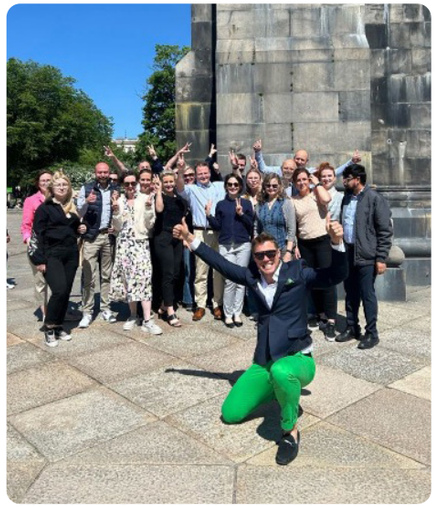
Read more about the listing change on page 6

New European Markets for Mellozzan

EQL's key product, Mellozzan®, was launched in Germany, Austria, and Switzerland during 2024. In these countries, the product is provided to patients by EQL's strategic partner, Medice Arzneimittel Pütter GmbH & Co. KG. In addition to Germany and Austria, Medice is also working on the registration process in Finland and preparing for a launch in the United Kingdom. In July 2024, Mellozzan was approved for marketing by the health authority in Switzerland. In 2023, Medice launched Mellozzan® in Denmark and Norway.

Apart from the countries covered by Medice, other partners are at various stages of the registration process for Mellozzan® in France, Italy, the Netherlands, Turkey, and Kazakhstan. In addition, EQL has entered into a global licensing agreement with Adalvo for Mellozzan®, covering approximately one hundred countries.

Read more about our market strategy on page 15



The Team at EQL Pharma

Throughout the year, the employees at EQL Pharma have continued to focus on team-building activities. In May, all employees gathered in Lund, Sweden, for a full-day conference.

Read more about the team on page 33

Key Figures

NET SALES (MSEK)	SALES GROWTH (%)	GROSS PROFIT (MSEK)	OPERATING PROFIT EBIT (MSEK)	NET PROFIT FOR THE YEAR (MSEK)	RESULT PER SHARE (SEK)
373.5	41	156	67.4	43.1	1.48
(2023/2024: 264.2)	(2023/2024: 2)	(2023/2024: 115)	(2023/2024: 32.6)	(2023/2024: 22.7)	(2023/2024: 0.78)

Listing Change

On July 4, 2024, EQL Pharma's shares began trading on Nasdaq Stockholm. Trading on the Stockholm Stock Exchange started that day with CEO Axel Schörling, CFO Anna Jönsson, and COO Martin Kristoffersson ringing the opening bell amid a shower of confetti.

The work and preparations for the listing change—from the Spotlight Stock Market, where the shares had been listed since 2013, to Nasdaq Stockholm—have been ongoing for several years but intensified during the latest fiscal year.

Plans for the listing change have existed since 2021 and were communicated in a press release at that time. In the following years, EQL needed to focus heavily on its growth journey and therefore chose to postpone the listing. From 2023, the listing change has been one of the company's main priorities.

With the listing on Nasdaq Stockholm, EQL gains access to both Swedish and international capital markets, as well as opportunities to broaden its shareholder base.

The preparatory work included, among other things, establishing a framework for internal control. All processes throughout the organization needed to be clarified and documented. EQL's board of directors was also involved, reviewing risks and risk management, and completed Nasdaq's mandatory training for listed companies.

On June 12, 2024, Nasdaq Stockholm's Listing Committee announced that EQL met all applicable listing requirements, which was communicated in a press release. The prospectus was published on June 28, and the first day of trading on Nasdaq Stockholm was July 4.

> *This is an important step in EQL Pharma's continued development. Furthermore, the listing provides a quality stamp for EQL Pharma and our operations*

History and Significant Events

2006

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.

2008

In 2008 the Company launches its first product, Venlafaxine EQL Pharma in Sweden.

2009

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 generics 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.

2010

In 2010 EQL Pharma releases its first product in Denmark and several new development projects begin.

2011

The first of EQL Pharma's own developed products are sent to the regulatory authority in 2011 to be granted marketing authorization.

2013

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.

2014

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

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.

2016

In 2016 the position of Business Development Director is established, an important step signaling 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.

2017

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.

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, MagnesiumHydroxide, Clindamycin and Pregabalin are launched the same year.

2020

Metronidazole and Hevicain (bupivacaine) are launched in 2020. Work on expansion in Europe outside the Nordic countries is initiated in 2020. The Covid-19 pandemic results in EQL Pharma temporarily including medtech products and consumables for healthcare in its offering in Sweden.

2021

Mellozzan (melatonin), Folic Acid and Fenoximethylpenicillin oral solution are launched in 2021. In the same year EQL purchase licenses for Prednisolone, Codeine, Methadone, Morphine and Furosemide in Denmark.

2022

In 2022, EQL began a comprehensive effort to out-license the brands Mellozzan (melatonin) and Memprex (methenamine hippurate) in Europe. Today, EQL Pharma is a profitable company with 25 marketed generics, excluding parallel imported medicines, and a pipeline of 32 upcoming generics. In 2022, EQL launched cholecalciferol, abiraterone Qilu and Ondansetron.

2023

Mellozzan (melatonin) is launched in Denmark and Norway by EQL Pharmas license partner Medice Arzneimittel Pütter GmbH & Co. KG and gets marketing approval in Germany and Austria. The company is once again appointed Gazelle Company in Skåne by Dagens Industri.

2024

The company's key product, Mellozzan, receives marketing approval from the health authority in the United Kingdom, where the product will be supplied by the company's licensing partner, Medice Arzneimittel Pütter GmbH & Co. KG.

EQL Pharma changes its trading venue and is listed on Nasdaq Stockholm.

2025

EQL signs an exclusive distribution agreement with Pharmalink for the product Mellozzan for the GCC region. This is the first agreement involving sales outside Europe's borders.

Comments from the CEO

The fiscal year 2024/25 marked yet another year of very strong growth for EQL Pharma. The Group's net sales amounted to SEK 374 million (264), an increase of 41 percent. The EBITDA margin in the final quarter reached 25 percent. Thus, EQL has, for the second consecutive time, delivered on its aggressively set five-year targets.

During the year, we have built for the future by launching and adding a record number of new products, developing our strategic key assets Mellozzan and Memprex, and continuing our European expansion. We have also listed the company's shares on Nasdaq's main market, an important quality stamp for EQL towards customers, suppliers, and investors. A significant acquisition of four niche original products was completed in January, and in connection with the acquisition, EQL issued its first bond, which was heavily oversubscribed and attractively priced. Finally, a new ambitious five-year plan was presented in March.

We have thus successfully completed the fourth and final year of our four-year plan (containing five milestones), where the goal was to achieve an average growth of 40 percent per year and an EBITDA margin of at least 25 percent by the end of the period. The two most important components of the growth have been the launch of new products and geographic expansion of existing products.

During 2021/22, the first year of the four-year plan, growth was 41 percent; the following year, growth was 51 percent; then 30 percent; and finally, during 2024/25, growth was 41 percent. This results in a compound annual growth rate (CAGR) of 41 percent for the period. Regarding the profitability target, EQL delivered an EBITDA margin of 25 percent in the fourth quarter of 2024/25, which marks the end of the period. Both the growth and profitability targets were therefore achieved.

A Record Year – 10 New Products Launched, Five Approved, and 20 Added to the Pipeline

During 2024/25, EQL launched 10 products, received five approvals, and added a total of 20 new products to our pipeline. Two products were removed from the pipeline. This means that the total number of EQL's products, in portfolio and pipeline combined, increased from 67 to 90 during the year. The addition of new products to the pipeline, approvals, and launches is the engine driving EQL's organic growth forward. Furthermore, during 2024/25, we continued work on launching our hospital portfolio, primarily through participation in public procurement processes. In the last quarter, we also began deliveries for a major Danish tender, which will be an important growth driver for coming years.

Adding 20 products to the pipeline during the year is a new record. These products are a mix of pharmacy and hospital products, which we consider healthy. The products added to the pipeline have a Nordic focus, but several of them have greater potential in other parts of Europe than previous products and will play an important role in EQL's upcoming growth. We continuously evaluate new niche generics for the Nordic region, and the assessment remains that interesting opportunities exist in our home markets. However, to sustain a high growth rate long-term, we need to start identifying niche generics in other countries, which is becoming an increasingly important focus for the company.

A new product area was announced during the Capital Markets Day on March 7. This new product area will be called Specialty Generics and addresses products where the patent has expired but generic competition has not yet materialized because formal substitutability is not possible. Here, we will work with

At EQL, we are pleased to have delivered on our ambitious five-year targets for the second consecutive time.

mechanisms such as supplementary studies, active marketing, stable availability, and pricing to introduce generics and gradually achieve significant market shares. To succeed with this, more active direct sales are needed than EQL has historically been accustomed to. Therefore, we have recruited two senior individuals with extensive experience specifically with this type of product.

During 2024/25, EQL, through partners, launched products in Germany, Austria, Switzerland, the Baltics, the Czech Republic, Slovakia, and Israel. Previously, products—beyond the Nordic region—have been sold to the UK, Poland, and Portugal. This year thus marks a significant geographic expansion for EQL. Generally, EQL's products have limited potential outside the Nordics. However, in some cases, opportunities exist, and we are methodically identifying these through our internal licensing team.

Sales of Covid home test kits have been limited during the year. We currently expect annual sales of SEK 5–15 million going forward, primarily occurring in the third quarter when the incidence of infectious diseases is usually highest. This estimate is naturally uncertain.

New Deals and Milestones for Mellozzan

During the year, we have achieved several important milestones for our strategic key product Mellozzan:

- ✓ GCC (Gulf Cooperation Council) – A distribution agreement has been signed between EQL and Pharmalink. EQL will hold the marketing authorization with Pharmalink as the local distributor. Launch is expected within three to four years.
- ✓ France – Medice has taken over the territory from H.A.C. Pharma and is evaluating the appropriate strategy.
- ✓ Italy and Spain – Italfarmaco expects marketing approval in 2025/26, after which launch preparations will begin. For Spain, we are still evaluating if and how the product can be registered, as the market there is more complex.
- ✓ Germany, Austria, and Switzerland – EQL's partner Medice launched the product in 2024, with good growth in its first year on the market.
- ✓ United Kingdom – Medice has received reimbursement and plans a launch in 2025/26.

Our royalties for Mellozzan are approximately twenty percent of all sales in Europe and between five and fifteen percent depending on country and agreement outside Europe. For the GCC region, a fixed transfer pricing model with a healthy margin for EQL is applied. For comparison, sales of melatonin in Sweden—population around ten million—exceed SEK 200 million annually for the pediatric indication. The Swedish market has several strong players, but for the European markets, we see potential to become the leading brand. The key lies in finding the best partners within child psychiatry in each market and entering the market quickly.

Launch of Memprex

During the year, we also made good progress with our second strategic key product, Memprex. We have supported our partners Dr. Pfleger in Germany and Majorelle in France with their regulatory processes. These are ongoing with expected final approval during 2025/26. Launch preparations are underway, and launch may occur as early as 2025/26 or early 2026/27.

In parallel, efforts are ongoing to find the right licensing partner for other European markets, with several dialogues in progress. For Memprex, a fixed sales price between EQL and our partners applies, which will generate a healthy market margin for EQL. The total existing market for Memprex's active substance, Methenamine Hippurate, is approximately SEK 100 million in Sweden, Norway, and the UK. The goal is to establish Memprex as the leading brand in several European markets where Methenamine Hippurate is currently unavailable.

New Five-Year Plan

In March, EQL held its first-ever Capital Markets Day, focusing on the new five-year plan setting goals for the period 2024/25–2028/29 (i.e., four full years). The new targets are:

- ✓ Sales growth: 30 percent CAGR with four main components to achieve this: (1) Launch of pipeline products (2) Continued expansion of Mellozzan and Memprex (3) The new product area Specialty Generics (4) Acquisition of products or companies when the timing is right and leverage allows.

- ✓ EBITDA Margin: Our goal is to stabilize the EBITDA margin at 25 percent during the first half of the period. Thereafter, our objective is to maintain it above 25%.
- ✓ Leverage: We aim not to exceed a peak leverage of 4.0x EBITDA and to manage leverage towards 2.5x EBITDA. The leverage ratio will be higher for a period immediately following an acquisition and then gradually reduced to create room for the next acquisition.

We will provide ongoing updates on progress towards these new goals. The sales growth forecast for the upcoming financial year, 2025/26, is around 30%. If we succeed in delivering according to this forecast, we will have made a stable start to the new five-year plan.

Closing Remarks

To summarize the fiscal year 2024/25, it has been an eventful and intense year—we have continued to work on our strategic key assets Mellozzan and Memprex, as well as added a record number of products to the pipeline and portfolio. Additionally, we listed our shares on Nasdaq's main market, which we are very proud of, completed our first significant portfolio acquisition, successfully acted in the bond market, and worked intensively on our cost base. During the year, continued unrest in the Middle East, leading to more expensive transport since the Suez Canal is currently unsafe to use, negatively impacted our gross margin. However, as the year ends, we can still conclude that despite this, we have managed to deliver on our profitability target and look forward to margin improvements as the situation stabilizes. EQL as a company has no direct exposure to the US and potential trade tariffs, which is obviously positive. On the contrary, a potential trade agreement between India and Europe—triggered by US tariffs—could further strengthen EQL's profitability.

At EQL, we are pleased to have delivered on our ambitious five-year targets for the second consecutive time. At the same time, focused work continues to ensure we can deliver on the new goals. This concretely means adding new products to the pipeline, optimizing operations, growing geographically, and expanding our portfolio through launches and acquisitions.

Finally, I want to thank our employees and partners for the fantastic work they have done during the past year.

Axel Schörling
CEO EQL Pharma AB (publ)

Objectives and Strategies

We work according to an established strategy that includes the company's vision, mission, business concept, business model, and goals.

Strategy

Our strategy is supported by all employees and guides the company in its daily work.

Under the business model, EQL Pharma will actively expand the product portfolio by developing or acquiring and in-licensing products to manufacture and sell new niche generics. Part of the business model is also to identify markets with little or no competition beyond the originator medicines and actively pursue these. The business model is central to achieving the objectives set.

EQL Pharma currently has 40 different marketed products in its portfolio and several in the development and launch phase. Several launches are expected in the coming years.

VISION

EQL Pharma 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 Pharma 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, 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.

Objectives for EQL Pharma

In recent years, we have had clearly defined targets for the period 2020/2021 – 2024/2025. During the fiscal year, we were able to confirm that we achieved these. In March 2025, we set new targets for the upcoming five-year period.

Business Objectives for the Period 2020/2021 - 2024/2025

Become a leading player in niche generics in the Nordics and become a leading European generics company within five to ten years.

Comment:
Achieved. We are now a well-renowned and significant player in the Nordic market.

Long term aspiration to build higher brand recognition regarding generic preparations.

Comment:
Well on track. We are continuously working on this.

Keep investing in the development of the product portfolio.

Comment:
Achieved. During 2024/2025, 20 new products have been added to our pipeline.

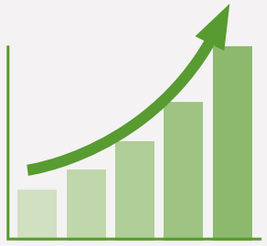
Strong, sustainable and profitable growth.

Comment:
Achieved. Please see our financial targets below

Financial Targets for the Five-Year Period 2024/2025 - 2028/2029:

Increase revenue with an annual growth rate of 30% (CAGR), using the full year 2024/25 as the starting point and the full year 2028/29 as the endpoint.

Comment:
The company has achieved an average growth rate of 41 percent over the past four-year period.



The EBITDA margin is expected to stabilize at 25 percent at the beginning of the five-year period, and thereafter remain above 25 percent.

Comment:
The EBITDA margin was 25% at the end of the period.

Our leverage ratio shall not exceed 4.0 times EBITDA, with the goal of striving towards a maximum of 2.5.

Strategic Considerations

Niche generics are generics with little or no competition to the originator medicine. This competitive advantage is expected to last for the foreseeable future. The limited competition is because these medicines have a small turnover globally in monetary terms and in but a relatively larger turnover in one country or region. This situation means that larger generic companies have not shown much interest in these local/regional medicines.

For the above reasons, the barriers to entry for competitors in niche generics are higher than for regular generics. In addition, EQL Pharma's niche generics are mostly self-produced products. For a competitor to gain a position, they have to develop and manufacture the products themselves.

The Company's Core Competences and Strengths

In general, pharmaceutical companies in-license generic products from companies that have already developed them or newly develop the product together with a Contract Development & Manufacturing Organization.

EQL Pharma works actively with research and evaluation, followed by developing, purchasing, or in-licensing products for manufacture and sale. The aim is to identify markets or therapies where we see strong potential for profitable growth. These may include markets with little or no competition beyond the original branded product, or specific therapeutic needs and patient groups.

In in-licensing, EQL Pharma identifies an available product somewhere in the world and acquires it as a license to manufacture and sell. The niche generics the Company is interested in are often unavailable for purchase or licensing as fully developed products. The only alternative is to develop them oneself.

Predictable Demand and Price

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 approximately three to four years it takes for the Company to get approval for the medicine from the Medical Products Agency and launch the product.

A Reasonable Level of Risk

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 capitalized 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 organization 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 organization. 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 Geographically and Through New Products

The geographic focus for sales has been the Nordic region. Several products in the Company's portfolio also have an existing market or potential in other European countries, forming an essential basis for EQL Pharma's expansion strategy for Europe covering 2021 and beyond.

The generics selected are those deemed to provide the best return on invested capital while having a reasonable level of risk.

To enable expansion in Europe, the Company is investing internal and external resources to understand the characteristics of the markets. Based on this, it can then be selected which products to sell in which markets, and a marketing and sales strategy can be established.

In parallel with this, registrations are ongoing and being prepared in selected countries for the first wave of products with clear European potential.

EQL Pharma's main growth strategy has two main components, partly a geographical dimension, where new markets are added for already existing products on the European market, and partly a product dimension, where expansion is carried out via the Company's well-established Nordic approach for identification and development of niche generics in existing markets. Like the Nordic countries, Europe has a number of countries with originator medicines that have little or no generic competition, even though the patents expired a long time ago.

Market Growth Strategy Towards Pharmacies

EQL Pharma sells niche generics to pharmacies in Sweden, Denmark, Norway and Finland under its own brand and in Iceland, UK, Germany, Poland, Portugal, Switzerland, Czech Republic, the Baltics, Malta, Cyprus and Austria through partners. Agreements are signed with partners for sales in France, Italy, Israel, Saudi Arabia, Qatar, the United Arab Emirates, Bahrain, Kuwait, Oman, Turkey, and Kazakhstan.

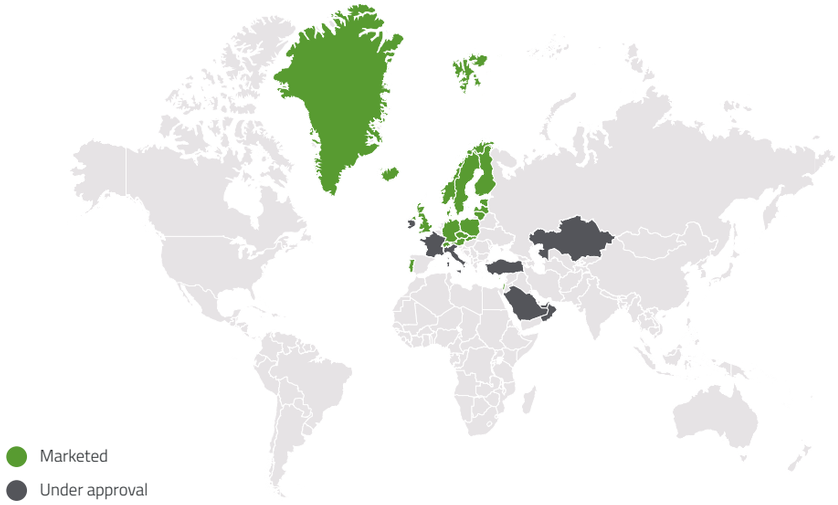
The pharmacy segment in the Nordic region applies a lowest-price principle that is now spreading in Europe outside the Nordic region. The price systems in Germany, the Netherlands, and the UK, where the company launched its first product in 2019, are based on the lowest-price-principle. This creates opportunities for EQL to apply its niche strategy for generics in its expansion in Europe. The market for pharmacies is considered by EQL to account for a continued significant part of the Company's growth during the next five-year period.

Growth in the Market Towards Hospitals

Since 2020, EQL Pharma also sells directly to hospitals. Many countries, such as Finland, have different procurement systems for hospital and pharmacy products, which may lead to a preference for direct sales in the hospital market and indirect sales in the pharmacy market. The growth strategy in the hospital market may therefore differ from the strategy in the pharmacy market.

Hospital markets in Europe are often fragmented. Procurement of medicines for hospitals can be carried out by individual hospitals, via regional procurement groups or through umbrella organizations. How procurement takes place significantly influences the choice of sales strategy. For example, in some cases a considerable sales force is needed, while a very limited organization may suffice in other cases.

EQL Pharma has sales to the hospital market under its own brand name in the Nordic countries. We have also agreed to act as an agent for three foreign generic companies to supply their products in the Nordic region, mainly in the hospital segment.



Pharmaceuticals sold through procurements to the healthcare sector are expected to increase significantly in importance for the Company during the upcoming five years according to our expectations.

Pricing Strategy for Niche Generics

Since EQL Pharma sells generics in an open competitive market, price and logistics play a major role in achieving results. Our goal is to achieve a reasonable share of the total annual sales with marginal price adjustments on its niche generics compared to the current price of the originator medicines. This can be done with the support of penetration-promoting systems such as public procurement and subsidy systems similar to the Swedish Periodens Vara (PV) system.

Although the hope is that EQL Pharma will become the sole competing generic manufacturer of the original medicines concerned, we assume, for reasons of caution, in our calculations that at least one additional competitor will be established for the respective originator medicines. Our judgment is that even a market with three to four suppliers of a substitutable product will allow all players to reach a market share with reasonable prices and margins.

An originator medicine always has a market advantage by being well established and a safe choice for the consumer. It is likely that some consumers will continue to purchase the original drug due to brand recognition and that there is only expected to be a small difference in price in EQL Pharma's favor during the periods when the Company has the most favorable price. We have also taken this into account in our sales calculations.

