

Interim Report April – June 2022

(SEK million)	April - June 2022	April - June 2021	April – Mar 2022
Net sales	46,1	37,3	409,8
Sales growth %	24	-63	129
Gross margin %	51	43	23
EBIT	7,9	3,0	38,9
EBIT margin %	17	8	9
Profit for the period	7,4	2,5	31,6

Strong start to the year with an improved EBIT margin

April - June

- Consolidated sales during the first quarter, April to June amounted to SEK 46.1 (37.3) million. Adjusted for non-recurring sales the revenue amounted to 43.0 (32.3) MSEK, an increase of 33%.
- Gross profit amounted to SEK 23.7 (16.0) million for the quarter, an increase of 48%.
- EBIT amounted to SEK 7.9 (3.0) million, an increase of 163%. The operating margin was 17% (8%).
- Earnings per share were SEK 0.25 (0.09) for the quarter.
- Cash flow from operating activities amounted to SEK 5.4 (-15.4) million for the quarter.
- Cash and cash equivalents were SEK 46.6 (11.2) million at the end of the quarter.



CEO's comments

First quarter in summary

First quarter sales in 2022/23 amounted to SEK 46.1 (37.3) million. Adjusted for non-recurring sales, sales amounted to SEK 43.0 (32.3) million, an increase of 33%. Operating profit (EBIT) amounted to SEK 7.9 (3.0) million, an increase of 163%. The operating margin was 17% (8%), an important and large improvement.

Products and market

During the quarter, the injectable product Glycopyrronium EQL Pharma has been approved by Nordic regulatory authorities. The drug will primarily be sold in tenders. The market is growing at around SEK 30 million annually with three active competitors. The launch will take place at the end of this financial year at the earliest.

Further, EQL Pharma has entered into another exclusive out-licensing agreement for Mellozan (melatonin), this time with the French company H.A.C. Pharma, one of France's leading

companies in ADHD medicines for children. The deal is worth about SEK 2 million in upfront payments and in connection with regulatory milestones. The true potential lies in future royalties where the French market includes just under 70 million people. The royalty on sales is well over ten percent. The launch in France will take place as soon as possible, mainly determined by processing times with the French authorities. We continue to negotiate with additional licensees in Europe and outside of Europe and hope to close some more license deals during the year.

Other

EQL Pharma continues to grow and develop as a company and organization. Importantly, the increased costs of running fast-growing company have been successfully absorbed during the quarter without affecting profitability. During the quarter, we also successfully negotiated with subcontractors to maintain or improve our gross margins despite

inflationary pressure and more expensive purchases due to challenging currency exchange rates. The next few years will be exciting with many launches both in the Nordic region, mainly tender products, and in Europe, not least the Mellozan launches (our melatonin products).

Thank you for this time
Finally, I must thank all of you for all the wonderful years as CEO of EQL Pharma. It has been incredibly stimulating to lead such a driven and knowledgeable growing team of employees. My successor, Axel Schöring, will undoubtedly continue to build the company for long-term growth while maintaining profitable and I look forward to follow this closely as Chairman of the Board for the company.



A handwritten signature in blue ink, consisting of a stylized 'C' followed by a loop and a horizontal line.

Christer Fåhraeus
CEO

Significant events

During the quarter

EQL Pharma gets Glycopyrronium EQL Pharma approved
EQL Pharma has received the approval of Glycopyrronium EQL Pharma solution for injection 0.2mg/ml from the Danish Medicines Agency and approvals in Sweden, Norway and Finland are expected shortly.
Glycopyrronium EQL Pharma will be EQL's third approved inpatient care product and will be sold through public tendering in all four Nordic countries. The market is growing and worth approximately SEK 30 million annually with three active competitors. The launch is dependent on the result of tenders for procurements but can take place at the earliest in the fourth quarter (January-March) of EQL's financial year.

EQL Pharma out-licenses Mellozzan to a leading French Company in ADHD
EQL Pharma has entered into an exclusive out-licensing agreement with French company H.A.C. Pharma for EQL's proprietary product Mellozzan (melatonin) for France. The agreement is in practice without a set time limit and applies to tablets in six different strengths as well as an oral solution, where the latter is newly developed and ready to be sent to authorities for registration.
The agreement includes 200,000 EUR in down-payment, and regulatory milestones and the royalty on sales is well into the double-digit domain. The launch of Mellozzan in France will take place as soon as possible, mainly governed by processing times at French authorities for registration and reimbursement.