Operations

EQL Pharma's generic development process is fast and cost-effective. We currently have 46 approved and marketed medicines in our portfolio.

Project Portfolio and Pipeline

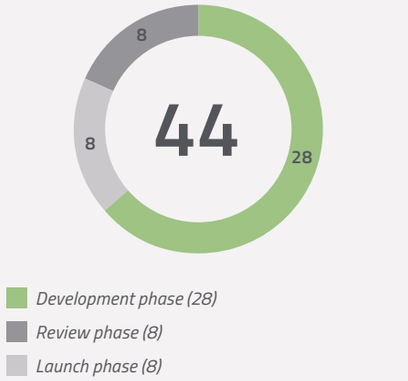
EQL Pharma currently has 46 authorized and marketed generic medicines in its portfolio. Most of these are sold in several strengths and pack sizes.

Our pipeline of new product development projects and in-licensing is under constant change and continued development. New products are therefore expected to be added on an ongoing basis. Some products will be delayed or discontinued as the product evaluation process progresses.

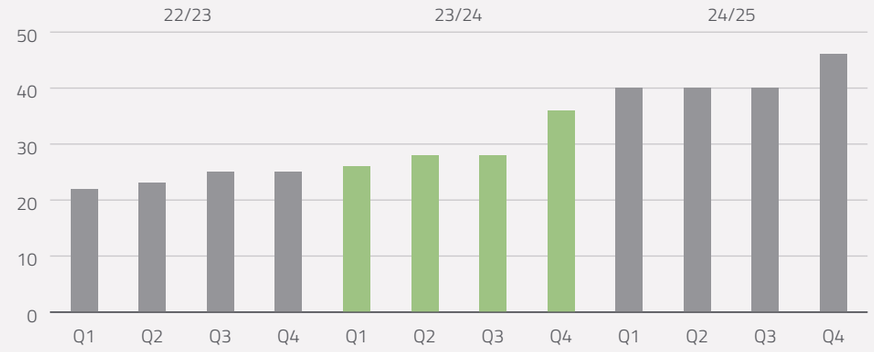
EQL Pharma's current pipeline includes products in the development phase which are developed with partners or for which the Company has signed license or distribution agreements for one or more markets without having developed the product itself. Once the product is fully developed, the application is sent to the relevant pharmaceutical authorities in the markets where we intend to market the product. The authorities then initiate a review which generally takes about a year from application to approval (the so-called review phase).

When product is approved for sale by pharmaceutical authorities, orders can be placed for manufacturing and delivery. Parallel to this, we also apply about subsidies from authorities in relevant countries and leaves tenders for procurements to the extent that such are available. This stage is called the launch phase and it usually takes 6–12 months from approval until the first package is delivered to pharmacies.

Pipeline at the End of Period



Development Portfolio



The Product Portfolio during 2024/2025

NEW PRODUCTS LAUNCHED

10

APPROVED PRODUCTS

5

PRODUCTS ADDED TO THE PIPELINE

20

TOTAL NUMBER OF PRODUCTS IN PORTFOLIO AND PIPELINE

90

Niche Generic Product Development and Production

EQL Pharma's process for developing generics is fast and cost-effective. Focus is to select medicines that can be registered with a bioequivalence study, a so-called bio-waiver.

A bioequivalence study, is a clinical study carried out on healthy volunteers to demonstrate the concentration of the active substance in the blood (plasma concentration). This concentration must be equivalent to that of the originator medicine, meaning that the product is medically equivalent and of the same quality as the originator medicine. This saves time and money and ensures that the preparations are equally safe and effective.

CRO and CMO for Product Development

EQL Pharma uses leading Contract Research Organizations (CROs) and major pharmaceutical companies in Europe, India and Indonesia 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 Contract Manufacturing Organizations (CMOs).

What does "Biowaiver" mean?

Biowaiver literally means that a bioequivalence study is not required for that product. The reason a biowaiver is granted is often because the product contains a substance that the body naturally produces, such as vitamin D, which makes it difficult to compare different products since the body's own production varies greatly over time due to external factors, such as sunlight in the case of vitamin D.

Period from contract to launch: 3–4 years

Regulations, 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.

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 integrity throughout the 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. Furthermore, almost all medicines sold in Sweden must be approved by the Swedish Medical Products Agency or the European Medicines Agency.

The company also offers some medical devices, such as COVID-19 antigen self-tests. Medical devices must comply with applicable regulations to be marketed, which generally includes having approved CE markings, which the company has obtained for its relevant products.

In addition to the above regulations, specific rules apply to the parallel importation of pharmaceuticals. A parallel importer must have a wholesale permit, and the entity repackaging the medicine for the Swedish market must have a manufacturing permit. Repackaging is considered manufacturing, requiring a manufacturing permit from the Swedish Medical Products Agency. For the parallel import and parallel trade of narcotic drugs, the parallel importer or wholesaler must also have a permit to bring narcotics into Sweden. Additionally, a parallel imported drug cannot be sold until approval has been granted by the Swedish Medical Products Agency. For parallel distributed drugs approved by the European Medicines Agency, equivalent permits from the European Medicines Agency are required.

EQL Pharma's permits have been obtained by demonstrating proper processes and procedures to the Swedish Medical Products Agency and corresponding authorities in other countries. These permits are maintained and renewed regularly. The pharmaceutical authorities periodically inspect EQL Pharma, which must meet their requirements to avoid the risk of having permits revoked or receiving notices on how operations are conducted. Ensuring a high level of operation and integrity, and thereby ensuring smooth lifecycle management of the permits, is of utmost importance and a top priority on the company's agenda.

As part of ensuring high quality and integrity in its operations, EQL Pharma conducts regular inspections of its developers, manufacturers, and suppliers. During these inspections, the company reviews all aspects of their operations in detail, from manufacturing processes to storage, environmental impact, and local working conditions. Additionally, the company performs an annual analysis of all its products from a manufacturing perspective, where information about all produced product groups and their launch into EU markets is thoroughly reviewed.

EQL Pharma's permits have been obtained by demonstrating proper processes and procedures to the Swedish Medical Products Agency and corresponding authorities in other countries.

Sales and Marketing Models

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

Retail

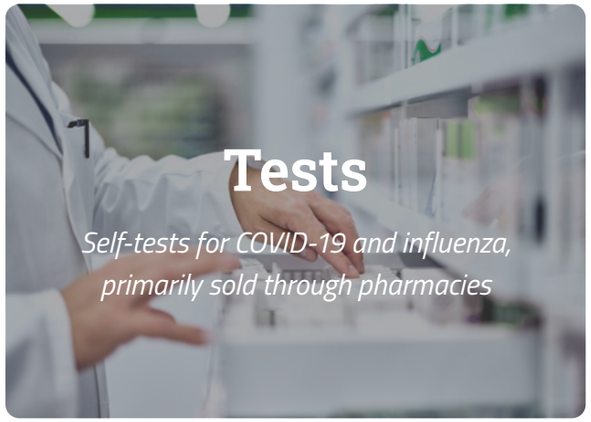
Retail products are products sold at pharmacies through so-called exchange systems

Hospital

Products handled by healthcare professionals

Branded

Niche generics within Branded are actively marketed by EQL or collaboration partners

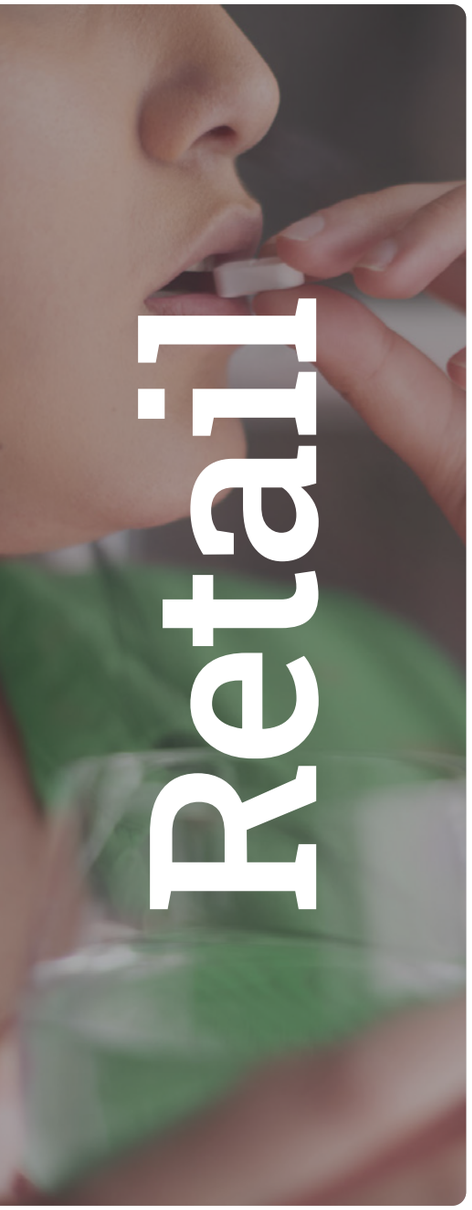


Tests

Self-tests for COVID-19 and influenza, primarily sold through pharmacies

Competitors

In EQL Pharma's current markets, there are generally around 20 active players with several of whom the Company has directly competing products. The most important of these are currently Viatris (formerly Mylan/Meda), Orifarm Generics, Evolan Pharma and AGB Pharma. As EQL Pharma launches more products, in new markets, the competitive landscape changes to include additional key competitors. Each product development is checked against the current competitive situation for that particular generic, and the strategy includes choosing products with no or low competition. In the run-up to the launch, the competitive situation is continuously evaluated.



Retail products are sold through so-called exchange systems. In Sweden, Denmark, Finland and Norway, there are laws and regulations to keep medicine costs down for society.

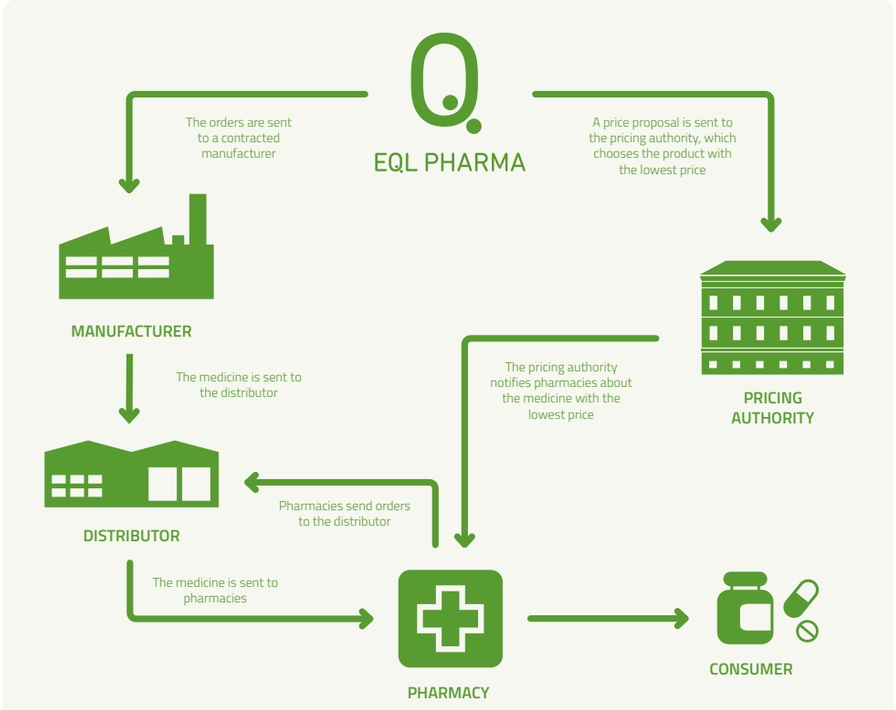
In Sweden, for example, the Periodens Vara (PV) system is applied, and similar systems are used in the other Nordic countries to procure the rightly formulated active substance at the lowest possible price. Originator medicines usually remain on the market in Sweden, Denmark, Finland, and Norway even after generic competition has arisen, but a cheaper alternative is typically assigned to the patient unless there are exceptional circumstances. The assessment is that the non-Nordic European countries will move towards the Nordic lowest-price principle system.

In many cases, there are several different generic versions of the same originator medicine on the market. The procedure for deciding which generic will replace the original is that each company wishing to compete sends a price application for a fixed period to a pricing authority. It then selects the medicine with the lowest price and sends information on the selected product to pharmacies. This applies to Sweden, Denmark, and Finland. In Norway, the procedure is slightly different in that marketing and price applications are made directly to the pharmacy chains.

When EQL Pharma's products are selected, information is sent directly to the company's distribution partners, such as Oriola, Tamro, Tjellesen Max Jenne or Nomeco, who in turn ensure that the products quickly reach all pharmacies.

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

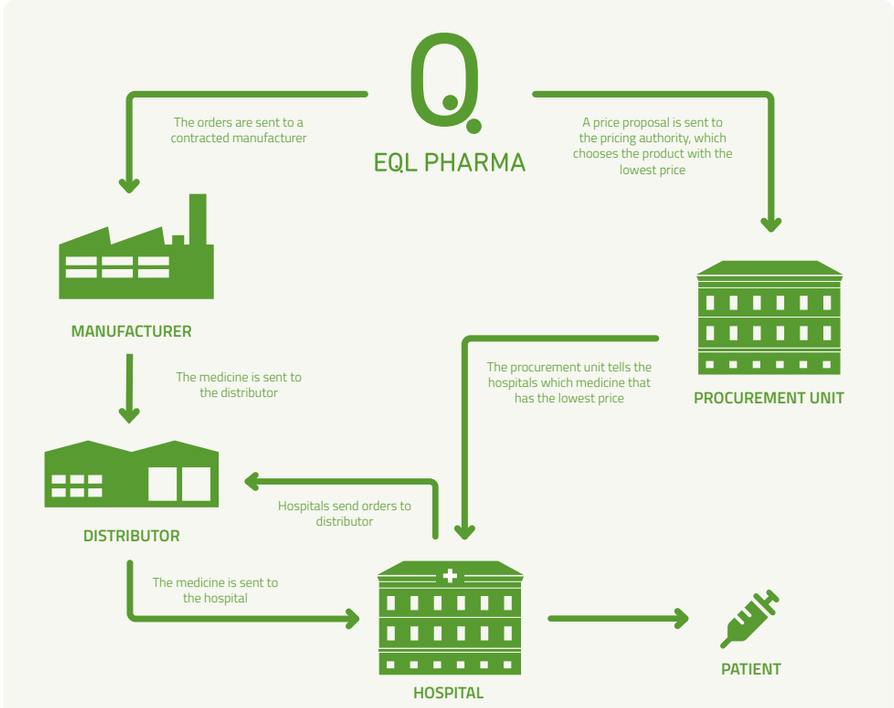
The disadvantage in Retail is that what is easily won is just as easily lost if a competitor can offer a lower price. This makes inventory planning and market knowledge key assets within EQL Pharma to properly balance opportunities and risks when prices change on a yearly, quarterly, monthly or weekly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



Products in the Hospital sector are sold through the so-called bid depositary system. These are usually governed by a set of weighted criteria where the price is always the most important, although requirements such as environmental impact and user-friendliness for healthcare have become increasingly important.

Products within Hospital are characterized by medicines that are only handled by healthcare professionals, such as injection or infusion products.

Procurement can cover anything from a single hospital to the needs of an entire country and can vary greatly in terms of duration, exclusivity and requirement specification. Navigating this range is a priority for EQL Pharma's Hospital initiative. Contracting authorities can be, for example, Region Västra Götaland, Amgros, Region TYKS or Sykehusinnkjöp. The Company uses Magnum Medical, Tamro, Alliance Healthcare and Nomeco as distributors of hospital products.



In many European countries, it is possible to sell in-house to procurement units for individual or groups of hospitals, even for a company that, like EQL Pharma, has decided not to invest in an extensive sales and marketing organization. However, the market for hospital medicines in the Nordic countries is governed by public procurement, with significant similarities between the countries. The public procurement process is non-negotiable and characterized by transparency and a clear structure, which is often lacking in negotiations with individual hospitals or groups of hospitals without a central public procurement process.

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

Branded

Niche generics within Branded are actively marketed by EQL Pharma or by EQL appointed partners. Products in this segment usually have unique characteristics that distinguish them from other, similar, products, making substitution or procurement not possible or best suited for the product.

The medicines are sold via direct prescription from prescribers, usually doctors but also some categories of nurses or dentists.

The advantage of the Branded segment is secure, more predictable sales and returns once the brand has been established and found its target audience of prescribers and patients. The disadvantage is that it usually takes time and resources to reach and establish itself with the target group of prescribers.

Currently, the Branded segment consists of the company's key strategic products Mellozzan and Memprex.

Tests

Within the Tests category, EQL Pharma sells self-tests for influenza and COVID-19, among others. The tests are available as nasal swabs, saliva tests, and "lollipop tests."

In 2021, the company's portfolio was expanded to include COVID-19 antigen self-tests, including the first saliva-based test, which is less invasive than the previously only available nasal swab test taken through the nasal cavity.

In the autumn of 2022, the product line was upgraded to also include a so-called lollipop test for COVID-19, which is performed orally by placing the test device under the tongue. Later, a combined test for COVID-19 and influenza types A and B was also introduced.

Sales of the tests primarily take place through pharmacy chains in the Nordic region and are highly seasonal.

Interview with Justyna Kwiatkowska

Justyna is Head of Licensing at EQL Pharma and works from Poland. She holds a degree in biotechnology engineering and has previously worked in the R&D department at Bioton and in Regulatory Affairs at Adamed.

Can you tell us about your background?
I started my career in the R&D department at Bioton and then continued in Regulatory Affairs at Adamed, the second largest pharmaceutical company in Poland. After some time, I decided to switch career paths to business development and became a licensing manager. In my current role at EQL Pharma, I can use the knowledge I've gathered from different departments and gain an understanding of the entire process. This is very useful and something I use daily.

How is it to work and live in Poland being employed by a Swedish company?
I am the only employee working in Poland, but I still don't feel alone because I have daily contact with my colleagues! Right now, I'm building a licensing team that will be spread across Europe and Bangalore, India.

What are your main responsibilities at EQL Pharma?
I was recently appointed Head of Licensing, where I will be responsible for a licensing team. We will provide the products to be included in EQL's portfolio. At the moment, I'm working on creating a team structure that best fits the organization and strategy. I'm also focusing on finding the right people. Our goal is to build a strong team with committed employees who can then work at full speed to strengthen EQL's position in the pharmaceutical industry—not only in the Nordics and Europe but globally. The goal is to gain global recognition for our products and brand!

What does a typical workday at EQL look like for you?
When working with licensing, you need to be aware of the company's needs and the current requirements for the products you are looking for. You also need to know our financial goals, both five-years and daily. I need to find the right partners from whom we can acquire products that strengthen our portfolio. In my work, my broad network and contacts are very useful, so I also spend time networking, attending conferences, and preparing for them.

What are you most looking forward to in the coming year?
Having a team in place that contributes to the set goals! I want to get this in place as soon as possible so that EQL can grow and become even more recognized in the industry than we are now. My idea is to split responsibilities between two sub-teams. One will focus on out-licensing, i.e., selling products to B2B partners, and the other on in-licensing, acquiring products that strengthen our portfolio and position. This division is new for us, and I hope that this way we can best use each person's skills and knowledge.

It would also be fantastic to further establish our position outside the EU! We have recently done this with our new agreement for the GCC region. The idea is to get more similar agreements to achieve global recognition. I really look forward to this happening!

What challenges do you see ahead?
Many, I would say… building the team… finding more good partners at the right time for in-licensing, and finding a product that puts us ahead of the competition. Additionally, we want to strengthen EQL's position and continue to grow. At EQL, we are working to improve the processes we have today to find partners faster and complete deals. We are also establishing internal processes that enable us to gather more business information to better meet our business partners' needs. Since we want to grow, we also want to be less opportunistic and more proactive, I would say.

Have you faced any major difficulties over the past year?
Securing the first agreement in an unknown market with different regulations than in Europe. I'm very happy we succeeded, and I look forward to strengthening our presence in the GCC region!

What is the best thing about working at EQL?
It is a company where you learn very quickly in a supportive environment. There are challenges, and there will be challenges, but the work climate allows you to gather knowledge and experience and overcome those. I feel supported and heard—it's a great strength. And we have fun at the same time!

The Share

EQL Pharma's share has been listed on Nasdaq Stockholm since July 7 2024 and is traded under the ticker EQL.

Share Capital

The Company's share capital is expressed in Swedish kronor (SEK) and is distributed among the shares issued by the company with a quota value also expressed in SEK. The share capital amounts to SEK 1.308 million and consists of 29,063,610 (29,063,610) shares, giving a quota value of SEK 0.045 per share.

Dividends

The Board does not intend to propose a dividend until the company generates favorable cash flows that cannot be better invested in the business. EQL Pharma has not paid a dividend since it was founded in 2006. No dividend is proposed for the past financial year.

Financial Calendar

JUL 28 2025	Annual Report 2024/25
AUG 08 2025	Interim Report Q1
AUG 21 2025	Annual General Meeting 2025
NOV 05 2025	Interim Report Q2
FEB 03 2026	Interim Report Q3
MAY 08 2026	Year-End Report Q4

Value Development

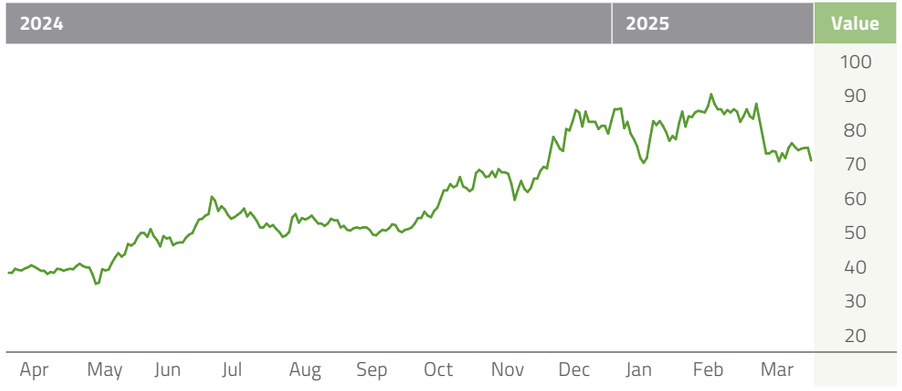
On the final day of trading in March 2025, the share was SEK 71.00 (SEK 42.30). The highest price paid for the share during the year was SEK 87.80 (February 14 2025).

KEY FACTS

Ticker: EQL
Listing venue: Nasdaq Stockholm Small Cap
Number of shareholders: 1.113
Number of shares: 29,063,610
Share capital: 1.308 MSEK

Share Price

Current price information is available on Nasdaq Stockholm's website www.nasdaq.com. The diagram in this section shows the price development for the share during the financial year 2024-2025.



Shareholders

At the end of the financial year, EQL Pharma had 1.113 shareholders. At the beginning of the financial year, EQL Pharma had 961 shareholders. The main shareholders are shown in the table below.

Shareholders	Share
Cadila Pharmaceuticals Ltd	30.00
Christer Fåhraeus	24.09
SEB Investment Management	3.52
Consensus Asset Management	3.10
Avanza Pension	2.69
Nordnet Pensionsförsäkring	2.61
Sten Irwe	1.98
Carnegie Fonder	1.51
Axel Schörling	1.07
Göran Nordlund	1.06

Sustainability

At the core of our business is providing more people with access to quality and essential medicines. In doing so, we assess that we have a positive impact in seven areas represented by the UN's Global Goals.

Sustainability to Us

Through our strategy of developing and producing cost-effective, yet equally effective and essential medicines, sustainability can be considered a fundamental part of EQL's business model. The opportunity to provide individuals with the chance for a healthier and better life with improved quality of life is our most important contribution to sustainable development.

For us, everything is connected. Human health and the health of our planet are linked. Achieving a sustainable society requires global efforts. We need to combat climate change by transitioning to renewable energy, reducing the use of chemicals, and improving waste management. By adopting a sustainable lifestyle—environmentally, socially, and ethically—a positive cycle is created, where both human health and the planet's well-being are strengthened.

Our sustainability strategy is intensely intertwined with our strategy, operations, and corporate culture. In some areas, we have made significant progress, while other areas have proven more challenging. There is more to be done in all areas. Working with sustainability has led us to analyze our own operations and their impact on the world in new ways, and we look forward to the work ahead with confidence.

The Board is responsible for EQL Pharma's sustainability strategy. The strategy is developed in collaboration with management, who also gathers additional input from, for example, the HR manager and the person responsible for each specific area.

Business Model and Sustainability

According to our business model, EQL Pharma actively works to identify generics whose patents have expired and markets where competition is weak or non-existent. EQL Pharma then begins production of these niche generics, which are medically equivalent to the originator product. The advantage is that the product is well-tested and proven. With a strategic location in the life sciences cluster in Lund and a network of partners, the company can quickly and efficiently start production and sales.

The development of niche generics is focused on therapies and markets where the company sees strong potential for profitable growth. It may also involve a new formulation aimed at a specific therapeutic need or patient group. The possibilities are numerous, and EQL sees no need to limit itself to specific therapeutic areas, product groups, or geographic markets in the long run. The work of identifying these markets is led by an experienced team at EQL Pharma.

The goal is to reach individuals with a competitively priced product, possibly in a market that previously lacked access to this niche generic.

Our Sustainability Policy

When EQL Pharma develops the company and its operations, sustainability is always considered. Our conviction is that a sustainable business creates value, both today and in the future. A sustainable business benefits both EQL Pharma, the individuals who benefit from its products, and the employees who work within the company.

From a sustainability perspective, EQL Pharma's operations affect the world both positively and negatively. Being aware of and identifying these factors is the fundamental step toward a more sustainable business. EQL Pharma has identified and taken measures across several aspects to ensure that the manufacturing and transportation of medicines are conducted as sustainably as possible. These are categorized into Environmental and Climate Impact, Social Work, and Ethics.

EQL Pharma has identified seven areas represented in the UN's Sustainable Development Goals, known as Agenda 2030, where the company believes they can have a positive impact.

Environmental and Climate Impact

EQL Pharma's operations have an impact on the environment and climate. Raw materials and finished products need to be transported and packaged, employees need to travel for work, and both employees and office activities generate waste. All these components together produce greenhouse gases, and EQL Pharma has set a goal to reduce these emissions by the year 2027.

Contributes to global goals:

Social Efforts

Employee satisfaction has long been a priority for EQL Pharma. According to the latest employee survey from March 2025, EQL Pharma is an inclusive workplace where employees feel valued and feel that their opinions are heard.

Contributes to global goals:

Ethics and Governance

EQL Pharma is headquartered in Lund, Sweden, but also works with consultants, partners, and suppliers in other countries. This arrangement requires extra planning and care from a sustainability perspective. It also increases the company's vulnerability to changes in factors such as climate conditions.

Contributes to global goals:

ENVIRONMENTAL AND CLIMATE IMPACT

Emissions of Greenhouse Gases

EQL Pharma's operations have an impact on the environment and climate. Raw materials and finished products need to be transported and packaged, employees need to travel for work, and both employees and office activities generate waste. All these components together produce greenhouse gases, and EQL Pharma has set a goal to reduce these emissions by the year 2027

In its sustainability efforts, EQL Pharma has identified areas where the company exerts environmental and climate impact. These areas primarily include logistics and transportation, product packaging, travel, and the company's impact from the office operations. Plans are in place for how work will proceed in these areas to achieve greater sustainability.

Logistics and Transportation

Currently, transportation mainly occurs by sea and truck. Only a small percentage of products, those with a short shelf life coming from Asia, are transported by air. EQL Pharma aims to reduce the proportion of air freight.

To distribute products from manufacturers to distributors and from distributors to customers, EQL Pharma uses Tamro. Tamro is one of two approved distributors in Sweden, along with Oriola. Tamro's transportation is done by truck. For the portion transported by truck, EQL Pharma has set a goal to ensure that as large a percentage as possible of these transports are ISO 14001 certified or have relevant climate documentation.

Planned Inventory Management

One identified measure to further reduce climate impact from multiple transports is to plan inventory management. EQL Pharma has large warehouses and good opportunities to ensure that containers are well-filled. Due to laws and regulations, pharmaceuticals cannot be transported with other goods, so increasing fill levels with additional goods is not an option.

Logistics & Transport

- ✓ Primarily by boat and truck
- ✓ Use approved distributors
- ✓ High fill rate in containers
- ✓ Planned inventory management

Product Packaging

- ✓ Reduce the proportion of discarded products

Travel

- ✓ Use trains or electric cars
- ✓ Encourage public transportation
- ✓ Company cars powered by non-fossil fuels

Own Operations

- ✓ Heating with electricity
- ✓ Review has been conducted

In logistics and transportation, goals have been set, and for example, transportation methods and container fill levels are regularly measured.

Packaging Materials

EQL Pharma's pharmaceuticals are packaged in plastic, cardboard, and/or blister packs. Pharmaceutical packaging is regulated by law, and EQL Pharma has limited ability to influence material choices due to these regulations. In pursuit of greater sustainability, the company has identified another opportunity to reduce environmental impact: extended shelf-life. This is also described in the business idea. The ambition is to extend product shelf life, which can be seen as a positive environmental benefit in addition to the economic advantages it would bring. The goal is to reduce the proportion of discarded products by two percent each year compared to 2023.

Travel within the Company

Sustainable travel involves using fossil-free fuel as much as possible when travel is necessary. EQL Pharma has an office in a central location that is easily accessible by public transportation. The company provides travel cards with Skånetrafiken to all employees to encourage public transportation. There is also a policy allowing employees to work from home if they wish, and meetings are held digitally when needed. The company owns three company cars, two of which are electric, and one is a plugin hybrid.

With a high proportion of digital meetings, EQL Pharma can reduce the amount of work-related travel. When travel is necessary, environmentally friendly transportation options such as trains or electric cars are used whenever possible. Air travel is used only when no other option is available. Approximately 75 flights are made within EQL Pharma each year.

Own Impact

A review of the environmental impact of EQL Pharma's office operations has also been conducted. The office spaces are heated by electricity. The company previously had a stated environmental goal to implement waste sorting, which is now in practice.

EQL Pharma's Greenhouse Gas Emissions

The ambition is to align with the 1.5-degree goal of the Paris Agreement. With the measures outlined above, we believe we will achieve this on time with our plan.

SOCIAL EFFORTS

Satisfied Employees

Employee satisfaction has long been a priority for EQL Pharma. According to the latest employee survey from March 2025, EQL Pharma is a workplace where employees feel a strong sense of involvement and where new ideas and diverse perspectives are welcomed.

Our ambition and ultimate goal is for all employees to thrive, feel a sense of belonging, and be proud of the work they do at EQL Pharma. We believe in an inclusive work environment, where everyone feels appreciated regardless of their background and we do not tolerate harassment. We aim to provide a work environment that allows each employee to develop. To assess how well we are succeeding, an annual employee survey is conducted by an independent company (Eletive). The latest survey showed particularly high ratings in the areas of "Meaningfulness and Engagement," "Workplace and Tools," and "Relationship with manager". The lowest ratings were in "Workload," "Health," and "Feedback and Communication." The value for "Health" has improved compared to earlier years, the other two had the same value as earlier.

EQL Pharma has also been awarded the "Great Place to Work" certification, the only certification for good workplaces in Sweden.

The board is responsible for the social aspects of sustainability efforts. At the office, there is an HR manager who handles daily operations and communicates with employees.

Health and Well-being

People's health is the foundation of EQL Pharma's operations, including the health of our own employees, where we have conducted goal-oriented work for many years. We believe that employees who feel well also contribute positively to the company's operations. The company has an agreement with Betahälsan, which performs annual health checks for all employees. They have also reviewed the workstations to ensure that the right screens, desks, and office chairs are individually adjusted for optimal working posture. The HR manager regularly sends reminders to take movement breaks during work. These reminders may include a link to follow showing various types of exercises.

Workplace Community

EQL Pharma has identified community as a key factor for a pleasant workplace. Community is important for feeling joy about going to work and is therefore a prioritized area. There are several recurring communal activities such as shared breakfasts, yoga sessions, after-work events, and conference trips in the fall and spring. According to the employee survey, areas such as "good friends at work" and support and conflict management among colleagues have higher indices compared to last year. According to the Eletive employee survey, the overall score for employee health is 4.0, representing an increase of 0.2 compared to last year's score.

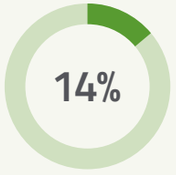
Training and Development

All employees have an individual development plan with a training card that is updated annually in accordance with legal requirements that EQL Pharma follows. The development plan is included in the performance review, which is conducted twice a year.

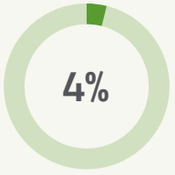
Great Place To Work. Certifierad SEP 2022–SEP 2023 SVERIGE

Proportion of employees who have used wellness benefits

Proportion of employees who have quit in the last year



Absence rate

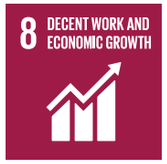


Work injuries that led to sick leave

ETHICS AND GOVERNANCE

A Responsible Producer of Niche Generics

Our business model is centered around providing individuals with the opportunity for better health. The health perspective permeates our entire organization, and as part of this commitment, we strive to treat all employees throughout the supply chain fairly, responsibly, and ethically.



EQL Pharma has a code of conduct that outlines the company's approach towards its employees, collaborators, and other stakeholders. This includes a focus on equality and a policy against corruption and bribery.

Equality

We strive to be an equal workplace with equal pay for women and men.

Power and Distribution of Power

EQL Pharma's board consists of 5 men and 1 woman. In the management team, there are 4 men and 2 women. We aim for gender balance. The nomination committee plays an important role in the re-election/new election process, although the suitability of candidates must be the primary consideration.

Details about the age distribution, education, and background of the board and management can be found on pages 38–39.

Diversity and Inclusion

Among EQL Pharma's 21 employees, there is a diversity of backgrounds and nationalities. We have employees from Sweden, Czech Republic, Asia, Denmark, and India, as well as full-time consultants from Croatia, Poland, Ukraine, and India. According to the employee policy, everyone should be treated equally regardless of background. The Eletive survey showed a very high score of 4.8 in the area "I am free from bullying or offensive treatment in my workplace." The score for acceptance of differing opinions is also high.

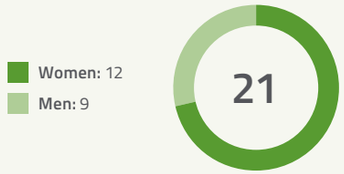
Whistleblower Function

During the year, no reports of harassment have been received. Since January 15, 2024, there has been a whistleblower policy with an email address that goes to a person outside the company's organization. The recipient, who is not an employee of the company, follows an action plan to ensure that the matter is handled promptly and correctly.

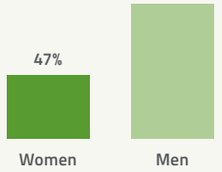
Subcontractors and Networks

EQL Pharma is committed to working with suppliers and partners who share our values and uphold ethical business practices. We will promote transparency and fair working practices throughout our supply chain. The board and management are responsible for implementing the code of conduct with all subcontractors. Subcontractors and partners are regularly required to respond to a Q&A about how they ensure that employees are treated fairly and sustainably.

Gender distribution employees



Wage difference men/women



Youngest and oldest employee

1991
Year of birth youngest employee

1958
Year of birth oldest employee

Average age of employees

48 years

RISK ANALYSIS

Impact of Our Sustainability Efforts

EQL Pharma is headquartered in Lund, Sweden, but has consultants, partners, and suppliers in other countries. This situation requires extra planning and care from a sustainability perspective. It also increases the company's vulnerability to factors such as changes in the climate.

EQL Pharma's generics are primarily manufactured in India. Many raw materials come from China and other countries in Asia. This situation makes EQL Pharma vulnerable, as the company relies on the smooth functioning of these supply chains. Direct risks and how EQL Pharma affects the climate with its operations are described in the sustainability report on page 28–36. Above is a risk description of how EQL Pharma, as a company, could be financially impacted through its climate impact.

Transition Risks

Shipping raw materials and products over long distances has a negative impact on the environment, as do packaging materials and manufacturing processes. When transitioning to a more climate-neutral and low-carbon economy, companies face transition risks that could negatively impact the company's finances through additional costs, damage to its brand, or being surpassed by competitors with better sustainability practices.

A company with operations that significantly impact the climate is more exposed to transition risks. EQL Pharma assesses that our operations have a moderate impact.

Physical Risks

Furthermore, EQL Pharma is exposed to physical risks. Physical risks arise when climate changes affect the company's operations. These include natural disasters such as floods, fires, heatwaves, and similar events that could disrupt the company's manufacturing in India or affect the supply chain. Climate changes may also lead to difficulties in labor availability, resulting in a shortage of human capital.

There are also longer-term risks, such as shortages of raw materials due to climate changes resulting from water scarcity or temperature fluctuations.

All companies are exposed to these risks, and EQL Pharma's operations do not have the same direct impact on risk exposure. EQL Pharma is aware of the physical risks and recognizes the need to eventually reduce dependence on imports from Asia and to spread pharmaceutical manufacturing across multiple production facilities that also work towards sustainable operations.

Below is a list of transition risks that EQL Pharma is exposed to and a risk assessment for these:

Transition Risks	Action	Risk Assessment
Political Risk; The company fails to comply with increased energy efficiency requirements and new regulations	EQL Pharma requires carriers to have relevant documentation and ISO 14001 certification	Low
Legal Risks; Risk of legal disputes for not working to reduce negative climate impact	Ongoing efforts towards more climate-friendly alternatives in logistics and operations, and implementation and communication of EQL Pharma's sustainability efforts	Low
Technical Risks; Technology that is more climate-friendly replaces current technology	Updates on advancements and new methods in pharmaceutical manufacturing	Low
Market Risks; Customers find similar products that are more climate-friendly	Difficult for EQL Pharma to influence, other than staying updated on progress in all areas	Low
Reputation Risks; Difficulty retaining customers, partners, and attracting the right employees if there is negative publicity about EQL Pharma harming the climate	Clearly communicate the company's efforts towards sustainable production	Low

Corporate Governance

How we govern and manage our operations

Executive Team

Axel Schörling

CEO since 2022, Vice CEO since 2020 and COO since 2018

Born: 1986

Education: MSc Engineering Physics, Chalmers and MSc Financial Economics, Gothenburg School of Business,Economics and Law

Other ongoing roles: Board member of GASPOROX AB

Previous roles (past five years): Director of Perstorp's Business Controlling team and management consultant at BearingPoint

Holdings in the Company: 303,113 shares and 500,000 call options

Alexander Brising

Business Development Director since 2016, Chief Commercial Officer since 2022

Born: 1970

Education: MSc Business Administration and Management & Operations at 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

Holdings in the Company: 253,733 shares

Martin Kristofferson

Strategic Sourcing Director since 2021 and COO since 2022

Born: 1978

Education: MSc Business Administration, Linköpings University

Other ongoing roles: –

Previous roles (past five years): Sourcing Director at Biogaia AB in Lund, CMO and Medical Devices Procurement at Leo Pharma in Copenhagen

Holdings in the Company: 20,200 shares and 116,000 call options

Anna Jönsson

CFO since 2021

Born: 1984

Education: IHM Business School

Other ongoing roles: –

Previous roles (past five years): Office manager in Lund at Resursgruppen Ekonomi & Revision AB

Holdings in the Company: 13,729 shares

Cornelia Lindström

Regulatory Affairs, Quality Assurance and PV Director since 2021

Born: 1986

Education: MSc Pharm, Certified Pharmacist, Uppsala University

Other ongoing roles: –

Previous roles (past five years): Head of Regulatory Affairs and Pharmacovigilance at Bayer Animal Health in Copenhagen

Holdings in the Company: 46,000 call options

Carl Lindgren

Chief Business Development Officer

Born: 1968

Education: B.Sc., Business Administration & Economics, Lunds Universitet

Other ongoing roles: Chairman of the Board of Iconovo AB and Board member of Biomedica Norden AB

Previous roles (past five years): Board member Iconovo, VP, M&A/BD, Karo Healthcare AB, VP Karo Pharma AB, Managing Director Karo Pharma ApS

Holdings in the Company: 60,000 shares and 100,000 call options

The Board of Directors

Christer Fåhraeus

Founder, Board member since 2006 and Chairman since 2022

Born: 1965

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

Other ongoing roles: Chairman of the Board of ApoEco Sverige AB, Fåhraeus Startup & Growth AB and FSG Fund II AB, Board member of CellaVision AB, Fåhraeus Institute AB, Fårö Capital AB, Wranne Fåhraeus Design AB, Theope Seed Capital AB, FlatFrog Laboratories AB, OssDsign AB, Oncorena AB, Oncorena Holding AB, EQL Pharma Int AB, Smältan Invest AB, Checkin Group AB, Bionamic AB and Melius Pharma AB and Deputy Board member of Rapidus Media AB and CJ Scandinavian Seaview Consulting 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

Holdings in the Company: 6,901,348 shares

Anders Månsson

Board member since 2018 and Chairman 2020-2022

Born: 1967

Education: BSc and MBA Business Administration

Other ongoing roles: Senior Advisor at Carocell Bio Limited, Inceptron AB and Ventures Accelerated AB. Board member at Immetric AB and CEO at Anders Månsson Business Development AB.

Previous roles (past five years): Interim CEO of Phase Holographic Imaging AB, CEO of Oncoinvent ASA, Lidds AB, RhoVac AB and Board member of Amniotics AB

Holdings in the Company: 10,000 shares

Nikunj Shah

Board member since 2024

Born: 1961

Other current assignments: Business Head for International Market, Cadila Pharmaceuticals Limited, Ahmedabad, India

Previous assignments (past five years): He has been associated with Cadila Pharmaceuticals for over 30 years and has held various roles in the areas of commercial and strategic business initiatives for the Indian and international markets, corporate planning, inventory management, production, and research and development. He has also served as Cadila's representative in the management team of a leading hospital in Ahmedabad, India.

Shareholding in the Company: –

Per Ollermark

Board member since 2021

Born: 1960

Education: BSc

Other ongoing roles: Senior consultant and CEO of own consulting firm Turn the Key AB. Board member of HR Professional TTK AB and Interim CFO of Sievert Group AB.

Previous roles (past five years): Roles at companies including Vapiano, Pricerunner, Mentimeter, Stillfront, Polarium, Nordic Waterproofing, and Nordic Flanges

Holdings in the Company: –

Per Svangren

Board member since 2021

Born: 1973

Education: MSc, Certified Pharmacist, Uppsala University

Other ongoing roles: Senior consultant and CEO of own consulting firm with a focus on global pricing & reimbursement and market access within pharma and medtech

Previous roles (past five years): AstraZeneca (Global price & reimbursement director) and SOBI (Head of global market access, specialty care), Board member of Barsebäck Golf & Country Club

Holdings in the Company: 10,000 shares

Linda Neckmar

Board member since 2020

Born: 1973

Education: MSc Chemical Engineering, LTH, Lund University

Other ongoing roles: Executive with global responsibility for the business area Human Health at Chr Hansen AS and Board member of International Probiotic Association

Previous roles (past five years): Executive positions at Chr. Hansen A/S and Probi AB, as well as Chairman of the Board at Probi Feed AB and Probi Food Aktiebolag. Member of the Board of Directors at International Probiotics Association, Phase Holographic Imaging PHI AB, and Veg of Lund AB (publ). Chief Executive Officer of Probi Feed AB and Probi Food Aktiebolag.

Holdings in the Company: 2,500 shares

Auditor

Maria Ekelund

The company's auditor is Deloitte, which was re-elected at the AGM for the period until the end of the AGM in 2024.

Born: 1970

Maria Ekelund has been the company's chief editor since the financial year 2022/2023. Maria Ekelund is an authorized accountant and a member of the trade association FAR (the trade association of authorized accountants).

Deloitte's office address: Hjälmaregatan 3, 201 23 Malmö, Sweden

Corporate Governance Report

EQL Pharma applies the Swedish Corporate Governance Code ("the Code"). Information about the Code is available at bolagsstyrning.se. In addition to the Code, EQL Pharma complies with applicable provisions of the Swedish Companies Act, the rules and recommendations arising from its listing on Nasdaq Stockholm, and generally accepted practices in the Swedish stock market.