After the quarter

No significant event after the end of the quarter.

Market

EQL Pharma has an aggressive growth strategy driven by the launch of new products in combination with expansion into new markets. Our products are mainly generics to originals that have been marketed in Sweden and the Nordic countries for a very long time.

This means that the markets we come to are generally mature, but also that there are few, if any, generic competitors to our products and that it is unlikely that new ones will emerge.

Marketed products

The definition of "product" is a unique substance and / or formulation. So PenV tablets and oral suspension count as two products, not one. A product can be launched in several countries at the same time with different pack sizes but is still only counted as one product.

During the quarter, no new products were launched.

Gefitinib Qilu tablets, Loperamide EQL Pharma tablets and Latanoprost EQL eye drops will be deregistered during the year due to significantly worse market conditions than when they were signed, which makes profitability impossible. None of them have been launched in any market so the deregistrations will not affect the company's results or any patient's ongoing treatment.

Geographic markets

Today, we operate directly under our own brand in Sweden, Denmark, Norway and Finland.

In the rest of Europe our products are sold indirectly through partners.

During 2022/2023 and onwards, we will expand our geographical presence in Europe. Depending on the market, this is done through a direct or indirect sales model.

Segment

Today, we only develop and sell prescription drugs in our core business. In that category, there are a few interesting segments. So far, we have mostly invested in (a) the substitutable generics segment in outpatient care. The intention is to broaden the portfolio to include more (b) injection products for inpatient care and (c) unique products / formulations for outpatient care. The injection products are generally sold through public procurement, while the unique products achieve sales only through specific prescription of our product.

Segments (b) and (c) are new to the company. But they are not new to the company's staff, who have many years of experience in these particular market segments from previous employers.

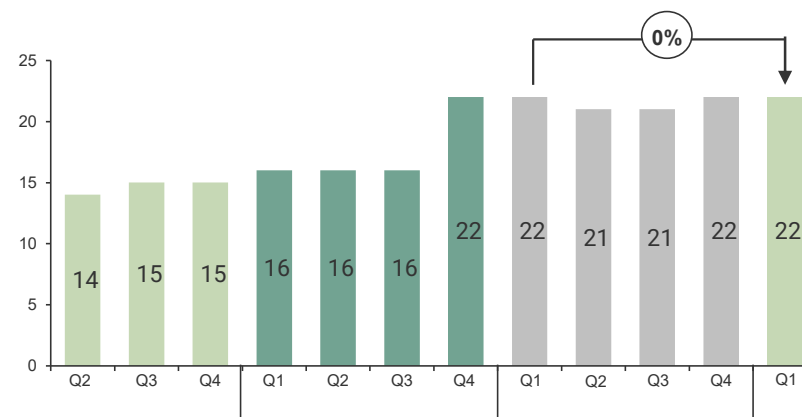


Figure 1. The company's product portfolio, i.e. marketed products, per quarter from fiscal year 2019/20 through the reporting period for the current fiscal year. The Y axis is the number of products marketed.

Product development

Pipeline

EQL Pharma's reporting of the pipeline takes place at a general level and does not include, with the exception of launch phase products, the names of individual products or the products' current or expected market potential. Our goal is to provide better guidance to shareholders without disclosing information to competitors and without our pipeline being interpreted as a financial prospect. The information is updated in connection with the quarterly reports.

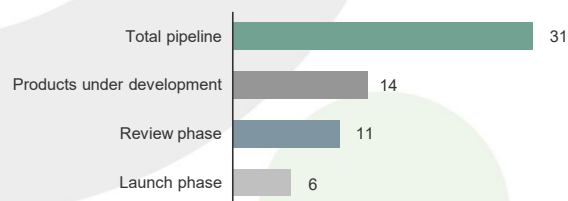


Figure 2. Total pipeline of products and how many products are in Review phase and Launch phase respectively.

Products in the Development phase

Development phase is used here as a general term. In this term all products we actually develop together with partners in, for example, India or the EU are included. But in addition to these products, the term also includes all products on which we have signed licensing or distribution

agreements for one or more geographical markets, although we do not develop the product ourselves.

When a product is fully developed, the application is submitted to the Medicines Agency in the markets where we intend to sell the product. The Agency's then initiate an audit, which generally takes about one year from application to approval. We call this step Review phase. At the end of the quarter, we had 11 products in the review phase.