This Corporate Governance Report has been prepared in accordance with the Annual Accounts Act and the Code. The report has been compiled as a separate document from the formal Annual Report and is therefore not part of the statutory financial statements. The Corporate Governance Report has been reviewed by the company's auditor in accordance with the provisions of the Annual Accounts Act, and the auditor's statement is attached to the report.

General Meetings

The Annual General Meeting (AGM), or where applicable an Extraordinary General Meeting (EGM), is the company's highest decision-making body, in which all shareholders have the right to participate. The Articles of Association contain no limitations on how many votes each shareholder may cast at a General Meeting. Amendments to the Articles of Association must be resolved by the General Meeting.

In addition to the legal requirements for a shareholder's right to participate, the shareholder must be registered in the shareholder register under their own name no later than five business days before the meeting. EQL Pharma's Articles of Association also require advance notification of participation by the date specified in the notice. Shareholders are typically expected to attend in person or via proxy.

At the AGM, which is held within six months of the end of the financial year, the company's development is presented, and decisions are made on several important matters such as the adoption of the company's and the Group's income statement and balance sheet, allocation of profits, discharge from liability for board members and the CEO, and the election of board members until the next AGM. The auditor is appointed every second year, and remuneration for the auditor is also resolved by the AGM.

The AGM for 2023–2024 was held on 19 August, and the minutes are available on EQL Pharma's website. The AGM for 2024–2025 will be held in Lund on August 19 at 16:00.

Notice of the AGM is published no earlier than six and no later than four weeks prior to the meeting. Shareholders wishing to have a matter addressed at the AGM must submit such a request by mail to EQL Pharma (publ), Attn: Anna Jönsson, Stortorget 1, SE-222 23 Lund, well in advance of the notice being issued, and no later than seven weeks prior to the meeting to ensure it can be included.

Board member	Represents	Board member or not
Christer Fåhraeus	Chairman of the Board	Chairman
Rajiv I Modi	Cadila Pharmaceuticals Ltd	
Erik Hallengren	SEB Fonder	

Nomination Committee

In accordance with the resolution of the AGM, the Nomination Committee shall consist of the Chair of the Board (acting as convener) and one representative from each of the company's three largest shareholders as of December 31 each year. Members of the Nomination Committee receive no remuneration from the company. The Nomination Committee shall perform the duties assigned to it under the Code.

The Nomination Committee is responsible for preparing proposals for all elections and remuneration matters that arise from its appointment until a new Nomination Committee is formed. Its tasks include proposing the Chair of the Meeting, the Chair and other members of the Board of Directors, remuneration to the Board (divided between the Chair, other members, and for any committee work), and, where applicable, the election of auditors and their fees.

The Nomination Committee has chosen to apply rule 4.1 of the Swedish Corporate Governance Code as its diversity policy, which states that the Board should be characterized by diversity and breadth in terms of skills, experience, and background. Efforts should also be made to achieve gender balance. Further information on the company's work with diversity can be found on page 35 of the Annual Report.

Ahead of the 2025 AGM, the Nomination Committee met on three occasions, with all members in attendance.

Shareholders

As of 31 March 2025, EQL Pharma had 1,113 shareholders. The company's largest shareholder is Cadila Pharmaceuticals, holding 30 percent of the shares, followed by Christer Fåhraeus, who holds 24.21 percent. Additional information about ownership structure and shareholdings is presented on page 26 of the Annual Report.

The Board of Directors, Its Work, and Committees

EQL Pharma's Board of Directors is elected annually at the Annual General Meeting for the period until the end of the next Annual General Meeting and shall, according to the Articles of Association, consist of no fewer than three and no more than eight members. The Articles of Association contain no specific provisions regarding the appointment or dismissal of board members.

At the 2024 Annual General Meeting, the board members and the CEO were granted discharge from liability, and re-election was made of the board members Anders Månsson, Christer Fåhraeus, Linda Neckmar, Per Ollermark, and Per Svangren. Nikunj Shah was newly elected as a board member. It was also resolved to re-elect Christer Fåhraeus as Chairman of the Board.

The Board is presented at page 39

Board member	Attendance
Christer Fåhraeus	15/15
Anders Månsson	14/15
Linda Neckmar	14/15
Nikunj Shah	13/15
Per Ollermark	14/15
Per Svangren	14/15

All board members elected at the General Meeting are independent in relation to the company, the executive management, and major shareholders, except for Christer Fåhraeus and Nikunj Shah, who are considered dependent in relation to major shareholders.

The 2024 Annual General Meeting resolved that remuneration to the Board shall amount to SEK 300,000 for the Chairman and SEK 150,000 for each of the other board members who are not permanent employees of the company. Further, remuneration for committee work shall amount to SEK 60,000 to the Chairman of the Audit Committee, SEK 30,000 to each other member of the Audit Committee, SEK 40,000 to the Chairman of the Remuneration Committee, and SEK 20,000 to each other member of the Remuneration Committee. Finally, in accordance with the Nomination Committee's proposal, remuneration to the auditor shall be paid according to approved invoices.

The Board operates according to established rules of procedure which are revised and adopted annually. The rules mainly regulate the Board's work, processes for agenda preparation and minutes, instructions regarding division of responsibilities between the Board and the CEO, as well as instructions for financial reporting. The Chairman leads the Board's work and represents the Board both externally and internally. The CEO reports at each regular Board meeting on ongoing operations, including financial reporting, forecasts, and business development.

During the 2024/2025 fiscal year, the Board held eight regular meetings and seven extraordinary meetings. The Board met with the company's auditor on two occasions. Minutes were recorded by the Board Secretary, CFO Anna Jönsson, during the year.

The Board conducts an annual structured evaluation, using the Eletive digital platform, of the Board and the CEO, and the results are shared with the Nomination Committee. The purpose of the evaluation is to develop the Board's working methods and effectiveness. The evaluation consists of a digital questionnaire completed by the members, after which the responses are compiled and presented to both the Board and the Nomination Committee, along with the results from the evaluations conducted in the previous two years.

Audit Committee

Within the Board, an Audit Committee has been appointed, consisting of Per Ollermark (Chair), Linda Neckmar, and Anders Månsson. The members of the Audit Committee possess the necessary accounting expertise. The work of the Audit Committee is governed by instructions that form part of the Board's rules of procedure. The committee's duties include preparing matters for the Board concerning the appointment and remuneration of auditors, monitoring the auditors' work and the company's internal control systems, overseeing the current risk situation, reviewing external audits and the company's financial information as well as the annual report, preparing and monitoring matters related to financing, preparing the establishment and revision of the finance policy, and other issues assigned to the committee by the Board. The committee is also responsible for evaluating the audit engagement and providing this information to the Nomination Committee, as well as assisting the Nomination Committee in preparing proposals for the appointment of auditors and auditor remuneration. The Audit Committee reports to the Board. During the 2024/2025 financial year, the committee held 8 meetings.

Remuneration Committee

The Board has established a Remuneration Committee consisting of Christer Fåhraeus (Chair), Anders Månsson, and Per Svangren. The committee's main task is to propose principles for remuneration and other terms of employment for the CEO and other senior executives within the Group. Prior to each Annual General Meeting, the committee submits its proposal in accordance with Chapter 8, § 51 of the Swedish Companies Act.

In addition to the guidelines and principles for remuneration to the CEO and other senior executives, the committee has during the year discussed the company's incentive program for the CEO and Group management. Salaries, remuneration, terms of employment, and other details for the Board, CEO, and Group management are presented in note K9 on pages 65–67.

Auditor

According to the Articles of Association, EQL Pharma shall appoint a registered auditing firm for a term of two years. At least once a year, the auditor attends a board meeting without the presence of the CEO or other members of the company management. At the 2024 Annual General Meeting, Deloitte AB was appointed as auditor for a term of two years. Maria Ekelund, Authorized Public Accountant, is the auditor in charge. Information regarding auditor's fees is provided in note K6 on page 64.

Executive Management

In accordance with its guidelines and instructions, the Board has delegated the day-to-day management of the company to the Chief Executive Officer (CEO). The CEO, and under the CEO's leadership the other members of the management team, are responsible for the overall business operations and daily management. The CEO regularly reports to the Board on the company's business activities, financial results, and other matters relevant to the company. At least once per year, the Board conducts an evaluation of the CEO, during which no members of the Executive Management attend. The CEO and the other members of the Group Executive Management are presented on page 38.

Remuneration to Senior Executives

The company's current guidelines for remuneration to senior executives were adopted by the Annual General Meeting in 2024. The principles primarily stipulate that market-based salaries and other employment terms shall apply to the executive management. In addition to fixed salary, a bonus scheme is applied, which may amount to a maximum of 50 percent of the fixed annual salary. Remuneration may also be granted in the form of options. The full principles are set out in the management report on pages 46–49.

Internal Control

The company's system for internal control and risk management has been designed to ensure that the financial reporting is reliable, complies with applicable laws and regulations, and provides a true and fair view of the company's financial position and results during the fiscal year 2024–2025. According to the Swedish Companies Act and the Code, the Board of Directors is responsible for internal control. This description has been prepared in accordance with Chapter 6, Section 6 of the Annual Accounts Act and thus outlines the company's systems and procedures for internal control in connection with financial reporting. Internal control and risk management regarding financial reporting is a process designed by the Board to provide the Board, management, and other relevant parties within the organization with reasonable assurance regarding the reliability of external financial reporting and whether the financial statements have been prepared in accordance with generally accepted accounting principles, applicable laws and regulations, and other requirements for listed companies.

Control Environment

The foundation of internal control over financial reporting consists of the control environment, which includes the organization, decision-making paths, authorities, and responsibilities that are documented and communicated through governing documents such as internal policies, guidelines, and manuals. At EQL Pharma, the most significant components of the control environment are documented in policies and other governance documents. The division of responsibilities between the Board of Directors and the CEO, as well as between the Board's committees, is described in EQL Pharma's rules of procedure. Other key policies and governance documents include the company's Code of Conduct, finance policy, and the company's authorization instruction.

Control Activities

Appropriate control activities are a prerequisite for managing significant risks within internal control. The Board receives monthly reports where the CEO and CFO present the group's performance and financial position for the past period. The monthly closing and annual reporting processes are well defined, and reporting is conducted according to standardized reporting templates, including comments on all material income statement and balance sheet items. The CFO and controller with functional responsibility for accounting, reporting, and analysis are present both at the parent company and at subsidiaries. This ensures multiple layers of review of the company's financial reports, reducing the risk of errors. EQL Pharma also employs automated controls, for example in IT-based systems that manage user access and authorization rights.

Information and Communication

EQL Pharma's most essential policies and other governing documents are continuously updated and communicated to all relevant parties through established information channels, both electronically and/or in printed form. The procedures for external communication aim to provide the market with relevant, reliable, and accurate information regarding EQL Pharma's development and financial position. EQL Pharma has an information policy that meets the requirements applicable to a listed company. Financial information is regularly disclosed in the form of:

- ✓ Financial statements and interim reports communicated via press releases
- ✓ Annual reports
- ✓ Press releases regarding important news and events that may affect the company's valuation
- ✓ Video presentations in connection with the publication of reports
- ✓ Conferences and presentations for financial analysts, media, and investors

Press releases and other informational materials are published on https://investor.eqlpharma.com/ simultaneously with communication to the market.

Monitoring

EQL Pharma continuously and annually monitors and evaluates compliance with internal policies and other governing documents. The appropriateness and functionality are also evaluated both continuously and annually. Any deficiencies are reported and addressed according to established procedures.

Internal Audit

EQL Pharma has developed governance and internal control systems whose compliance is regularly monitored at various levels within the company. Based on this, the Board has assessed that there is currently no need to establish a separate internal audit function. This assessment is reviewed annually by the Board.

Lund, July 24 2025
The Board of Directors

Auditor's Report on the Corporate Governance Statement

To the general meeting of the shareholders in EQL Pharma AB
corporate identity number 556713-3425

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the financial year 01-04-2024 - 31-03-2025 on pages 41–43 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Malmö 25-07-2025
Deloitte AB

Maria Ekelund
Authorized Public Accountant

Financial Information

Our management report, accounts, and notes for the group and parent company

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 April 1 2024 to March 31 2025.

Operations and Structure

EQL Pharma AB specializes in developing and selling generics, i .e. medicines that are medically identical to the originator product. On March 31 2025 the company has 40 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 2025 and beyond. At present, operations are entirely focused on prescription medicines, including hospital products, in the Nordic region and selected European markets. With operations based in Lund, the Company has 21 employees and is listed on Nasdaq Stockholm. EQL Pharma is running an extensive development programme in collaboration with leading contract manufacturers and large pharmaceutical companies based in areas such as the EU and Asia.

Market

EQL Pharma currently operates under its own brand in Sweden, Denmark, Norway and Finland. In the rest of Europe EQL Pharma's products are sold indirectly via partners.

Significant events during the financial year

- On April 22, it was announced that EQL's key product Mellozzan® was launched in Germany and Austria.
- On May 27, it was announced that EQL Pharma's CEO increased his holding in the company.
- On June 12, EQL Pharma announced that it had been approved for listing on Nasdaq Stockholm.
- On June 28, EQL Pharma's prospectus for the list change to Nasdaq Stockholm was published.
- On July 4, it was announced that trading in EQL Pharma's shares on Nasdaq Stockholm had commenced.
- On July 5, it was communicated that Mellozzan® received market approval in Switzerland.
- On December 10, EQL Pharma entered into an asset acquisition agreement to acquire a portfolio of original pharmaceuticals.
- On January 17, it was announced that EQL Pharma is issuing senior secured bonds.
- On January 31, EQL Pharma announced that it had completed the acquisition of a product portfolio from Medilink A/S.
- On March 7, EQL Pharma communicated new financial targets for the period 2024/25 – 2028/29.
- On March 11, it was announced that EQL Pharma had entered into an exclusive distribution agreement with Pharmalink for its product Mellozzan® (melatonin) for the GCC region (Gulf Cooperation Council), which includes the United Arab Emirates, Saudi Arabia, Kuwait, Qatar, Oman, and Bahrain.

Product launches and deregistrations

During the fiscal year, EQL launched the following products, both directly and indirectly

- **Sweden:** Testonur (testosterone), Amotaks (amoxicillin), Buronil (melperone)
- **Denmark:** Nitrofurantoin EQL Pharma, Propranolol EQL Pharma, Amitriptyline EQL Pharma, Allopurinol EQL Pharma, Testonur (testosterone), Buronil (melperone), Hydromed (hydrochlorothiazide), Follimet (folic acid), Marplan (isocarboxazid), Piperacillin/Tazobactam Qilu
- **Norway:** Copneg (glycopyrronium/neostigmine), Glyronul (glycopyrronium bromide), Hydromed (hydrochlorothiazide)
- **Finland:** Testonur (testosterone)
- **Iceland (indirect):** Buronil (melperone), Hydromed (hydrochlorothiazide)
- **Germany (indirect):** Mellozzan (melatonin) tablets, Mellozzan (melatonin) oral solution
- **Austria:** Buronil (melperone)
- **Austria (indirect):** Mellozzan (melatonin) tablets
- **Switzerland (indirect):** Mellozzan (melatonin) tablets
- **Malta (indirect):** Methenamine hippurate (EQL Pharma)
- **Cyprus (indirect):** Methenamine hippurate (EQL Pharma)
- **Estonia:** Buronil (melperone)
- **Estonia (indirect):** Copneg (glycopyrronium/neostigmine)
- **Lithuania:** Buronil (melperone)
- **Latvia:** Buronil (melperone)
- **Czech Republic:** Buronil (melperone)
- **Czech Republic (indirect):** Phenoxymethylpenicillin (EQL) oral solution

- ✓ **Israel (indirect):** Methenamine hippurate (EQL Pharma)
- ✓ **Slovenia (indirect):** Mellozzan (melatonin) oral solution

Approvals and acquisitions

During the year, EQL received approvals for Tobramycin EQL Pharma, Testonur, Ertapenem Qilu, Flucloxacillin EQL Pharma and Amotaks. During the year EQL acquired the products Folimet, Marplan, Buronil and Hydromed and the transfer of markering approvals to EQL has been initiated.

Significant events after the end of the financial year

- ✓ Methenamine hippurate (brand name Altar-omin©) received marketing authorization in France
- ✓ On July 2, it was announced that EQL's key product Memprex© has been licensed for sale in the BeNeLux region (Belgium, the Netherlands, and Luxembourg) through Goodlife Specialty BV
- ✓ EQL takes the first step toward establishing a presence in Germany and the Netherlands

Significant risks and uncertainty factors

Risks and uncertainty factors

A number of risk factors may have a negative effect on the operations of EQL Pharma. 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.

Development risks

EQL Pharma develops its own niche generics via partners. This development process takes a long time, and delays as well as increased costs for the development and approval process cannot be ruled out. In the event of delays, the Company may be affected by delayed sales revenue together with an increased risk of competition from other generics companies, which could have a considerable negative impact on the Company's operations, earnings and financial position.

Market growth

An establishment in new countries and regions may entail problems and risks that are difficult to predict. Furthermore, establishments may be delayed and thereby entail a shortfall in revenue. EQL Pharma is in a growth phase, which may entail that the Company carries out acquisitions of other companies. Synergy effects that fail to materialize and less than optimal integration work may have a negative impact on the Company's operations, earnings and financial position. Furthermore, rapid growth may entail problems on the organizational level. It may also be hard to recruit the right staff and difficulties may arise regarding the successful integration of new staff into the organization. An expansion and offensive market initiatives would also mean increased costs for the Company. If any of these circumstances were to arise, there may be a negative impact on the Company's operations, earnings and financial position.

Competition

Extensive investment and product development by a competitor may entail risks in the form of reduced sales and profitability. Increased competition may cause negative sales and earnings effects for the Company in the future.

Political risk

EQL Pharma is active in and through a number of different countries. These countries have specific laws and ordinances that are applied regarding the sale of generics, for example. Risks may arise due to changes in these laws and ordinances, which may have a considerable negative impact on the Company's operations, earnings and financial position.

Regulatory authority approvals

EQL Pharma is dependent on the Company's products undergoing studies to demonstrate the new generic's bioequivalence with the original medicine. There is a risk that the outcome of these studies is not to the Company's advantage. In these cases, additional studies may be necessary to obtain the relevant approval. There is also a risk that the implementation of the studies is not in line with what was planned, which may affect their outcome. Such outcomes may delay sales and development as well as increase the costs of a new product, which may have a considerable negative impact on the Company's operations, earnings and financial position.

The Company's success in certain markets is reliant on national insurance systems (private or public) approving EQL Pharma's products for reimbursement in the national insurance systems. EQL Pharma works for the products to be incorporated in the markets in question, but there is a risk that the Company's generics will not fulfill or be able to maintain the requirements set for receiving reimbursement from national insurance systems in the markets where the Company is active. Furthermore, there is a risk that sufficiently advantageous reimbursement from these national insurance systems will not be received and that the systems will not pay out such reimbursement within a certain timeframe. If in certain markets no reimbursement is forthcoming from the insurance systems and no clinical acceptance is obtained for the medicine, this will lead to a negative effect on the Company's future sales growth, which could have a considerable negative impact on the Company's operations, earnings and financial position.

Partners

EQL Pharma has, and will continue to have, collaborations with a number of partners. It cannot be ruled out that one or several of these may choose to discontinue their collaboration with the Company, which could have a negative effect on the Company's operations in the form of delays and the possibility of limited or lost revenues. Also, it cannot be guaranteed that EQL Pharma's partners completely fulfill the quality requirements set by the Company. It may also be the case that an establishment with new partners becomes more expensive and/or takes longer than the Company estimated. The lack of relevant collaboration agreements or partners that fail in their work may therefore have a considerable negative impact on the Company's operations, earnings and financial position.

Financial risks
EQL Pharma is exposed through its operations to a number of different financial risks including credit risk and market risks such as currency risk, interest rate risk and liquidity risk. The Group's management and board work actively to minimize these risks.

Credit risk
Credit risk is defined as the risk that the Group's counter parties cannot fulfill their financial obligations to the Group. The Group's largest credit risk is trade receivables. Historically, the Group has had very few customer losses and the finance department focuses strongly on collection of due trade receivables. The Group has also established guidelines to ensure that the sale of products and services is to customers with a suitable credit background.

Currency risk
The strong currency fluctuations of recent years is one of the risks that the Group has to manage. The Group's currency policy excludes hedging. The Group currently has sales in SEK, USD, DKK, NOK and EUR and costs in the same currencies, which in itself partly balances the currency risk.

Liquidity risk
The company is reliant on the continuous development of new generics. Delays in market breakthroughs for one or several products may mean a decline in earnings for the Company. There is therefore a risk that the Company may need to obtain additional capital in the future. There is a risk that any additional capital cannot be obtained on favorable terms or that such raised capital is not sufficient to finance the Company's development, or that such capital cannot be acquired at all, which may have a considerable negative impact on the Company's operations, earnings and financial position. For further information about the Company's financial risks see note K4 Financial risks.

Key persons
EQL Pharma's key persons possess considerable expertise and long experience of the Company's area of operations. The loss of one or several key persons may as a result entail negative consequences for EQL Pharma's business and there is a risk that qualified staff cannot be recruited if that need should arise. Neither is it possible to completely protect against former employees spreading information to other players, which entails a risk that competitors find out about, and can utilize, the know-how that is developed by EQL Pharma. If the Company was to lose key persons, fail in recruiting qualified staff, or former employees were to spread information about the Company to other players,this could have a considerable negative impact on the Company's operations, earnings and financial position.

Operational risk
Operational risk is defined as the risk that losses are caused due to deficient procedures and/or irregularities. Good internal controls, an appropriate administrative system, professional development and access to reliable evaluation and risk models are a good basis for guaranteeing operational security. The employees' knowledge, experience and commitment are important for EQL Pharma's future development. EQL Pharma could be negatively affected if several of the Group's employees left EQL Pharma at the same time, or in the case of deficiencies arising in the Group's operational security.

Disputes
Legal disputes entail risks of losing cases as well as the cost of legal representation and, in the case of arbitration proceedings, an arbitration tribunal. There is always a risk that disputes arise concerning agreements or that disputes that arise cannot be solved in an advantageous way for the Group. Legal proceedings may therefore have a considerable negative impact on EQL Pharma's operations, earnings and financial position.

Changes in legislation
New laws or regulations, or changes in the application of existing laws, may affect the Group's business negatively. At present, no such changes are known.

Financial Targets
EQL Pharma's financial targets are expectations regarding growth and profitability. These targets are based on a number of assumptions, which by their very nature are subject to significant business, operational, economic and other risks, of which many are beyond the Company's control. The Company has based the targets on detailed assumptions that the executive team and board have used as a basis when they decided the targets, but there is a risk that in the future these assumptions will not reflect the commercial, regulatory and economic environment in which the Company operates. Consequently, the assumptions may change or not materialize at all. In addition, unexpected events may entail a negative effect on the actual results that the Company achieves in the future, regardless of whether the assumptions prove to be correct or not. Therefore, the Company's actual results may deviate from these targets and investors should not attach an unreasonable significance to them.

The Company's Share
The Company's share has been listed on Nasdaq Stockholm since July 4 2024. Before that, the share was listed at Spotlight Stock Market since December 17 2013. The share capital amounts to SEK 1,307,862.45 and consists of 29,063,610 (29,063,610) shares with a quotient value of SEK 0.045 per share. Each share gives entitlement to one vote.

Shareholders
The number of shareholders totaled around 964 at the start of the financial year and around 1113 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.

The Year in Figures

Net sales

The Group's turnover during the period April to March was SEK 373.5 (264.2) million an increase with 41%. The increase in revenue is partly due to higher sales of existing products, but also driven by the addition of new launches and the acquisition of Medilink that was finalized in January 31 2025.

Gross and operating profit

The gross profit for the period was SEK 156.0 (115.0) million which corresponds to a gross margin of 42 (44) percent. The gross margin was affected by freight costs, product mix, amortization of capitalized development expenses, inventory adjustments, and currency effects. Operating profit (EBIT) for the period amounted to SEK 67.4 million (32.6), corresponding to an operating margin of 18 percent (12 percent).

Net financial income/expense

The net financial income/expense for the year was SEK -13.0 (-4.0) million.

Profit for the Year

The profit for the year before tax was SEK 54.4 (28.6) million. The change is explained by the same items as described above regarding the change in EBIT. Tax for the year was SEK -11.2 (-5.9) million. The profit for the year SEK 243.1 (22.7) million provides earnings per share of SEK 1.48 (0.78).

Cash flow for the year

The cash flow from operating activities amounted to SEK -24.7 (-11.4) million. The change in working capital amounted to SEK -91.5 (-43.0) million, which can primarily be explained by increased capital tied up in inventory.

EQL Pharma continues to invest in new products, with cash flow from investing activities totaling SEK -245.8 (-66.2) million, reflecting investments in both ongoing and new projects. Cash flow from financing activities amounted to SEK 332.4 (53.7) million and includes increases in invoice and inventory financing, and senior secured bonds amounting to SEK 350 million.

Financial position as at 31-03-2025

Liquid funds at the end of the period amounted to SEK 82.4 (20.5) million. As at March 31 2025 unutilised pledged invoice credit amounted to SEK 26.3 (10.0) million. Available pledged invoice and inventory limits amounted to SEK 134.0 (120.0) million.

Staff

The number of full-time employees in the Group is 21 (21) of whom 12 (15) are women. In addition to the permanent staff there are also employed consultants with expertise in GMP (Good Manufacturing Practice), pharmacovigilance (side-effect monitoring), regulatory affairs as well as wholesale activities linked to the parent company.

Proposed Appropriation of Company Profit

At the disposal of the AGM are the following earnings in the parent company (all amounts in SEK):

SEK	2024/2025
Retained earnings	70,023,093
Profit for the year	12,851,842
TOTAL	**82,874,935**

Retained earnings are offset against non-restricted equity.

The Company's earnings for the financial year and financial position as at March 31 2025 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

Five-Year Overview

KSEK	2024/2025	2023/2024	2022/2023	2021/2022	2020/2021
Earnings					
Net sales	373,516	264,168	259,913	409,753	179,141
Sales growth, %	41	2	-37	129	149
Gross profit	**155,953**	**115,045**	**115,850**	**95,734**	**51,006**
Gross margin, %	42	44	45	23	28
Operating profit (EBIT)	**67,370**	**32,615**	**41,339**	**38,839**	**11,522**
Operating margin, %	18	12	16	9	6
Profit before tax	54,354	28,604	38,968	35,965	10,422
Net profit	**43,123**	**22,705**	**30,921**	**31,549**	**10,367**
Financial position					
Equity/assets ratio, %	27	48	54	52	45
Total cash flow	61,932	-23,958	3,227	14,620	16,269
Return on equity, %	22	14	22	29	12

Statement of Comprehensive Income

KSEK	Note	01-04-2024 31-03-2025	01-04-2023 31-03-2024
Net sales	K5	373,516	264,168
Expenses for sold goods		-217,562	-149,123
Gross profit		**155,953**	**115,045**
Sales expenses	K6, K7	-58,763	-48,976
Administration expenses	K6,K7,K8,K9	-19,698	-21,826
Research and development expenses	K8,K9	-11,263	-12,090
Other operating income	K10	1,140	463
Operating profit (EBIT)		**67,370**	**32,615**
Profit or loss from financial items			
Interest income and similar profit/loss items	K11	7	1,721
Interest expense and similar profit/loss items	K11	-13,022	-5,732
Net financial income/expense		**-13,015**	**-4,011**
Earnings before tax (EBT)		**54,354**	**28,604**
Tax on profit/loss for the year	K12	-11,232	-5,899
Profit/loss for the period		**43,123**	**22,705**
Other comprehensive income			
Translation difference		-10	1
COMPREHENSIVE INCOME FOR THE PERIOD		**43,113**	**22,705**
Comprehensive income for the period attributable to:			
Parent company shareholders		43,113	22,705
Earnings per share before dilution, SEK	**K13**	**1.48**	**0.78**
Earnings per share after dilution, SEK	**K13**	**1.44**	**0.76**

Summary of Consolidated Statement of Financial Position

Assets

KSEK	Note	01-04-2024 31-03-2025	01-04-2023 31-03-2024
ASSETS			
Fixed assets			
Intangible fixed assets			
Capitalized expenditure	K14	37,578	24,235
Licensed and development products	K15	364,668	149,075
Total intangible fixed assets		**402,246**	**173,309**
Tangible fixed assets			
Buildings	K16	3,804	1,202
Equipment, tools and fixtures and fittings	K16	2,521	1,472
Total tangible fixed assets		**6,324**	**2,674**
Non-current financial fixed assets			
Participations in other companies		1	1
Total non-current financial assets		**1**	**1**
Total fixed assets		**408,571**	**175,984**
Current assets			
Goods for resale	K17	179,031	105,627
Trade receivables	K18	125,682	58,342
Other current receivables		154	2,742
Prepaid expenses and accrued income	K19	12,985	10,595
Liquid funds	K20	82,400	20,468
Total current assets		**400,252**	**197,774**
TOTAL ASSETS		**808,823**	**373,759**

Summary of Consolidated Statement of Financial Position

Equity and Liabilities

KSEK	Note	01-04-2024 31-03-2025	01-04-2023 31-03-2024
EQUITY AND LIABILITIES			
Share capital	K21	1,308	1,308
Other contributed capital		67,642	67,449
Retained earnings including profit for the year		152,084	108,970
Equity attributable to parent company shareholders		**221,034**	**177,726**
Long-term liabilities			
Liabilities to credit institutions	K22	338,387	15,453
Leasing agreement liabilities	K7	3,045	1,020
Deferred tax liability		25,338	17,510
Total long-term liabilities		**366,770**	**33,983**
Current liabilities			
Liabilities to credit institutions	K22	4,112	0
Lease liabilities	K7	2,752	1,402
Supplier costs		90,935	49,825
Pledged invoices	K24, K27	7,012	17,214
Pledged inventory	K24, K27	100,400	85,004
Current tax liability		3,985	524
Other current liabilities	K25	6,747	3,937
Accrued expenses and deferred income	K26	5,076	4,144
Total current liabilities		**221,018**	**162,050**
TOTAL EQUITY AND LIABILITIES		**808,823**	**373,759**

Consolidated Statement of Changes in Equity

KSEK	Share capital	Other contributed capital	Retained earnings including profit for the year	Total equity
Equity brought forward as at April 1 2023	**1,308**	**67,183**	**86,262**	**154,753**
Total comprehensive income for the year				
Profit for the year			22,705	22,705
Other comprehensive income			1	1
Total comprehensive income			**22,705**	**22,705**
Transactions with owners:				
Employee share options		266		266
Total transactions with owners		**266**		**266**
Equity carried forward as at March 31 2024	**1,308**	**67,449**	**108,970**	**177,726**
Equity brought forward as at April 1 2024	**1,308**	**67,449**	**108,970**	**177,726**
Total comprehensive income for the year				
Profit for the year			43,123	43,123
Other comprehensive income			-10	-10
Total comprehensive income			**43,113**	**43,113**
Transactions with owners:				
Employee share options		194		194
Total transactions with owners		**194**		**194**
Equity carried forward as at March 31 2025	**1,308**	**67,643**	**152,085**	**221,034**

Consolidated Statement of Cash Flows

KSEK	Note	01-04-2024 31-03-2025	01-04-2023 31-03-2024
Operating activities			
Operating profit (EBIT)		67,370	32,615
Adjustment for items not included in the cash flow	K23	12,517	2,921
Interest paid		-13,015	-4,011
Tax		0	0
Cash flow from operating activities before changes in working capital		**66,871**	**31,525**
Changes in working capital			
Changes in inventories		-73,413	-40,259
Changes in current receivables		-67,151	-14,245
Changes in current liabilities		49,041	11,542
Cash flow from operating activities		**-24,652**	**-11,437**
Investing activities			
Investment in intangible assets		-239,715	-65,336
Investment in tangible assets		-6,127	-926
Cash flow from investing activities		**-245,843**	**-66,262**
Financing activities			
Raised loans		357,938	53,970
Amortization of loans and leasing liabilities		-25,705	-494
Employee share options		194	266
Cash flow from financing activities	**K28**	**332,427**	**53,742**
CASH FLOW FOR THE PERIOD		**61,932**	**-23,958**
Liquid funds at the start of the period		20,468	44,426
Liquid funds at the end of the period		**82,400**	**20,468**

Notes to the Consolidated Accounts

NOTE K1 General Information

EQL Pharma AB (publ), corporate identity number 556713-3425, is a Swedish public company with headquarters in Lund, Sweden. In this report EQL Pharma AB (publ) is either referred to by its full name or as the Company.

All amounts are in SEK thousands (KSEK), unless otherwise stated. Figures within brackets refer to the previous year.

NOTE K2 Significant Accounting Principles

The consolidated financial statements have been drawn up in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) such as have been enacted by the EU. Furthermore, the Swedish Financial Accounting Standards Council's recommendation RFR 1 Supplementary accounting rules for groups has been applied.

The parent company applies the same accounting principles as the Group with the exception of cases noted in the section on the parent company's accounting principles.

Valuation Basis

Assets and liabilities are reported at historical acquisition values, except for certain financial assets and liabilities that are valued at fair value. A defined benefit pension liability/asset is recognized at the net of the fair value of plan assets and the present value of the defined benefit liability, adjusted for any asset limitations.

Accounting Currency and Presentation Currency

The parent company's accounting currency is SEK, which is also the presentation currency of the parent company and the Group. This means that the financial statements are presented in SEK. All amounts are rounded to the nearest thousand (KSEK), unless otherwise stated. In texts and tables, figures between 0 and 0.5 are represented by 0.

Assessments and Estimates

Drawing up the financial statements in accordance with IFRS requires the board and company management to make assessments and estimates as well as assumptions that affect the Group's earnings, position and reported information in general. The estimates and assumptions are based on historical experiences and a number of other factors that are deemed to be reasonable under the prevailing circumstances. The actual outcome may differ from these estimates and assessments. Estimates and assumptions are reviewed regularly. Changes to estimates are reported in the period the change is made if the change has only affected that period, or in the period the change is made and future periods if the change affects both the current period and future periods. Assessments made by company management in the application of IFRS that have an effect on the financial statements, and estimates carried out that may entail significant adjustments in the following year's financial statements are described in note K3 and elsewhere.

Changes in Accounting Principles

There are some changes to standards that are approved for application from 2025. These are not deemed to have a significant effect on the Group's financial statements.

New IFRS That Have Not Yet Been Applied

New and changed IFRS for future application are not expected to have a significant effect on the Group's financial statements.

Classification of Long-Term and Current Items

Fixed assets and long-term liabilities essentially consist of amounts that are expected to be recovered or paid after more than 12 months calculated from accounting year-end. Current assets and short-term liabilities consist essentially of amounts that are expected to be recovered or paid within 12 months calculated from accounting year-end.

Segment Reporting

An operating segment is a part of the group that carries out activities from which it can generate income and incur costs and for which independent financial information is available. An operating segment's results are followed

up by the company's highest executive decision-making body to evaluate the result and to be able to allocate resources to the operating segment. EQL Pharma (publ) has identified group management as the highest executive decision-making body. For more information on operating segments, see Note K5.

Consolidation Principles

Subsidiaries

Subsidiaries are all companies in which the Group has the right to shape financial and operational strategies in a way that usually follows with a shareholding that exceeds 50% of the shares' or participations' voting power or where the Group through an agreement has a sole controlling influence. Subsidiaries are included in the consolidated financial statements as of the day this control is transferred to the Group. They are excluded from the Group's consolidated financial statements as of the day this control ceases. The acquisition method is used in the reporting of the Group's acquisition of subsidiaries. The cost of acquisition is made up of the fair value of assets submitted as payment, issued equity instruments and liabilities arisen or assumed on the day of transfer. Identifiable acquired assets and assumed liabilities and contingent liabilities in a business combination are initially measured at fair value on the acquisition date, regardless of the extent of any non-controlling interest. The excess that arises from the difference between the cost of acquisition and the fair value of the Group's share of identifiable acquired assets, liabilities and contingent liabilities is reported as goodwill. If the cost of acquisition is below the fair value of the acquired subsidiary's assets, liabilities and contingent liabilities, this difference is reported directly in the income statement.

Elimination of transactions on consolidation

Intra-group transactions and balance sheet items as well as unrealized profits on transactions between group companies are eliminated. Unrealized losses are also eliminated, but any losses are considered as an indication that there may be a write-down requirement. Where appropriate, the accounting principles of subsidiaries have been changed in order to guarantee consistent application of the Group's principles.

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 measurements 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.

IFRS 15 – Recognition of Revenue

Revenue consists of the fair value of what has been received or will be received for sold goods and services in the Group's operating activities. Revenue is reported excluding value added tax, returns and discounts and after elimination of intra-group sales.

The Group recognizes revenue when this amount can be measured in a reliable way, it is likely that future financial benefits will be accrued by the Company and that specific criteria have been fulfilled for each of the Group's activities as described below.

Step 1: Identify the contract with a customer

A contract is an agreement between two or more parties that creates enforceable rights and obligations. The requirements of IFRS 15 are to be applied to each individual customer contract that the parties have agreed on and which fulfill the following criteria:

- ✓ The contract is approved by the parties and the parties intend to fulfill the obligations
- ✓ The respective parties' rights can be identified
- ✓ The payment terms can be identified for the goods and services that are to be transferred.
- ✓ The contract has business implications (i.e. the risk, point in time and amount of the company's future cash flows are expected to change as a result of the contract)
- ✓ It is probable that the company will receive the payment they have a right to in the exchange of the goods and services that are to be transferred to the customer.
- ✓ The customer agreements within EQL Pharma meet the five criteria outlined in step 1.

Step 2: Identify the various performance obligations

A customer contract contains a promise to transfer goods or services to the customer. If a promise regarding specific goods or services fulfills the criterion of being "distinct", this is a performance obligation that is to be reported separately from the other goods and services in the contract.

A distinct performance obligation is a promise concerning goods and services in a contract that fulfills the following criteria:

- ✓ The customer can use the specific goods or services individually or together with other easily accessible resources (distinct in nature) and
- ✓ The company's promise to provide specific goods or services to the customer is separately identifiable from other promises in the contract (distinct in the contract).

Within EQL Pharma, customer agreements exist that include one or more performance obligations. The agreements may include only the sale of products, only the sale of services and a combination of these. The Group's commitments for warranties include an assurance that the product fulfills agreed specifications, i.e. normal warranty rules. These are recognized as a provision.

Step 3: Determine the transaction price

The transaction price is the payment to which the company expects to be entitled for transferring promised goods or services to the customer, excluding value added tax. The transaction price may be a fixed amount or a variable amount due to discounts, credits or similar. Regarding contracts that contain a variable payment, this sets a requirement that estimates and assessments are made, which may affect both the size of the revenue and the timing of its recognition.

Variable payment is only to be recognized to the extent that it is highly probable that a reversal of a significant part of the revenue will

not be needed in the future when uncertainty regarding the variable payment is resolved.

Step 4: Allocate the transaction price
When the transaction price is established, it is to be allocated to the distinct performance obligations that have been identified. When a contract contains more than one performance obligation, the company allocates the transaction price to each distinct performance obligation on the basis of its stand-alone selling price. The standalone selling price is defined as the amount at which the performance obligation could be set in separate price-setting.

Step 5: Recognize the revenue – over time or at a point in time
Revenue is recognized when the entity has fulfilled a performance obligation when control of the underlying goods and services has been transferred to the customer. Indicators for assessing when control is transferred to the customer may be that the company has transferred physical possession, the company has a present right to payment, the customer has accepted the good or service, the customer has the essential risks and rewards, and the customer has a legal title.

EQL Pharma recognizes revenue from contracts with customers both over time and at a specific point in time. The Group has different delivery conditions and these affect when control of the products is transferred to the customer. Revenue from the sale of development work and consultancy services is recognized in the period in which the services are performed and is based on time spent and costs incurred. Invoicing is done on a monthly basis. Revenue from the sale of services is recognized in the period in which the services are provided.

Leasing

When an agreement is entered into, the Group assesses whether the agreement is, or contains, a leasing agreement. An agreement is, or contains, a leasing agreement if the agreement transfers the right during a certain period to decide on the use of an identified asset in exchange for a payment. At the start of a leasing agreement or in the review of a leasing agreement that contains several components – leasing and non-leasing components – the Group divides the payment according to the agreement to each component or based on the stand-alone price. In cases where it is not possible to differentiate the components, they are reported as a single leasing component.

Leasing agreements in which the Group is the lessee
The Group reports a right-of-use asset and a leasing liability at the start date of the leasing agreement. The right-of-use asset is initially valued at the cost of acquisition, which consists of the leasing liability's initial value with an addition for leasing fees paid on or before the start date plus any initial direct expenses. The right-of-use asset is depreciated on a straight-line basis from the start date to whichever is earliest – the end of the asset's useful life or the end of the leasing period – which in a normal case for the Group is the end of the leasing period. In cases where the cost of acquisition for the right-of-use asset reflects that the Group will utilize an option to buy the underlying asset, the asset is depreciated at the end of the useful life period. Leasing liabilities – which are divided up into long-term and short-term parts – are initially valued at the present value of remaining leasing fees during the assessed leasing period. The leasing period comprises the non-cancellable period with the addition of further periods in the agreement if on the start date it is assessed as reasonably certain that these will be utilized.

Leasing fees are discounted using the Group's marginal borrowing interest rate, which reflects the Group's credit risk. The marginal borrowing interest rate has been determined differently depending on the underlying asset.

The leasing liability comprises the present value of the following fees during the assessed leasing period:

- ✓ Fixed fees
- ✓ Variable leasing fees linked to an index or rate, initially valued using the index or rate that applied on the start date.

The liability's value increases with the interest expense for the respective period and is reduced by amortization. The interest expense is calculated as the liability's value times the discount rate.

For leasing agreements with a leasing period of 12 months or less, or with an underlying asset of low value below SEK 50 K, no right-of-use asset or leasing liability is reported. Leasing fees for these leasing agreements are reported as an expense on a straight-line basis over the leasing period. This also applies to variable leasing fees.

Financial Income and Expense

Financial income consists of interest income from invested funds, dividends, write-downs of financial liabilities and profit from the divestment of available-for-sale financial assets.

Financial expense consists of interest expense from loans, the effects of resolving present-value calculated provisions, write-downs of available-for-sale financial assets and losses from the divestment of available-for-sale financial assets.

Currency Translation

Transactions in foreign currencies
Transactions in foreign currencies are translated to the functional currency at the exchange rate on the transaction date. Monetary assets and liabilities in foreign currencies are translated to the functional currency at the exchange rate at accounting year-end. Exchange rate differences arising from translation are reported in profit or loss for the year. Exchange rate differences regarding operating receivables and operating liabilities are reported in the operating profit or loss, whereas exchange rate differences relating to financial items are reported in net financial income and expense.

Translation of overseas businesses
Assets and liabilities in overseas businesses, including goodwill and other group-wise surplus value or under value are translated from the overseas businesses' functional currency to the Group's presentation currency, SEK, at the exchange rate at accounting year-end. Income and costs in an overseas business are translated to SEK at an average exchange rate that constitutes an approximation of the exchange rates on the respective transaction dates. Translation differences that arise in currency translation

of overseas businesses are reported in other comprehensive income and accumulated in a separate component in equity, called the foreign exchange reserve. When a controlling interest in an overseas business ceases the accumulated translation differences attributable to the business are realized, whereupon the differences are reclassified from the foreign exchange reserve in equity to profit or loss for the year.

Taxes

Income taxes consist of both current and deferred income tax. Income taxes are reported in the profit or loss for the year, unless the underlying transaction is reported in other comprehensive income or in equity, in which case the associated tax effect is reported in other comprehensive income or in equity. Current tax is tax that is to be paid or received regarding the current year, with application of the tax rates that are decided or in practice decided at accounting year-end. Current tax also includes adjustments of current tax relating to earlier periods. The management regularly assesses claims made in tax returns regarding situations in which appropriate tax rules are subject to interpretation. This entails, when deemed appropriate, provisions for amounts that are likely to be paid to the Swedish Tax Agency.

Deferred tax is calculated according to the balance sheet method based on temporary differences between reported and fiscal values for assets and liabilities. Temporary differences are not taken into account in group-wise goodwill. Furthermore, the same applies to temporary differences attributable to participations in subsidiaries that are not expected to be reversed in the foreseeable future. The valuation of deferred tax is based on how underlying assets or liabilities are expected to be realized or regulated.

Deferred tax is calculated based on the application of the tax rates and tax rules that have been decided or in practice decided at accounting year-end. Deferred tax assets regarding deductible temporary differences and deficit deduction are reported only to the extent that it is probable that these will entail lower tax payments in the future. The value of deferred tax assets is reduced when it is no longer deemed probable that they can be utilized.