After approval, when we know that the product is approved, we can place orders for manufacturing and delivery. In parallel with this, we apply for government reimbursement and tenders to the extent that they are available. We call this step the launch phase and usually it takes about six to nine months from approval until the first package is delivered to pharmacies.

Products in the Launch phase

We currently have six products in the launch phase. Colecalciferol EQL Pharma tablets will be launched in Q2 2022/23. Ondansetron EQL tablets and Abiraterone Qilu tablets are expected to launch in Q3 2022/23. Glycopyrronium EQL Pharma injection solution is expected to launch in Q4 2022/23. Palonosetron Qilu injection solution and Ketorolac EQL Pharma injection solution are expected to be launched in 2023/24.

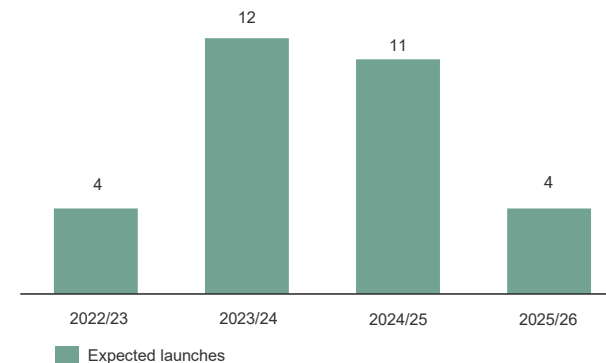


Figure 3. The company's product launches for the current fiscal year and expected product launches up to and including fiscal year 2025/26.

At all stages from the development phase to the launch phase, situations can arise that risk delaying a launch or even making it impossible. Both we at EQL and our well-selected partners do everything we can to prevent these situations from occurring, but there are always risk factors beyond our control. This means that launches can take place both earlier and later than indicated. The table above aims to provide a best guess at a given time.



Financial information

Sales and operating profit

Sales development

For the first quarter of 2022/23 our sales amounted to 42.0 (32.3) MSEK, adjusted for non-recurring sales. This corresponds to a sales growth of 33% which is lower than the ambitions marked in the long-term plan but in line with expectations for 2022/23.

Quarterly net sales and Rolling 12 months (R12)*

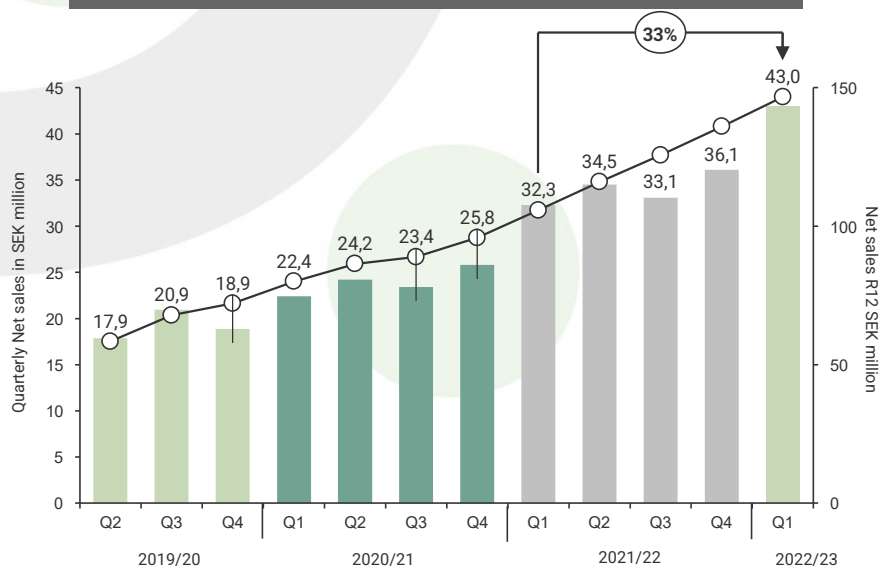


Figure 4. Net sales trend fiscal year 2019/20 through reporting period for the current fiscal year. Left Y-axis quarterly turnover in SEK million. Right Y-axis rolling 12-months sales expressed in SEK million.

* Excluding extraordinary one-time items

Profit performance

Operating profit (EBIT) amounted to SEK 7.9 million (3.0) million, an increase of 163%. The operating margin (EBIT margin) amounted to 17% (8%). Personnel cost and other external costs have increased compared to the same quarter last year due the larger scope of the operations in the quarter. The operating profit was positively impacted by the sales of Covid-19 tests.