Intangible Assets

Intangible assets are reported at the cost of acquisition minus accumulated depreciation and any write-downs. The useful life is reviewed at each accounting year-end.

Licensed products

Licensed products pertain to the rights for the Company to manufacture medicines and to 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 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 license and registration fees. Products developed by the Company, so called development products, are depreciated on a straight-line basis at 10% 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 written off immediately. The following useful life periods are applied:

Capitalized 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*

For the recently acquired product portfolio from Medilink, the useful life has been estimated at 20 years, and the products are depreciated on a straight-line basis at 5% per year.

Tangible Fixed Assets

Tangible fixed assets are reported in the Group at the cost of acquisition less accumulated depreciation and any write-downs. The cost of acquisition includes the purchase price as well expenses directly attributable to the asset in order to bring it into place and in the condition to be used in accordance with the aim of the acquisition. The carrying amount of an asset is removed from the balance sheet in the case of disposal or sale, or when no future financial benefits are expected from the use or disposal/divestment of the asset. Profit or loss that arises from the divestment or disposal of an asset is made up of the difference between the sales price and the asset's carrying amount less direct sales costs. Profit or loss is reported as for other operating income or expense. Depreciation begins when the asset is acquired, and the applied useful life is 3 years.

Testing of Write-Down Requirement for Activated Development Expenses

The Group carried out write-down tests to determine the recoverable amount for the projects activated as of March 31 2024 and which have yet to be brought into use. The value in use, the present value of expected future cash flows for the products covered by the activated development expenses, did not indicate any write-down requirement. There is, thus, a reasonable certainty that these assets are expected to generate a sufficient incoming payment surplus in years to come.

In calculating the recoverable amount of cash-generating units for the assessment of intangible assets, several assumptions about future conditions and estimates of parameters have been made. An account of these can be found in Notes K14 and K15.

Financial Instruments

A financial asset or financial liability is recognized in the balance sheet when the Group becomes a party to the contractual provisions of the instrument. A financial liability is recognized when the counterparty has performed, and there is a contractual obligation to pay, even if an invoice has not yet been received. A financial asset is removed from the balance sheet when the rights in the agreement are realized, expire, or the Group loses control over them. The same applies to part of a financial asset. A financial liability is removed from the balance sheet when the contractual obligation

is fulfilled or otherwise extinguished. The same applies to part of a financial liability.

Classification and valuation
Financial assets are classified based on the business model in which the asset is managed and the nature of the asset's cash flow. If the financial asset is held within the framework of a business model whose objective is to collect contractual cash flows and the contractual conditions for the financial asset at specified times give rise to cash flows that solely consist of the principal amount and interest on the principal amount outstanding, the asset is recognized at amortized cost. The Group applies this business model for all financial assets.

If the business model's objective can instead be met by both collecting contractual cash flows and selling financial assets (hold to collect and sell) and the contractual conditions for the financial asset at specified times give rise to cash flows that solely consist of the principal amount and interest on the principal amount outstanding, the asset is recognized at fair value through other comprehensive income.

All other business models (other) for the purpose of speculation, held for trading or where the nature of the cash flows excludes other business models, entail recognition at fair value through profit or loss.

Financial liabilities are measured at fair value through profit or loss if they are held for trading or if they are initially identified as liabilities at fair value through profit or loss. Other financial liabilities are measured at amortized cost. All of the Group's financial liabilities are recognized in this category.

Financial instruments are initially recognized at cost, equivalent to the instrument's fair value plus transaction costs, except instruments in the category "assets at fair value through profit or loss," which are recognized exclusive of transaction costs.

Amortized cost and effective interest method
Financial assets and liabilities recognized at amortized cost are calculated using the effective interest method. Effective interest is the interest upon discounting all the anticipated future cash flows during the expected lifetime that results in the initial carrying amount of the financial asset or financial liability adjusted for any provisions for loss.

Fair value measurement
The fair value of financial assets and liabilities is determined based on listed market prices in active markets. The fair value of other financial assets and liabilities is determined according to generally accepted pricing models, such as a discount of future cash flows and by using information obtained from prevailing market transactions.

The recognized carrying amount of all financial assets and liabilities is considered a good approximation of its fair value, unless otherwise specified.

Offsetting of financial assets and liabilities
Financial assets and liabilities are offset, and the net amount presented in the balance sheet only when there is a legally enforceable right to set off the recognized amounts and an intention to settle them on a net basis or to realize the asset and settle the liability simultaneously. The legally enforceable right must not depend on future events, and must be legally binding for the company and the counterparty both in case of normal business activities and in case of default, insolvency or bankruptcy.

Impairment of financial assets
A provision for loss is recognized for expected credit losses on financial assets measured at amortized cost. The provision for loss is valued at an amount corresponding to 12 months of expected credit losses. For financial instruments where a significant increase in credit risk has occurred since the initial recognition, a provision is reported based on loan losses for the asset's entire lifetime (the general model). The change in expected credit losses is recognized in profit or loss.

Expected credit losses are recognized taking into account reasonable and verifiable information, including forward-looking information. Expected credit losses are valued using a method that reflects an objective and probability-weighted amount determined by evaluating an interval of possible outcomes, monetary values over time and reasonable verifiable information, current circumstances and forecasts of future economic circumstances.

For trade receivables, contract assets, and lease receivables, a simplification is applied whereby the group directly recognizes expected credit losses for the remaining lifetime of the asset (the simplified model). Expected credit losses are calculated using a provision matrix based on historical events, current conditions, and forecasts of future economic conditions.

Cash and cash equivalents, as well as receivables from group companies and accrued income, are covered by the general model. For cash and cash equivalents, as well as intra-group receivables, the low credit risk exemption is applied. The group assesses that financial assets with low credit risk as of the reporting date are not considered to have been subject to a significant increase in credit risk.

The criteria the Group use to determine whether there is objective evidence for a write-down requirement include significant financial difficulties at the issuer or debtor, a breach of contract such as non-payment or late payment of interest or principal, or that it probable that the borrower will enter bankruptcy or some other financial reconstruction. Regardless, default is considered to exist when payment is 90 days late. The group writes off a receivable when no possibilities for further cash flows are deemed to exist.

Historically, the group has had low customer losses. The effects of calculated credit reserves have been assessed as negligible for the group's accounting.

Inventories
Inventories are valued at the lowest of either the cost of acquisition or the net realizable value. The cost of acquisition is calculated according to the first-in, first-out principle (FIFU). Net realizable value is defined as the sales price after deductions for costs for completion and sales costs.

Trade Receivables
Trade receivables are initially recognized at fair value and subsequently at amortized cost, applying the effective interest method, less any allowance for depreciation. An allowance

for depreciation of trade receivables is carried out when there is objective evidence that the Group will not receive all the amounts that are due according to the original conditions of the receivables. Significant financial difficulties at the debtor, the probability that the debtor will enter bankruptcy or undergo financial reconstruction, and non-payments or late payments (overdue for more than 30 days) are considered to be indicators that a write-down requirement for a trade receivable may exist. The size of the allowance is determined by the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original interest rate. Losses regarding trade receivables as well as recovered previously written down trade receivables are reported in the income statement.

The carrying amount for a trade receivable, after any write-downs, is assumed to correspond to its fair value, as this item is short term in nature.

Liquid Funds

Liquid funds include cash, bank balances and other short-term investments with due dates within three months of the acquisition date.

Share Capital

Ordinary shares are classified as equity. Any transaction expenses that are directly attributable to emission of new shares are reported net, after tax, in equity as a deduction from the issue liquidity.

Dividends

Dividends to the parent company's shareholders are reported as a liability in the Group's financial statements in the period when the dividend was approved.

Provisions

A provision differs from other liabilities as there is uncertainty about the payment date or the size of the amount for regulating the provision. A provision is reported in the balance sheet when there is an existing legal or informal commitment as the result of an event that has occurred and it is probable that an outflow of financial resources is required to regulate the commitment, and that a reliable estimate of the amount can be made.

Provisions are measured at present value of the amount that is expected to be required to regulate the commitment. In this connection, a discount rate before tax is used that reflects a current market assessment of the time-sensitive value of money and the risks that are associated with the provision. The increase in the provision that is due to the passing of time is reported as interest expense.

Trade Liabilities

Trade liabilities are initially recognized at fair value and subsequently at amortized cost, applying the effective interest method. The carrying amount for trade liabilities is assumed to correspond to its fair value, as this item is short term in nature.

Remuneration to Employees

Short-term remuneration

Short-term remuneration to employees is calculated without discounting and is reported as expense when the related services are received.

Remuneration After End of Employment

Pension plans

Within EQL Pharma there are only defined contribution pension plans.

Defined contribution pension plans are classified as the plans in which EQL Pharma's obligation is limited to the fees the Company has undertaken to pay. The pension costs for the defined contribution plans are charged to the profit or loss at the rate that the employees carry out their duties. The obligations are estimated without discounting, as the payments for all these plans fall due for payment within 12 months.

Max Matthiessen

Obligations for retirement pensions and family pensions for workers in Sweden are secured partly through an insurance policy with Alecta. According to a statement issued by the Swedish Financial Reporting Board, UFR 10, this a defined benefit plan that covers several employers. The Group does not have access to such information that makes it possible to report this plan as a defined benefit plan. The pension plan that according to ITP is secured through an insurance policy with Max Matthiessen is therefore reported as a defined contribution plan.

Remuneration on Severance of Employment

A cost for remuneration in connection with the termination of employment of staff is reported only if the Company is evidently obligated, without a realistic possibility of withdrawal, by a formal specific plan to terminate employment before the normal time. When remuneration is presented as an offer to encourage voluntary redundancy, a cost is reported if it is probable that the offer will be accepted and the number of employees who will accept the offer can be reliably estimated. Benefits that fall more than 12 months after accounting year-end are discounted to the present value.

Profit-Sharing and Bonus Schemes

The Group reports a liability and a cost for bonuses in cases where remuneration in the form of bonuses has been decided. The Group reports a provision when there is a legal obligation or an informal obligation.

Contingent Liabilities

Information on a contingent liability is reported when there is a possible obligation that arises from events that have happened and whose existence is confirmed only by one or more uncertain future events or when there is an obligation that is not reported as a liability or a provision due to the improbability of an outflow of resources being required.

Statement of Cash Flows

The statement of cash flows has been drawn up in accordance with the indirect method. The reported cash flow covers only transactions that entail incoming and outgoing payments. EQL Pharma's liquid funds comprise cash and bank balances.

NOTE K3 Critical Estimates and Assessments

Capitalization of Development Expenditure

An intangible asset that arises from development, or in the development phase of an internal project, is recognized as an asset in the balance sheet only if the Group can demonstrate that all of the criteria in IAS 38:57 have been met. There are three main criteria that are analyzed in order to assess historical expenditure and whether it meets the criteria for capitalization, 1) the probability of future economic benefits, 2) whether financing had been arranged at the time when the expense was incurred, and 3) whether the expenses attributable to the development of the product can be reliably calculated.

Identification of the development phase is important to ensure whether capitalized expenditure can be capitalized. The value of the recognized assets is dependent on future returns on the products to which the development expenditure relates. The management also evaluates the development projects on an ongoing basis to identify any impairment. Incorrect judgment and assumptions can have an impact on the Group's results and financial position.

Testing of Write-Down Requirement for Activated Development Expenses

The Group carried out write-down tests to determine the recoverable amount for the projects activated as of 31 March 2023 and which have yet to be brought into use. The value in use, the present value of expected future cash flows for the products covered by the activated development expenses, did not indicate any write-down requirement. There is, thus, a reasonable certainty that these assets are expected to generate a sufficient incoming payment surplus in years to come.

Useful Lives of Intangible Assets

Another critical judgment relates to the determination of the useful lives of the company's intangible assets. The useful lives are based on management's estimates and experience and reflect the period during which the assets are expected to generate economic benefits for the business. These estimates are subject to uncertainty and may change due to, for example, market or business developments. Such changes may affect the amount of annual amortization and the carrying value of the assets. Consequently, there is a risk that the estimated useful lives may not fully reflect the actual economic life of the assets, which in turn may impact the company's earnings for the period and its financial position.

Other Areas Involving Assessments

Among the other main areas that involve assessments are obsolescence assessments for inventories, allowances for uncertain trade receivables, provisions for guaranteeing obligations and provisions for restructuring.

NOTE K4 Financial Risks

Financial Risk Factors

The Group is exposed through its business operations to a number of different financial risks: currency risk, interest rate risk, price risk, credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictability of the financial markets and strives to minimize potential unfavorable effects on the Group's financial results.

The risk management is carried out by the CEO in consultation with the CFO in accordance with the guidelines decided by the board.

Currency Risk

The Group operates internationally and is subject to currency risks that arise from different currency exposures, mainly concerning EUR and USD. The principal exposure stems from the Group's purchases in foreign currencies. These currency risks concern the risk of fluctuations in the value of trade liabilities as well as the currency risk in expected and contracted payment flows. The Group does not apply hedging to currency flows.

Net transaction exposure is allocated over the following currencies:

Original currency	Net transaction exposure	Effect on operating profit if SEK appreciation by 5%	Effect on operating profit if SEK depreciation by 5%
EUR	-160,931	-8,047	8,047
DKK	63,380	3,169	-3,169
USD	-3,175	-159	159
Total	**-100,726**	**-5,036**	**5,036**

A change in the SEK exchange rate against these currencies of +/-5% would have an effect on operating profit of +/- KSEK 5,036.

Interest Rate Risk Regarding Cash Flows and Fair Values

The Group has no interest-bearing receivables but does have interest-bearing liabilities. A rise in the market interest rate of 1 percentage point would mean a negative effect on earnings of 3,500 KSEK on an annual basis.

The Group's interest rate risk arises through long-term borrowing. Borrowings with variable interest rates expose the Group to an interest rate risk regarding cash flows which is in part neutralized by liquid funds with a variable interest rate. Borrowings with fixed interest rates expose the Group to an interest rate risk regarding fair value.

Credit Risk

Credit risk is managed at the Group level. Credit risk arises through liquid funds and balances at banks and finance institutions as well as credit exposure vis-à-vis the Group's customers, including outstanding receivables and contracted transactions. The maximum credit risk exposure consists of the carrying amount of the exposed assets. The risk that Group customers do not fulfill their obligations, i.e. that payment is not received from customers, constitutes a customer credit risk. Based on historical data, The Group deems that no write-down of trade receivables that are not yet due is necessary at accounting year-end and the management does not expect any losses due to nonpayment from these counter parties. For a duration analysis of overdue but not written down trade receivables, see note K19. The Group has procedures in place for credit controls, debt collection and advances for customers with poor payment tendencies.

Liquidity Risk

The Group's liquidity risk pertains to the Group lacking liquid funds to pay for its obligations. Liquidity developments are continuously followed up via liquidity forecasts.

Management of Capital Risk

The Group's aim concerning the capital structure is to secure the Group's ability to continue its operations, so that it can continue to generate returns for the shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to keep capital-related costs down.

Fair Value Measurement

Financial assets and financial liabilities measured at fair value in the balance sheet are classified according to one of three levels based on the information used to establish the fair value. The tables below give details of the Group's classification of financial assets and liabilities measured at fair value.

- ✓ **Level 1:** Quoted prices (non-adjusted) on active markets for identical instruments.
- ✓ **Level 2:** Input data other than the quoted prices included in Level 1.
- ✓ **Level 3:** Non-observable input data for assets or liabilities.

The Group has no financial instruments that are recognized at fair value. The recognized carrying amount of all financial assets and liabilities is considered a good approximation of its fair value, unless otherwise specified.

NOTE K5 Segment Reporting

EQL Pharma's segment information is presented based on the group management's perspective and operating segments are identified based on the internal reporting to the group management. EQL Pharma's operations consist of just one operating segment, Medicine, and reference is therefore made to the income statement and balance sheet concerning reporting of operating segments.

Income Break-Down by Geographic Market

KSEK	01-04-2024 31-03-2025	01-04-2023 31-03-2024
Sweden	164,832	145,284
Denmark	106,483	57,209
Norway	32,157	26,547
Finland	13,751	6,886
Rest of Europe	55,739	28,241
Outside Europe	553	0
Total income	**373,516**	**264,168**

Information on Major Customers

The Group does not have any customers that individually make up 10% or more of the Group's revenue.

The following page specifies the Group's non-current assets (excluding financial instruments and deferred tax assets including right-of-use assets) by geographical market.

Fixed Assets by Geographic Market

KSEK	01-04-2024 31-03-2025	01-04-2023 31-03-2024
Sweden	6,324	2,674
Total	**6,324**	**2,674**

The Group's intangible assets are not included in fixed assets per country as they are not allocated per country.

NOTE K6 Remuneration to Auditors

KSEK	2024/2025	2023/2024
Deloitte AB		
Audit engagement	1,082	733
Other services	160	2,772
Total	**1,243**	**3,505**

Audit engagement refers to the statutory audit of the annual and consolidated financial statements and accounts, the board's and CEO's administration as well as auditing and other reviews carried out in accordance with an agreement or contract. Other services refer to auditing services in addition to the audit engagement, tax advice and other consultancy services in connection with the company's listing process.

NOTE K7 Leasing Agreements

Lessees

The Group leases several types of assets including premises, vehicles and printers.

Leasing Liability According to the Balance Sheet

KSEK	2024/2025	2023/2024
Short term component	2,752	1,402
Long term component	3,045	1,020
Total liability	**5,797**	**2,422**

The Group does not face any significant liquidity risk concerning its leasing liabilities.

Right-Of-Use Assets

KSEK	2024/2025	2023/2024
Cost at beginning of year	7,792	6,912
Additional right-of-use assets	4,110	880
Effects of adjusted rent	0	0
Closing Cost	**11,903**	**7,792**
Accumulated depreciation		
Opening accumulated depreciation	-5,418	-3,945
Depreciation for the year	-1,787	-1,473
Total accumulated depreciation	**-7,206**	**-5,418**
Carrying amount	**4,697**	**2,374**

Amount Reported in Income Statement

KSEK	2024/2025	2023/2024
Depreciation amount for right of use	-1,787	-1,473
Interest expense for leasing liability	-209	-63
Leasing costs attributable to short-term leasing liabilities	-	-
Leasing costs attributable to leasing agreements of low value	-	-

Amount Reported in the Statement of Cash Flows

KSEK	2024/2025	2023/2024
Total cash flows attributable to leasing agreements	-2,341	-1,641

The cash flow above includes amounts for leasing agreements that are reported as leasing liabilities, as well as amounts paid for variable leasing fees, short-term leasing and leases of low value.

Leasing of Premises

The Group leases premises for offices. Leasing agreements usually have a duration of three years. Property tax charged by the property owner constitutes a variable fee. There are future obligations concerning variable leasing fees, which follow the leasing agreement's leasing period.

Leasing of Vehicles and Other Leasing Agreements

The Group leases vehicles with leasing periods of three years in most cases. In addition, there are other leasing agreements such as for printers with leasing periods of one year. These agreements are classified as low value leases.

NOTE K8 Grants Received

KSEK	2024/2025	2023/2024
Contributor		
Compensation for sick pay costs	-	-
Allowance for research & development	-	44
Total	**0**	**44**

NOTE K9 Employees, Personnel Costs and Fees to Board Members

KSEK	2024/2025		2023/2024	
Employees	**Total**	**Of whom men**	**Total**	**Of whom men**
Average number of employees*	21	9	21	6
Board	6	5	6	5

**Average number of employees is based on company-paid attendance hours related to normal working time.*

KSEK	2024/2025			2023/2024		
	Salaries and remuneration	Social security contributions	Of which pension costs	Salaries and remuneration	Social security contributions	Of which pension costs
Board & CEO	3,389	1,017	314	2,885	875	127
Other employees	19,140	7,200	1,330	17,060	4,665	1,517
Total salaries and remuneration	**22,979**	**8,217**	**1,644**	**19,945**	**5,540**	**1,644**

Salaries, Remunerations and Other Benefits

2024/2025	Base salary[2]/ Board remuneration	Variable remuneration	Other benefits	Pension
Chairman				
Christer Fåhraeus	340			
Board members				
Anders Månsson	200			
Nikunj Shah	150			
Linda Neckmar	180			
Per Ollermark	210			
Per Svangren	170			
CEO	1,771	622	196	314
Other senior executives[1]	7,472	852	203	789
Total	**10,606**	**1,474**	**399**	**1,103**

1) Other senior executives consist of 6 persons.
2) Base salary also includes holiday pay.

Salaries, Remunerations and Other Benefits

2023/2024	Base salary[3]/ Board remuneration	Variable remuneration	Other benefits	Pension
Chairman				
Christer Fåhraeus	250			
Board members				
Anders Månsson	100			
Rajiv Modi	100			
Linda Neckmar	100			
Per Ollermark	100			
Per Svangren	100			
CEO[1]	1,643	357	135	127
Other senior executives[2]	5,901	799	112	515
Total	**8,294**	**1,156**	**247**	**642**

1) Axel Schörling took over as CEO after the Annual General Meeting in August 2022.
2) Other senior executives consist of 4 persons.
3) Base salary also includes holiday pay.

According to the Annual General Meeting's decision, board fees until the next Annual General Meeting amount to SEK 1,050 thousand (750), of which SEK 300 thousand (250) to the Chairman of the Board and SEK 150 thousand (100) to each member. No other fees have been paid. There are no agreements on pensions, severance pay or other benefits.

Fees for the Audit Committee amount to SEK 120 (0) thousand, of which SEK 60 (0) thousand was paid to the Chair of the Audit Committee and SEK 30 (0) thousand to each of the other members.

Fees for the Remuneration Committee amount to SEK 80 (0) thousand, of which SEK 40 (0) thousand was paid to the Chair of the Remuneration Committee and SEK 20 (0) thousand to each of the other members.
Since the Annual General Meeting held in August 2024, the Board of Directors has consisted of 6 members (6).

Incentive Programmes

Below is a summary of the option programmes in the group.

Options Scheme

During the financial year, the company granted a total of 100,000 share options to the company's Chief Executive Officer. The options were issued at market value at the time of subscription, as determined by Optionspartner, an independent valuation institute, using the Black & Scholes valuation model. The subscription price per option was SEK 1.94, generating total proceeds of SEK 194,000.

Subscription of shares based on the share options may take place during the period from 21 February 2028 to 6 March 2028.

The vesting terms stipulate that the individual earns the right to the options annually over a period of 3.5 years, conditional upon continued employment during each respective vesting period.

Each option entitles the holder to subscribe for one new share in the company at a subscription price of SEK 112.24 per share.

The following key assumptions were used in the valuation of the options:

- ✓ **Risk-free interest rate:** 2.385% (based on Swedish government bonds with a maturity corresponding to the remaining term of the options)
- ✓ **Volatility:** 31.1% (based on historical volatility of EQL Pharma's share)
- ✓ **Share price at the valuation date:** SEK 56.12
- ✓ **Strike price:** SEK 112.24 (corresponding to 200% of the average share price during the ten trading days following the publication of the company's interim report for April–June 2024)

If all options issued under the incentive program are exercised for share subscription, a total of 100,000 new shares will be issued, corresponding to a dilution of approximately 0.34% of the company's share capital and voting rights.

The Company has previously granted a total of 732,000 warrants free of charge to employees, including the CEO and other senior executives. The earnings conditions mean that the individuals annually for 3.5 years earn the right to these and where it exists a requirement for employment during the respective period. There are currently outstanding incentive programs in the company in the form of two warrants programs through which a maximum of 732,000 new shares may be issued. If all warrants that have been issued and are proposed to be issued under Warrants Program 2021/2025, Warrants Program 2022/2027 and Warrants Program 2023/2028 are fully exercised for subscription of shares, a total of 832,000 new shares will be issued, which corresponds to a total dilution of approximately 2.78 per cent of the company's share capital and votes after full dilution calculated on the number of shares that will be added upon full exercise of all outstanding and proposed warrants, respectively.

NOTE K10 Other Operating Income and Expenses

KSEK	2024/2025	2023/2024
Other operating income		
Sick pay compensation	0	0
Insurance compensation	619	0
Leasing income	400	372
Other items	120	90
Total other operating income	**1,140**	**463**

NOTE K11 Financial Income and Expenses

KSEK	2024/2025	2023/2024
Interest income	7	195
Results from the sale of short-term investments	0	1,527
	7	**1,721**
Depreciation, accrued financial asset	-683	0
Interest expense	-12,130	-5,669
Interest, leasing agreements	-209	-63
	-13,022	**-5,732**
Total net financial income/expense	**-13,015**	**-4,011**

All interest income and interest expense refer to items that are not measured at fair value via the profit or loss. Interest expense includes already paid interest expense, which is allocated over the duration of the loan.

NOTE K12 Taxes

KSEK	2024/2025	2023/2024
Tax according to the applicable tax rate	-3,423	-440
Utilized fiscal deficit deduction	-7,809	-5,459
Tax recognized in income statement	**-11,232**	**-5,899**

The Group, Reconciliation Between Current Tax Rate and Effective Tax Rate

KSEK	2024/2025	2023/2024
Profit before tax	54,354	28,604
Tax according to the current tax rate	-11,197	-5,892
Effect of non-deductible costs/non-taxable income	-35	-7
Reported tax in the income statement	**-11,232**	**-5,899**

NOTE K13 Earnings per Share

KSEK	2024/2025	2023/2024
Earnings per share before dilution, Group total, SEK	1.48	0.78
Earnings per share after dilution, Group total, SEK	1.44	0.76
Number of outstanding shares at the end of the period	29,063,610	29,063,610
Average number of outstanding shares before dilution	29,063,610	29,063,610
Average number of outstanding shares after dilution	29,895,610	29,795,610

With reference to description under note K15.

NOTE K14 Capitalized Expenditure

KSEK	2024/2025	2023/2024
Opening accumulated cost	30,261	18,191
Investments for the year	15,765	12,261
Write-down for the year	0	-191
Sales/disposals for the year	-	-
Closing accumulated cost	**46,026**	**30,261**
Opening accumulated depreciation	-6,027	-5,411
Depreciation for the year	-2,422	-616
Sales/disposals for the year	-	-
Closing accumulated depreciation	**-8,449**	**-6,027**
Closing carrying amount	**37,578**	**24,235**

Write-Down Testing

With reference to description under note K15.

NOTE K15 Licensed and Development Products

KSEK	2024/2025	2023/2024
Opening accumulated cost	180,166	126,882
Investments for the year	223,950	53,561
Write-down for the year	0	-277
Sales/disposals for the year	-	-
Closing accumulated cost	**404,116**	**180,166**
Opening accumulated depreciation	-31,091	-24,343
Depreciation for the year	-8,357	-6,748
Sales/disposals for the year	-	-
Closing accumulated depreciation	**-39,447**	**-31,091**
Closing carrying amount	**364,668**	**149,075**

Write-Down Testing

When determining the useful life of licensed and development products, individual factors are considered to assess how long a licensed or development product is expected to generate significant revenue. Variables such as the product's popularity, market potential, and competitive landscape are taken into account. Therefore, it is essential to carefully evaluate each license agreement and adjust its duration according to the specific circumstances of each product. The useful life is generally 5–10 years for licensed products and 10–15 years for development products. Depreciation begins upon the product's launch. If the market potential for a product declines earlier than initially assessed, an updated analysis and evaluation are conducted, potentially leading to an adjustment of the useful life. Intangible assets with indefinite useful lives and intangible assets not yet ready for use are tested annually regarding any write-down requirement, or when there is an indication of a depreciation. Intangible assets that are in use are tested for any write-down requirement when there is an indication of a depreciation.

All intangible assets are continuously tested for impairment. To conduct the impairment test, the assets and/or CGUs (Cash-Generating Units) that are part of the Company's operations are defined. Tangible assets include equipment, while intangible assets include trademarks, patents, licensed products, or development products. The group then assesses whether there is any indication that an asset has decreased in value. Assessment of whether there is an indication is based on the asset's forecasted contribution to the result.

If the asset's contribution to the result is low, the group makes an assessment of the asset's recovery value. Recoverable value refers to the higher of an asset's fair value, less selling costs, and its value in use. In most cases, there is insufficient market information to estimate the asset's fair value. Thus, the value in use is utilized to assess the value of the asset. This is estimated as the present value of the estimated future cash flows associated with the asset. The estimated value in use reflects assumptions about market developments, forecasted sales and margins, future tax rates, and discount rate. The discount rate used in the present value calculation of the expected future cash flows is the current weighted average cost of capital (WACC) determined within the group at the time. With respect to the extensive assumptions, actual cash flows may deviate significantly from the values obtained from the forecasted cash flows. The starting point is to determine the recoverable amount for each individual asset. Each asset may have different risk levels, market conditions, and growth potential, which means that different assets may require different WACC and growth rates to be properly valued.

If an asset has higher risk levels or lower growth potential than the company's average, it may be more appropriate to apply a higher WACC and a lower growth rate to accurately reflect these factors in the valuation. Similarly, an asset with lower risk and higher growth potential may require a lower WACC and a higher growth rate for proper valuation.

Therefore, it is crucial to carefully analyze and assess each asset individually to determine appropriate WACC and growth rates for valuations and write-down testing.

If an asset's carrying value exceeds its recoverable amount, the asset is written down by the corresponding amount. All impairments are immediately recognized in the income statement. Intangible fixed assets related to the company's development projects, for which development is discontinued, are reviewed for impairment and written down to their fair value (which is usually zero).

The estimated cash flows have been estimated by forecasting sales for years 1–5 (i.e., total market * the company's expected market share). For assets with a useful life of more than five years, the company estimates a declining sales rate of 2 (2) percent per year. The projected cash flows have been discounted at a pre-tax discount rate of 12 (15) percent. The most important variables in the forecast are market share and growth, gross margin, sales costs, and investments. The company's assessment is that the current projects are similar in terms of markets, customers, potential, and risks. Based on this, the final judgment was made to use the same WACC and growth rates for all projects.

NOTE K16 Tangible Fixed Assets

KSEK	Leased premises		Machines and inventories	
	2024/2025	2023/2024	2024/2025	2023/2024
Opening accumulated cost	5,661	5,314	3,165	2,591
Investments for the year	4,237	347	1,305	574
Closing accumulated cost	**9,898**	**5,661**	**4,470**	**3,165**
Opening accumulated depreciation	-4,459	-3,257	-1,693	-1,500
Depreciation for the year	-1,635	-1,202	-256	-193
Closing accumulated depreciation	**-6,094**	**-4,459**	**-1,949**	**-1,693**
Closing planned residual value	**3,804**	**1,202**	**2,521**	**1,472**
Of which right-of-use assets	**3,804**	**1,202**	**1,898**	**1,171**

NOTE K17 Inventories

KSEK	2024/2025	2023/2024
Goods for resale	160,180	92,688
Goods in transit	18,880	14,979
Obsolescence reserve	-30	-2,040
Closing acquisition value	**179,031**	**105,627**

NOTE K18 Trade Receivables

KSEK	2024/2025	2023/2024
Trade receivables	125,682	58,342
Reserve for uncertain trade receivables	0	0
Total	**125,682**	**58,342**

Past due	31-03-2025	31-03-2024
Not yet due	102,576	37,872
1–30 days	27,176	20,854
31–60 days	1	-906
61–90 days	0	-336
More than 90 days	-4,071	857
Total	**125,682**	**58,342**

Trade receivables are monitored continuously and despite a number of due trade receivables there is no assessment of the risk of credit losses or uncertain trade receivables.

The majority of receivables that are more than 90 days past due at the time of closing are due to a technical nature. The activities are regulated as of the issuance of this report.

NOTE K19 Prepaid Expenses and Accrued Income

KSEK	2024/2025	2023/2024
Insurance premiums	488	316
Rental of premises and property-related costs	362	349
Leasing costs	17	30
Software	436	913
Administrative costs	468	198
Accrued contracted income	5,038	2,432
Annual fees registration of medicine	4,932	3,892
Other items	1,244	2,466
Total	**12,985**	**10,595**

NOTE K20 Liquid Funds

	2024/2025		2023/2024	
	Thousands, foreign currency	KSEK	Thousands, foreign currency	KSEK
EUR	354	3,841	172	1,980
GBP	0	3	1	18
NOK	0	0	1,352	1,332
SEK	74,239	74,239	9,282	9,282
USD	6	56	10	102
DKK	2,929	4,259	5,017	7,753
Total		**82,400**		**20,468**

NOTE K21 Shares and Other Contributed Capital

KSEK	Number of shares	Share capital	Free share premium reserve and retained earnings
Per April 1 2021	29,063,610	1,308	66,133
Per March 31 2022	29,063,610	1,308	66,990
Per March 31 2023	29,063,610	1,308	67,183
Per March 31 2024	29,063,610	1,308	67,449
Per March 31 2025	29,063,610	1,308	67,642

No dividend was distributed in 2023/2024 and 2024/2025.
No changes have occurred in 2023/2024 and 2024/2025.

Share capital: *All shares are of the same type, are fully paid and provide eligibility for one vote. No shares are reserved for transfer according to share option agreements or other agreements. The quota value is SEK 0.045 per share.*

Other contributed capital: *Other contributed capital consists of capital contributed by the owners of EQL Pharma.*

Share Warrants

Number	Subscription period	Subscription price	Potential share capital increase
400,000	01-09-2025 - 30-09-2025	67.50	18,000
112,000	01-09-2025 - 30-09-2025	72.05	6,390
70,000	01-06-2027 - 30-06-2027	52.50	3,150
100,000	01-06-2028 - 30-06-2028	56.37	4,500
50,000	01-06-2028 - 30-06-2028	56.37	2,250
100,000	21-02-2028 - 06-03-2028	111.93	4,500
832,000			**38,790**

Share Warrants 2024/2025

Summary allocated warrants	Average exercise price in SEK per warrant	Number of warrants
Per April 1, 2024	64.48	732,000
Granted	111.93	100,000
Forfeited		
Exercised		
Granted/ Forfeited		
Outstanding as of March 31 2025	**70.18**	**832,000**
Redeemable as of March 31 2025	**0**	**0**

Outstanding weighted average expected contract term for options outstanding at the end of the period: *35 months*

The Group values synthetic options based on an accepted valuation model (Black & Scholes). Decisive parameters in the option valuation are assumed market values for the company's share, the exercise price, the share's volatility and how long the remaining term of the option is.

A warrant entitles the holder to subscribe for one share.

NOTE K22 Interest-Bearing Liabilities

KSEK	2024/2025	2023/2024
Long-term liabilities to credit institutions	338,387	15,453
Current liabilities to credit institutions	4,112	-
Total	**342,499**	**15,453**

Lender

KSEK	Outstanding principal	
	0–1 year	1–5 years
Senior secure bonds	4,112	338,387

On January 24 2025, EQL Pharma AB (publ) issued senior secured bonds in the amount of SEK 350,000,000 under a framework of up to SEK 700,000,000. The bonds have a maturity of three years and carry interest at a rate of 3-month STIBOR plus 400 basis points.

The group has no interest-bearing liabilities with a term longer than 5 years.

NOTE K23 Doubtful Trade Receivables

KSEK	2024/2025	2023/2024
Depreciation and write-downs of assets	12,517	8,746
Other non-cash items	0	-5,826
Total	**12,517**	**2,921**

Other non-cash items refer to the reversal of a provision.

NOTE K24 Pledged Invoices/Pledged Inventory

KSEK	2024/2025	2023/2024
Granted pledged invoice credit amounts to:	34,000	20,000
Granted pledged inventory credit amounts to:	100,000	120,000
Total credit	**134,000**	**140,000**
Utilized credit	**107,412**	**102,218**

The book value is SEK 81 million. The market value is higher than the book value, which is sufficient security for the bank.

NOTE K25 Other Current Liabilities

KSEK	2024/2025	2023/2024
Advances from customers	-	-
VAT liability	5,533	2,919
Other current liabilities	1,213	1,018
Total	**6,747**	**3,937**

NOTE K26 Accrued Expenses and Deferred Income

KSEK	2024/2025	2023/2024
Personnel-related costs	4,136	2,736
Sub-consultants	194	814
Costs of goods	320	409
Auditing costs	125	133
Distribution costs	301	50
Guarantee reserve	0	0
Other accrued expenses	0	3
Total	**5,076**	**4,144**

NOTE K27 Liabilities for Which Security is Provided

KSEK	2024/2025	2023/2024
Senior secured bonds	338,387	-
Pledged invoices	7,012	17,214
Pledged inventory	100,400	81,436
Accrued interest of pledged inventory	6,523	4,771
Liabilities to credit institutions	-	15,453
Interest senior secured bonds	4,112	-
Pledged assets		
For own liabilities		
Senior secured bonds	350,000	-
Pledged trade receivables	7,012	17,214
Inventories	100,400	81,436
Chattel mortgages	500	500
Total	**457,912**	**99,150**

The borrowing of the pledged inventory has taken place initially, not on an ongoing basis. The inventory is pledged at market value. If the market value is less than the pledged inventory, the loan must be amortized.

NOTE K28 Changes in Liabilities from Financing Activities

Presented below is a reconciliation of opening and closing balances of liabilities related to financing activities.

KSEK	Opening balance	Cash flow	Closing balance
Bond loan	0	338,387	338,387
Loan Formue Nord	15,453	-15,453	0
Inventory Financing	85,004	15,396	100,400
Pledged invoices	17,214	-10,202	7,012
Other	2,422	4,299	6,721
Total		**332,427**	**452,520**

NOTE K29 Currency Exchange Rates Used in the Financial Statements

	Average rate		Accounting year-end rate	
Currency code	2024/2025	2023/2024	31-03-2025	31-03-2024
DKK	1.531	1.541	1.454	1.545
EUR	11.42	11.49	10.85	11.53
GBP	13.57	13.35	12.99	13.48
NOK	0.9774	0.9966	0.9506	0.9851
USD	10.64	10.59	10.03	10.66

The table shows the currency exchange rates used in the translation of financial statements for the foreign subsidiaries that draw up statements in a currency other than the currency in which the Group's financial statements are presented (SEK). The currency exchange rates have been obtained from Sweden's central bank, Riksbanken.

NOTE K30 Related Parties

Related Party Relationships

The Parent Company has related party relationships with its subsidiaries. Refer to Note M14. Of the Parent Company's total purchases and sales, SEK 1,610 (0) thousand of purchases and 0 per cent (0) of sales pertain to intra-Group transactions.

Transactions with Key Management Personnel

In addition to what is stated regarding Remuneration to the board and senior executives in note K 9, transactions with related parties have taken place below.

Related party relationship	Year	Purchases of goods and developmental costs	Rent part of premises
Cadila	2024/25	-66,566	
Cadila	2023/24	-40,805	
Fåhraeus Institute AB	2024/25		136
Fåhraeus Institute AB	2023/24		136
Fåhraeus Startup & Growth AB	2024/25		0
Fåhraeus Startup & Growth AB	2023/24		16
FSG Management AB	2024/25		264
FSG Management AB	2023/24		220
Total		**-107,371**	**773**

Cadila is 100% owned by board member Rajiv I. Modi.
Fåhraeus Institute AB is 100% owned by the Chairman of the Board Christer Fåhraeus.
Fåhraeus Startup & Growth is 50% owned by Chairman of the Board Christer Fåhraeus.
FSG Management AB is 34% owned by Chairman of the Board Christer Fåhraeus.

Transactions with related parties arise in the ordinary course of business and are based on commercial terms and market prices.

NOTE K31 Events After Accounting Year End

Methenamine Hippurate (branded as Altaromin©) have gained marketing approval in France

June 27 2025

EQL's key product methenamine hippurate has now gained marketing approval by the Health Authorities in France, where it is to be provided to patients by EQL's license partner Laboratoires Majorelle under the EQL owned brand Altaromin[©]. Launch is planned for early 2026, subject to reimbursement approvals.

Memprex© (methenamine hippurate) license signed with partner for BeNeLux

July 2 2025

EQL's key product Memprex© has now been licensed for sale in BeNeLux (Belgium, Netherlands, Luxembourg) with Goodlife Specialty BV, a leading local pharmaceutical company specializing in women's health, endocrinology and urology.

There is currently no product with methenamine hippurate offered in the BeNeLux. Memprex© offers an alternative for treatment of recurring urinary tract infections which is both non-inferior to long-term antibiotics and which doesn't increase the risk to develop antibiotic-resistant bacteria since it is an antiseptic treatment rather than an antibiotic.

Belgium, the Netherlands and Luxembourg (BeNeLux) is an area of approx. 30.5 million people. For reference, the UK with 68.3 million people had pharmacy market sales of methenamine hippurate close to 13 mEUR in 2024.

For the exclusive rights to Memprex® in BeNeLux, Goodlife will, subject to reaching agreed sales, pay a six-figure sum in EUR spread over six milestones.

EQL has taken the first step to establish itself in Germany and the Netherlands by recruiting key people with knowledge of the local markets who can identify, develop/in-license and launch niche generics for these markets.

July 8 2025

The strategy that has worked well in the Nordics will be repeated in these new markets with similar history and healthcare systems. In addition to launching new market-specific products, the existing portfolio of EQL products, both marketed and in the pipeline, may be launched in these countries, provided that the conditions for profitability look good. EQL assesses that both Germany and the Netherlands have price-centric systems, which are very similar to those EQL is used to, and that there are therefore good opportunities to build niche portfolios with significant financial impact within 3–4 years.

Parent Company Income Statement

KSEK	Note	01-04-2024 31-03-2025	01-04-2023 31-03-2024
Net sales	M2	371,910	258,167
Expenses for sold goods		-216,481	-145,846
Gross profit		**155,428**	**112,321**
Sales expenses	M4, M5, M6	-58,443	-48,164
Administration expenses	M3, M4, M6	-19,794	-21,685
Research and development expenses	M4, M5, M6	-11,281	-12,090
Other operating income	M7	1,140	463
Operating profit (EBIT)		**67,050**	**30,844**
Results from financial items			
Interest income and similar results	M8	7	1,721
Interest expense and similar results	M8	-12,813	-5,669
Net financial income/expense		**-12,807**	**-3,948**
Appropriations	M9	-38,000	-24,950
Earnings before tax (EBT)		**16,243**	**1,946**
Tax on profit for the year	M10	-3,392	-438
PROFIT FOR THE YEAR		**12,852**	**1,508**

Parent Company Balance Sheet

Assets

KSEK	Note	31-03-2025	31-03-2024
ASSETS			
Fixed assets			
Intangible fixed assets			
Capitalized expenditure	M11	37,578	24,235
Licensed and development products	M12	172,766	148,790
Total intangible fixed assets		**210,344**	**173,024**
Tangible fixed assets			
Inventories, equipment, fixtures and fittings	M13	622	300
Total tangible fixed assets		**622**	**300**
Financial fixed assets			
Participations in group companies	M14	390	390
Participations in other companies		1	1
Deferred tax asset		0	0
Total financial fixed assets		**391**	**391**
Total fixed assets		**211,357**	**173,716**
Current assets			
Goods for resale	M15	178,971	105,627
Trade receivables	M16	125,677	55,976
Receivables from group companies		191,210	1,533
Other current receivables		150	2,730
Prepaid expenses and accrued income	M17	12,950	10,500
Liquid funds	M18	81,641	20,203
Total current assets		**590,599**	**196,568**
TOTAL ASSETS		**801,956**	**370,283**

Parent Company Balance Sheet

Equity and Liabilities

KSEK	Note	31-03-2025	31-03-2024
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	M19	1,308	1,308
Fund for development expenses		38,515	25,127
Total restricted equity		**39,823**	**26,435**
Non-restricted equity			
Retained earnings		70,023	81,710
Profit for the year		12,852	1,508
Total non-restricted equity		**82,875**	**83,217**
Total equity		**122,698**	**109,652**
Untaxed reserves			
Excess depreciation		123,000	85,000
Total untaxed reserves		**123,000**	**85,000**
Long-term liabilities			
Liabilities to credit institutions	M20	338,387	15,453
Total long-term liabilities		**338,387**	**15,453**
Current liabilities			
Liabilities to credit institutions	M20	4,112	0
Trade liabilities		90,845	49,758
Pledged invoices	M21, M24	7,012	17,214
Pledged inventory	M21, M24	100,400	85,004
Tax liabilities		4,062	630
Other current liabilities	M22	6,390	3,484
Accrued expenses and deferred income	M23	5,051	4,088
Total current liabilities		**217,871**	**160,178**
TOTAL EQUITY AND LIABILITIES		**801,956**	**370,283**

Parent Company Statement of Changes in Equity

KSEK	Restricted equity	Non-restricted equity		Total equity
	Share capital	Fund for development expenses	Retained earnings including profit for the year	Total
Equity brought forward as at April 1 2023	**1,308**	**13,057**	**93,514**	**107,879**
Transfer fund for development expenses		12,071	-12,071	0
Employee share options			266	266
Profit for the year			1,508	1,508
Closing equity as at March 31 2024	**1,308**	**25,127**	**83,217**	**109,652**
Equity brought forward as at April 1 2024	**1,308**	**25,127**	**83,217**	**109,652**
Transfer fund for development expenses		13,388	-13,388	0
Employee share options			194	194
Profit for the year			12,852	12,852
Closing equity as at March 31 2025	**1,308**	**38,515**	**82,875**	**122,698**

Parent Company Statement of Cash Flows

KSEK	Note	01-04-2024 31-03-2025	01-04-2023 31-03-2024
Operating activities			
Profit after financial items		67,050	30,844
Adjustment for items not included in the cash flow	M25	9,272	2,125
Interest paid		-12,807	-3,948
Tax		-3,392	-438
Cash flow from operating activities before changes in working capital		**60,124**	**28,582**
Changes in working capital			
Changes in inventories		-73,344	-41,361
Changes in current receivables		-259,249	-11,693
Changes in current liabilities		52,499	12,085
Cash flow from operating activities		**-219,970**	**-12,386**
Investing activities			
Investment in intangible assets		-46,488	-65,863
Investment in tangible assets		-425	
Cash flow from investing activities		**-46,913**	**-65,863**
Financing activities			
Amortization of loans		-15,453	0
Group contribution received		0	1,550
Share warrants		194	266
Raised loans		343,581	53,970
Cash flow from financing activities		**328,322**	**55,786**
CASH FLOW FOR THE PERIOD		**61,438**	**-22,464**
Liquid funds at the start of the period		20,203	42,667
Liquid funds at the end of the period		**81,641**	**20,203**

Notes to the Parent Company Accounts

NOTE M1 Significant Accounting Principles

The parent company applies RFR 2 Financial reporting for legal entities. This means that in its financial statements, the parent company is mainly to apply the IFRS that are applied in the consolidated accounts. RFR 2 makes certain exemptions and additions to this rule, depending on whether application of IFRS contravenes Swedish law, that application leads to a tax situation that deviates from that which applies to other Swedish companies or that there are other valid reasons. The parent company applies other accounting principles than the Group in the cases stated below.