Quarterly EBIT and EBIT Rolling 12 months (R12)

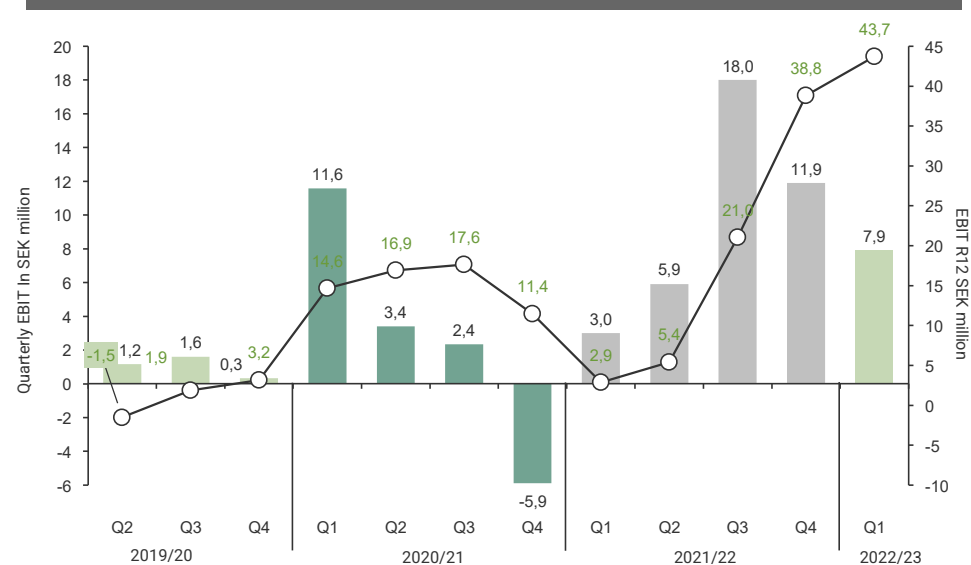


Figure 5. Operating profit trend (EBIT) for fiscal year 2018/19 through the reporting period for the current fiscal year, the bars are EBIT and the line is rolling 12-month EBIT. The left Y-axis EBIT per quarter expressed in SEK million and the right Y-axis is rolling 12-month EBIT expressed in SEK million.

Additional information

Parent company

EQL Pharma AB is the parent company of the EQL Pharma group. Net sales for the Parent Company during the first quarter amounted to SEK 45.1 (35.7) million. Operating profit amounted to SEK 7.8 (2.6) million for the quarter.

Personnel

The number of full-time employees in the group is 14 (10), out of whom 8 (7) are women, at the Swedish parent company.

In addition to the permanent staff, there are long-term consultants with expertise in GMP, pharmacovigilance and wholesale operations tied to the group.

Risk factors

Several risk factors may have a negative impact on the operations of EQL Pharma. It is therefore important to consider the relevant risks alongside the Company's growth opportunities. The following text describes risk factors in no particular order and with no claim to be exhaustive. Delays in launching new products can mean deterioration in earnings for the company and it cannot be excluded that the EQL Pharma in the future may need to raise additional capital. An aggressive investment strategy from competition could pose risks in the form of slower sales and weaker profitability.

Increased competition could lead to negative sales and earnings effects for the Company in the future.

External factors such as inflation, currency and interest rate fluctuations, supply and demand as well as booms and recessions may have an impact on operating costs, selling prices and equity valuations. EQL Pharma's future revenues and valuation of shares may be adversely affected by these factors, which are beyond the Company's control. A large part of the purchases is made in euro whose value can change significantly.

EQL Pharma will continue to develop new products in its field. Time and cost aspects of product development can be difficult to pre-determine with accuracy. This entails the risk that a proposed product is more costly than planned or takes longer than planned.

Additional risks and uncertainties that are not currently known to EQL Pharma may be developed into important factors that affect the Company's operations, results and financial position. For a more detailed list of risks, we refer to EQL's information memorandum of October 29, 2018, pages 4-7.

Legal disclaimer

This financial report includes statements that are forward looking but actual future results may differ materially from

those anticipated. In addition to the factors discussed, the earnings can be affected by delays and difficulties in the various phases of development, such as formulation, stability, preclinical and clinical trials, but also potentially competition, economic conditions, patent protection and the exchange rate and interest rate fluctuations, and political risks.