Layout of the Income Statement and Balance Sheet

The parent company uses the layouts stated in the Annual Accounts Act which, among other things, entails that a different presentation of equity is applied. Otherwise, the income statement and balance sheet are presented in the same way as for the Group. Certain terms in the balance sheet differ between the Group and the parent company which relates to the terms used in the Annual Accounts Act and the IFRS standards. Any provisions are reported in the parent company under a separate heading.

Shares in Subsidiaries

Purchase costs for shares in subsidiaries are activated as assets and recognized at the cost of acquisition after deductions for any write-downs. When there is an indication that shares and participations in subsidiaries have declined in value, a calculation is made of the recoverable amount. If this is lower than the carrying amount, there is a write-down. Write-downs are reported in the item "Profit/loss from participations in Group companies".

Leased Assets

The Parent Company applies the exemption in RFR 2 on IFRS 16 for leased assets. Utilization rights and lease liabilities are not recognized in the balance sheet as these are recognized as a cost on a straight-line basis over the lease period.

Financial Instruments

"The Parent Company does not apply IFRS 9 Financial Instruments. The Parent Company applies a method based on cost in accordance with the Swedish Annual Accounts Act. This means that non-current financial assets are measured at cost less any impairment and current financial assets according to the lower of cost or market. Financial liabilities are measured at amortized cost using the effective interest method. The principles for recognition and derecognition of financial instruments as well as impairment of financial assets correspond to those applied to the consolidated financial statements, as described above."

NOTE M2 Net Sales

Net Sales by geographical market

KSEK	01-04-2024 31-03-2025	01-04-2023 31-03-2024
Sweden	163,226	139,284
Denmark	106,483	57,209
Norway	32,157	26,547
Finland	13,751	6,886
Rest of Europe	55,739	28,241
Outside Europe	553	
Total net sales	**371,910**	**258,167**

NOTE M3 Remuneration to Auditors

KSEK	2024/2025	2023/2024
Deloitte AB		
Audit engagement	1,082	733
Other services	160	2,772
Total	**1,243**	**3,505**

Audit engagement refers to the statutory audit of the annual and consolidated financial statements and accounts, the board's and CEO's administration as well as auditing and other reviews carried out in accordance with an agreement or contract.

Other services refer to auditing services in addition to the audit engagement, tax advice and other consultancy services in connection with the company's listing process.

NOTE M4 Leasing Agreements

Leasing of Vehicles and Other Leasing Agreements

The Group leases vehicles with leasing periods of three years in most cases. In addition, there are other leasing agreements such as for printers with leasing periods of one year.

Responsibilities Concerning Current Leasing Agreements

KSEK	2024/2025	2023/2024
Due for payment within one year	2,196	1,402
Due for payment within two to five years	5,840	5,580
Closing debt	**8,036**	**6,982**

The group does not face any significant liquidity risk regarding its leasing liabilities.

NOTE M5 Grants Received

KSEK	2024/2025	2023/2024
Contributor		
Compensation for sick pay costs	0	0
Allowance for research & development	0	44
Total	**0**	**44**

NOTE M6 Employees, Personnel Costs and Fees to Board Members

For information about personnel costs and remuneration for board members, please refer to Note K9 in the consolidated financial statements.

NOTE M7 Other Operating Income

KSEK	2024/2025	2023/2024
Other operating income		
Sick pay compensation	0	0
Insurance compensation	619	0
Rental income	400	372
Other items	120	90
Total	**1,140**	**463**

NOTE M8 Financial Income and Expense

KSEK	2024/2025	2023/2024
Interest income	7	194
Results from sale of short-term investments	0	1,527
Depreciation financial asset	-683	
Interest expense	-12,130	-5,669
Total	**-12,807**	**-3,948**

All interest income and interest expense refer to items that are not measured at fair value via the profit or loss.
Interest expense includes already paid interest expense, which is allocated over the duration of the loan.

NOTE M9 Appropriations

KSEK	2024/2025	2023/2024
Group contribution received	0	1,550
Depreciation in excess of plan	-38,000	-26,500
Total	**-38,000**	**-24,950**

NOTE M10 Taxes

KSEK	2024/2025	2023/2024
Tax on profit for the year	-3,392	-438
Deferred tax		
Reported tax in the income statement	**-3,392**	**-438**
Profit before tax	16,243	1,946
Tax according to the current tax rate	-3,346	-401
Effect of non-deductible costs/non-taxable income	-45	-37
Tax reassessment, unutilized deficit deduction		
Reported tax in the income statement	**-3,392**	**-438**

NOTE M11 Capitalized Expenditure

KSEK	2024/2025	2023/2024
Opening accumulated cost	30,262	18,191
Investments for the year	15,765	12,307
Write-down for the year		-237
Closing accumulated cost	**46,027**	**30,262**
Opening accumulated depreciation	-6,027	-5,411
Depreciation for the year	-2,422	-616
Closing accumulated depreciation	**-8,449**	**-6,027**
Closing carrying amount	**37,578**	**24,235**

Write-Down Testing

With reference to note K14 in the group.

NOTE M12 Licensed and Development Products

KSEK	2024/2025	2023/2024
Opening accumulated cost	179,052	125,786
Investments for the year	30,723	53,556
Write-down for the year		-290
Sales/disposals for the year	-	-
Closing accumulated cost	**209,774**	**179,052**
Opening accumulated depreciation	-30,262	-23,532
Depreciation for the year	-6,746	-6,730
Sales/disposals for the year	-	-
Closing accumulated depreciation	**-37,008**	**-30,262**
Closing carrying amount	**172,766**	**148,790**

Write-Down Testing

Refer to Note K15 in the consolidated financial statements.

NOTE M13 Tangible Fixed Assets

KSEK	Machines and inventories 2024/2025	2023/2024
Opening accumulated cost	1,313	1,313
Investments for the year	425	
Closing accumulated cost	**1,739**	**1,313**
Opening accumulated depreciation	-1,013	-935
Depreciation for the year	-103	-78
Closing accumulated depreciation	**-1,116**	**-1,013**
Closing planned residual value	**622**	**300**

NOTE M14 Shares in Group Companies

KSEK				2024/2025	2023/2024
Company	Corporate ID No.	Location	No/Share capital %	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 M15 Inventories

KSEK	2024/2025	2023/2024
Goods for resale	161,746	92,688
Goods in transit	17,255	14,979
Obsolescence reserve	-30	-2,040
Closing cost	**178,971**	**105,627**

NOTE M16 Trade Receivables

KSEK	2024/2025	2023/2024
Trade receivables	125,677	55,976
Reserve for uncertain trade receivables	0	0
Total	**125,677**	**55,976**

Past due	31-03-2025	31-03-2024
Not yet due	104,919	35,496
1–30 days	24,830	20,864
31–60 days	0	-906
61–90 days	-1	-336
More than 90 days	-4,071	857
Total	**125,677**	**55,976**

Trade receivables are monitored continuously and despite a number of due trade receivables there is no assessment of the risk of credit losses or uncertain trade receivables.

NOTE M17 Prepaid Expenses and Accrued Income

KSEK	2024/2025	2023/2024
Insurance premiums	488	337
Rental of premises and property-related costs	362	349
Leasing costs	17	30
Software	436	913
Administrative expenses	468	198
Accrued contracted income	5,038	2,432
Annual fees registration medicine	4,897	3,796
Other items	1,244	2,445
Total	**12,950**	**10,500**

NOTE M18 Liquid Funds

	2024/2025		2023/2024	
	Thousands, foreign currency	KSEK	Thousands, foreign currency	KSEK
EUR	340	3,694	159	1,831
GBP	0	3	1	18
NOK	0	0	1,352	1,332
SEK	73,629	73,629	9,166	9,166
USD	6	56	10	102
DKK	2,929	4,259	5,017	7,753
Total		**81,641**		**20,203**

NOTE M19 Shares and Other Contributed Capital

KSEK	Number of shares	Share capital
As at April 1 2021	29,063,610	1,308
As at March 31 2022	29,063,610	1,308
As at March 31 2023	29,063,610	1,308
As at March 31 2024	29,063,610	1,308
As at March 31 2025	29,063,610	1,308

No dividend was distributed in 2023/2024 and 2024/2025.
No changes have occurred in 2023/2024 and 2024/2025.

Share capital: *All shares are of the same type, are fully paid and provide eligibility for one vote. No shares are reserved for transfer according to share option agreements or other agreements. The quota value is SEK 0.045 per share.*

Other contributed capital: *Other contributed capital consists of capital contributed by EQL Pharma's owners.*

Share Warrants

Number	Subscription period	Subscription price	Potential share capital increase
400,000	01-09-2025 - 30-09-2025	67.50	18,000
112,000	01-09-2025 - 30-09-2025	72.05	6,390
70,000	01-06-2027 - 30-06-2027	52.50	3,150
150,000	01-06-2028 - 30-06-2028	56.37	6,750
100,000	21-02-2028 - 06-03-2028	111.93	4,500
832,000			**38,790**

Subscription Options 2024/2025

Compilation of granted options	Average exercise price in SEK per option	Number of options
As at April 1 2024	64.48	732,000
Allocated	111.93	100,000
Forfeited		
Redeemed		
Accrued		
Outstanding as at March 31 2025	**70.18**	**832,000**
Redeemable as at March 31 2025		

Outstanding weighted average expected remaining contract period for outstanding options at the end of the period: *51 months*

The group values synthetic options based on an accepted valuation model (Black & Scholes). The key parameters in the options valuation are assumed market values for the company's shares, the exercise price, the stock's volatility, and the remaining time to expiration of the option.

NOTE M20 Interest-Bearing Liabilities

KSEK	2024/2025	2023/2024
Long-term liabilities to credit institutions	338,387	15,453
Current liabilities to credit institutions	4,112	-
Total	**342,499**	**15,453**

Lender

KSEK	Amount during the term to maturity	
	0–1 year	1–5 years
Senior secure bonds	4,112	338,387

EQL Pharma AB (publ) issued senior secured bonds amounting to SEK 350,000,000 on January 24, 2025, under a framework of SEK 700,000,000. The bonds have a maturity of three years and bear interest at 3-month STIBOR plus 400 basis points.

The group has no interest-bearing liabilities with a term longer than 5 years.

NOTE M21 Pledged Invoices/Pledged Inventory

KSEK	2024/2025	2023/2024
Granted pledged invoice credit amounts to:	34,000	20,000
Granted pledged inventory credit amounts to:	100,000	120,000
Total credit	**134,000**	**140,000**
Utilized credit	**107,412**	**102,218**

NOTE M22 Other Current Liabilities

KSEK	2024/2025	2023/2024
Advances from customers	-	-
VAT liability	5,137	2,474
Other current liabilities	1,253	1,010
Total	**6,390**	**3,484**

NOTE M23 Accrued Expenses and Deferred Income

KSEK	2024/2025	2023/2024
Personnel-related costs	4,136	2,736
Sub-consultants	194	803
Cost of goods	320	409
Auditing costs	100	90
Distribution costs	301	50
Guarantee reserve		0
Other accrued expenses		0
Total	**5,051**	**4,088**

NOTE M24 Liabilities for Which Security is Provided

KSEK	2024/2025	2023/2024
Pledged invoices	7,012	17,214
Pledged inventory	125,515	81,436
Interest pledged inventory	-6,523	-4,771
Debts to credit institutions	350,000	15,453
Pledged assets		
For own liabilities		
Pledged trade receivables	7,012	17,214
Inventories	125,515	81,436
Chattel mortgages	500	500
Total	**133,027**	**99,150**

NOTE M25 Cash Flow Analysis

KSEK	2024/2025	2023/2024
Depreciation and write-downs of assets	9,272	7,951
Other non cash items		-5,826
Total	**9,272**	**2,125**

Other non-cash flow items refer to the reversal of provisions.

NOTE M26 Currency Exchange Rates Used in the Financial Statements

	Average rate		Accounting year-end rate	
Currency code	2024/2025	2023/2024	31-03-2025	31-03-2024
DKK	1.531	1.541	1.454	1.545
EUR	11.42	11.49	10.85	11.53
GBP	13.57	13.35	12.99	13.48
NOK	0.9774	0.9966	0.9506	0.9851
USD	10.64	10.59	10.03	10.66

The table shows the currency exchange rates used in the translation of financial statements for the foreign subsidiaries that draw up statements in a currency other than the currency in which the Group's financial statements are presented (SEK). The currency exchange rates have been obtained from Sweden's central bank, Riksbanken.

NOTE M27 Proposal for the Allocation of the Company's Profit

The following retained earnings are available for the annual general meeting:	
Retained earnings	70,023
Profit for the year	12,852
Total, SEK	**82,875**

The board proposes that the above amounts be appropriated as follows:
The Board of Directors proposes that the unrestricted equity, including the net profit for the year of SEK 12,851,842, totaling SEK 82,874,935, be allocated as follows: no dividend shall be paid for the financial year 1 April 2024 – 31 March 2025, and all funds shall be carried forward.

NOTE M28 Related Parties

Related Party Relationships

The Parent Company has related party relationships with its subsidiaries. Refer to Note M14. Of the Parent Company's total purchases and sales, 1,610 KSEK of purchases and 0 per cent (0) of sales pertain to intra-Group transactions.

Transactions with Key Individuals in Senior Positions

Besides what is stated in Note K9 Remuneration of the Board of Directors and senior executives, no transactions with related parties that are natural parties took place.

Related party relationships	Year	Purchase of goods and development costs	Rental of a portion of office space
Cadila	2024/25	-66,566	
Cadila	2023/24	-40,805	
Fåhraeus Institute AB	2024/25		136
Fåhraeus Institute AB	2023/24		136
Fåhraeus Startup & Growth AB	2024/25		0
Fåhraeus Startup & Growth AB	2023/24		16
FSG Management AB	2024/25		264
FSG Management AB	2023/24		220
Total		**-107,371**	**773**

Cadila is 100% owned by board member Rajiv I. Modi.
Fåhraeus Institute AB is 100% owned by the Chairman of the Board Christer Fåhraeus.
Fåhraeus Startup & Growth is 50% owned by Chairman of the Board Christer Fåhraeus.
FSG Management AB is 34% owned by the Chairman of the Board Christer Fåhraeus.

NOTE M29 Events After the Balance Sheet Day

For events after the balance sheet date, refer to Note K31 in the consolidated financial statements.

Board Statement

The consolidated financial statements and annual accounts have been drawn up in accordance with the IFRS international accounting standards, such as have been enacted by the EU, and with good accounting practice and provide a true and fair picture of the Group's and parent company's position and earnings. The directors' report for the Group and parent company provide a true and fair overview of the Group's and parent company's business, position and earnings and also describe significant risks and uncertainty factors faced by the parent company and the companies that are part of the Group. The annual accounts and consolidated financial statements have, as stated above, been approved for publication by the board on July 24 2025.

The Group's statement of comprehensive income and statement of financial position and the parent company's income statement and balance sheet will be subject to approval at the AGM on August 21 2025.

Lund 24-07-2025

Christer Fåhraeus
Chairman of the Board

Per Ollermark
Board member

Nikunj Shah
Board member

Linda Neckmar
Board member

Per Svangren
Board member

Anders Månsson
Board member

Axel Schörling
Chief Executive Officer

Our Audit's Report was presented 25-07-2025

Maria Ekelund
Authorized Public Accountant, Deloitte AB

Auditor's Report

To the general meeting of the shareholders of EQL Pharma AB
corporate identity number 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 01-04-2024 - 31-03-2025. The annual accounts and consolidated accounts of the company are included on pages 46–89 in this document.

In our opinion, the annual 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 as of 31 March 2025 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 March 2025 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and 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 adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions
We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Key Audit Matters
Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Valuation of intangible assets
The Group's reported values of SEK 402 million in intangible assets are distributed as SEK 365 million in licenses and development products and SEK 38 million in capitalized expenses. The assets are tested for impairment annually during the fourth quarter or as soon as changes indicate a potential need for impairment. Since the total value of these assets constitutes a significant part of the company's balance sheet and is sensitive to changes in assumptions, such as operating margin development and discount rate, this area is of particular importance in our audit.

For further information, refer to the accounting principles on pages 56–62 and notes K14–K15 and M11–M12. In our audit, we have carried out review procedures which have included, among other things, that we have:

- ✓ Developed an understanding of the management's process for preparing key estimates and assumptions;
- ✓ Reviewed and assessed EQL Pharma's procedures for impairment testing of intangible assets and evaluated that the assumptions made are reasonable, that the procedures are consistently applied, and that integrity exists in the calculations made; and
- ✓ Reviewed the completeness and accuracy of relevant notes to the financial statements.

Other information than the annual accounts and consolidated accounts
This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–36 and 93–95. The Board of Directors and the Managing Director are responsible for this other information. Our opinion on the annual accounts and consolidated

accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS Accounting Standards as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibilities for the audit of the annual accounts and consolidated accounts is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revisornsansvar

This description forms part of the auditor's report.

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 Managing Director of EQL Pharma AB for the financial year 01-04-2024 - 31-03-2025 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with 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 the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect has undertaken any action or been guilty of

any omission which can give rise to liability to the company, or in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibilities for the audit of the management's administration is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revisornsansvar. This description forms part of the auditor's report.

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for EQL Pharma AB for the financial year 01-04-2024 - 31-03-2025.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of EQL Pharma AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of The Board of Directors and the Managing Director

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of EQL Pharma AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director. The procedures mainly include a validation that the Esef report has been prepared in a valid XHMTL format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts. Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation. Deloitte AB, was appointed auditor of EQL Pharma AB by the general meeting of the shareholders on 19-08-2024 and has been the company's auditor since 2022/2023.

Malmö 25-07-2025

Deloitte AB

Maria Ekelund

Authorized Public Accountant

The AGM 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 auditors, 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 August 19 2024, it was decided that the chairman of the board, immediately after the registered ownership of the Company on December 31 2024 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 2025 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 the Company 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 some reason before the nominating committee duties have been completed The Annual General Meeting and

calendar 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 fulfill 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 2025 Annual General Meeting is announced on EQL Pharma's website. At the end of December 2024, the three largest shareholders were Cadila Pharmaceuticals Ltd, Fårö Capital AB and SEB Fonder. All have agreed to participate in the nominating committee's work. Thus, the nominating committee for the 2025 Annual General Meeting comprises Christer Fåhraeus (Fårö Capital AB), Rajiv I Modi (Cadila Pharmaceuticals Ltd.) and Erik Hallgren (SEB Fonder).

Annual General Meeting

The Annual General Meeting of EQL Pharma (publ) will be held on Thursday August 21 2025 at 16.00 at EQL Pharma AB's premises at Stortorget 1 in Lund. The notice to convene the AGM is available on EQL Pharma's website: www.eqlpharma.com.

Right to Participate and Registration

Shareholders who wish to participate in the Annual General Meeting must be registered as a shareholder in the share register maintained by Euroclear Sweden AB on August 14 2025, and notify the Company by August 14 2025, preferably before 16.00, of their intention to attend the Annual General Meeting.

Notification of AGM attendance shall be submitted in writing, stating the shareholder's name, personal ID or corporate ID number, address, email and telephone number, as well as the number of shares owned, to EQL Pharma AB for the attention of:

EQL Pharma AB
att: Anna Jönsson
Stortorget 1
222 23 LUND

or via email to
anna.jonsson@eqlpharma.com

Share Registration

Shareholders of holdings in custody through a nominee must temporarily register the shares in their own names with Euroclear Sweden AB to be entitled to participate in the meeting. Such registration must be completed no later than August 14 2025 and should be requested of the nominee well in advance of this date.

Other Information

Upcoming reporting dates

Interim report Apr–Jun (Q1)	08-08-2025
Interim report Apr–Sep (Q2)	05-11-2025
Interim report Oct–Dec (Q3)	03-02-2026
Year-end report (Q4)	08-05-2025

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 OMX Nasdaq's web page.

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 Axel Schörling, Chief Executive Officer, tel +46 763 179 060 or email: info@eqlpharma.com

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