Upcoming reports 2022

Future reports for 2022/2023 will be published:

Current financial period:

Annual General Meeting 2022, Lund	2022-08-17
Interim Report July – September (Q2)	2022-11-11
Interim Report October – December (Q3)	2023-02-14
Year-End Report April – March (Q4)	2023-05-11

Additional information

Accounting policies

EQL Pharma's consolidated accounts are prepared in accordance with International Financial Reporting Standards (IFRS). EQL Pharma's interim report for the first quarter of 2022 has been prepared in accordance with IAS 34 Interim Financial Reporting. For the Group, the same accounting policies as those adopted for this report are described on pages 34-41 of the company's Annual Report for 2021/2022.

Reporting for the Parent follows the Swedish Annual Accounts Act and recommendation RFR 2 of the Swedish Financial Accounting Standards Council ('Reporting for Legal Entities').

Our financial goals

For the current four-year period, from 2020/21 up to and including 2024/25, we aim to grow by 40 percent on average per year. The growth rate refers to sales that are of recurring nature. Furthermore, we aim for the EBIT margin to be more than 25 percent at the end of the period. For the current fiscal year 2022/23, we expect a growth of around 25%, i.e. below the average for the four-year period. However, we see no reason to change our growth target as the following years are expected to grow by more than 40% on average.

The auditors' review

This interim report has not been audited by the auditor.

Questions regarding year end report

For further information or questions, please contact:

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Board of Directors EQL Pharma

Lund, August 16th, 2022.

Anders Månsson,
Chairman

Christer Fåhraeus,
CEO and member

Per Ollermark,
Member

Linda Neckmar,
Member

Per Svangren,
Member

Rajiv I Modi,
Member

The Group

Consolidated profit and loss statement

All amounts in '000	April – Jun 2022	April – Jun 2021	April 2021 – Mar 2022
Net sales	46 098	37 290	409 753
Cost of goods sold	-22 394	-21 297	-314 019
Gross profit	23 703	15 993	95 734
Gross margin	51%	43%	23%
Sales and marketing expenses	-10 258	-7 546	-37 275
Administration expenses	-2 535	-2 306	-10 883
R&D expenses	-3 155	-3 217	-9 131
Other operating income	118	113	395
Operating profit	7 873	3 038	38 839
Other interest income	0	0	0
Interest expenses and similar expenses	-481	-539	-2 874
Profit before tax	7 392	2 499	35 965
Tax	0	0	-4 417
Net profit for the period	7 392	2 499	31 549
Other comprehensive income::			
Components not to be reclassified to net profit:			
<i>a) Translation difference</i>			
Translation difference in the group	0	0	-1
Sum of Components to be reclassified to net profit:	0	0	-1
Sum of other comprehensive income:	0	0	-1
Comprehensive result for the period	7 392	2 499	31 547

The Group

Per share data

Per share data	April – jun 2022	April – jun 2021	April 2021 – mar 2022
Earnings per share, before and after dilution, SEK */	0,25	0,09	1,09
Equity per share, SEK	8,48	7,40	8,19
Number of shares outstanding	29 063 610	29 063 610	29 063 610
Average number of shares outstanding	29 063 610	29 063 610	29 063 610
Stock exchange rate, SEK	29,8	35,4	31
Dividend per share	0	0	0

* Based on the profit/loss for the period divided by the average number of shares in issue

Quarterly earnings trend

All amounts in '000	April – jun 2022	April – jun 2021	April – mar 2022
Net sales	46 098	37 290	409 753
Sales growth	24%	-63%	129%
Gross profit	23 703	15 993	95 734
Gross margin, %	51%	43%	23%
Operating profit	7 873	3 038	38 839
Operating margin, %	17%	8%	9%
Net profit	7 392	2 499	31 549
Cash flow	5 429	-15 361	14 620

The Group

Consolidated balance sheet

All amounts in '000	June 2022	June 2021	March 2022
Intangible assets	115 617	107 049	110 243
Tangible fixed assets	3 841	5 274	4 192
Financial assets	1	1	1
Deferred tax assets	0	296	0
Inventory	42 654	54 555	41 674
Trade receivables	30 917	31 826	34 098
Other receivables	6 815	4 872	6 480
Cash and bank	46 628	11 218	41 199
Total assets	246 473	215 092	237 888
Equity	131 022	93 719	123 626
Long-term debt, interest-bearing	14 285	11 232	14 557
Short-term debt, interest-bearing	908	6 446	948
Short-term debt, non interest-bearing	83 140	85 702	82 782
Trade payables	17 118	17 993	15 975
Total equity and liabilities	246 473	215 092	237 888

Consolidated changes in equity

All amounts in '000	April – jun 2022	April – jun 2021
Balance at beginning of period	56 186	23 854
Profit for the period	7 392	2 506
Other comprehensive income	4	4
Balance at end of period	63 582	26 365

The Group

Cash flow

All amounts in '000	April – jun 2022	April – jun 2021	April 2021 – mar 2022
Result before taxes	7 392	2 499	31 549
Adjustment for items not included in cash flow	2 042	351	13 021
Taxes		-55	4 359
Cash flow from operations before changes in working capital	9 434	2 795	48 928
Changes in inventory	-980	-12 199	683
Changes in current receivables	2 846	-7 810	-11 691
Changes in current liabilities	1 500	8 764	3 883
Sum changes in working capital	3 366	-11 244	-7 125
Cash flow from operations	12 800	-8 449	41 803
Capitalization of development costs			
Acquisitions of intangible non-current assets	-7 065	-6 633	-21 463
Acquisitions of tangible non-current assets	0	-602	-602
Cash flow from investment activities	-7 065	-7 236	-22 066
Acquired loans			
Amortization of loans			-5 400
New share issue			
Warrants program			857
Translation difference	4	4	0
Leasing debts	0	602	602
Amortization of leasing debts	-311	-283	-1 177
Cash flow from financing activities	-307	324	-5 118
Total cash flow during period	5 429	-15 361	14 620
Cash / cash equivalents at beginning of period	41 199	26 579	26 579
Exchange rate in cash flow			
Cash / cash equivalents at end of period	46 628	11 218	41 199

Parent company

Profit and loss statement

All amounts in i '000	Apr – jun 2022	Apr – jun 2021	April 2021 – mar 2022
Net sales	45 080	36 294	406 049
Cost of goods sold	-21 782	-20 912	-311 513
Gross profit	23 299	15 382	94 536
Gross margin	52%	42%	23%
Sales and marketing expenses	-9 954	-7 433	-36 602
Administration expenses	-2 513	-2 270	-10 777
R&D expenses	-3 161	-3 167	-9 057
Other operating income	118	113	395
Operating profit	7 789	2 625	38 496
Other interest income	0	0	0
Interest expenses and similar expenses	-460	-539	-2 874
Profit before tax	7 329	2 086	35 622
Appropriations		0	-19 680
Tax	0	0	0
Net profit for the period	7 329	2 086	15 942

Parent company

Balance sheet

All amounts in '000	June 2022	June 2021	March 2022
Intangible assets	115 332	106 732	109 958
Tangible fixed assets	57	5 275	4 192
Financial assets	391	391	391
Inventory	41 264	53 000	40 238
Trade receivables	30 267	31 405	33 742
Other receivables	8 301	7 212	7 817
Cash and bank	46 015	9 334	40 448
Total assets	241 627	213 349	236 787
Equity	114 653	92 474	107 187
Long-term debt, interest-bearing	7 200	11 232	10 437
Short-term debt, interest-bearing	4 950	6 446	948
Short-term debt, non interest-bearing	77 925	85 433	82 657
Appropriations	20 000		20 000
Trade payables	16 900	17 764	15 558
Total equity and liabilities	241 627	213 349	236 787

Notes

Note 1 Accounting policies

The Group applies International Financial Reporting Standards (IFRS), as adopted by the EU. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting, the Annual Accounts Act and the Nasdaq Stockholm Rule Book for Issuers. Disclosures in accordance with IAS 34 p. 16A appear not only in the financial statements and their accompanying notes but also in other parts of the interim report. The parent company applies the Annual Accounts Act and the Swedish Financial Reporting Board recommendation RFR 2 Accounting for Legal Entities.

Note 2 Segment reporting

EQL Pharma's operations only comprise one operating segment; generics for prescription pharmacy sales and hospital sales, and therefore reference is made to the income statement and balance sheet regarding operating segment reporting.

Note 3 Allocation of sales

Net sales dividend in geographical markets.

	April – jun 2022			April – jun 2021		
	Pharmaceuticals	Non-recurring	Other	Pharmaceuticals	Non-recurring	Other
All amounts in '000						
Skandinavia	42 990	3 108	0	32 290	5 000	0
Other Europe	0	0	0	0	0	0
Total	42 990	3 108	0	32 290	5 000	0

	April – Mar 2022			April – Mar 2021		
	Pharmaceuticals	Non-recurring	Other	Pharmaceuticals	Non-recurring	Other
All amounts in '000						
Skandinavia	135 360	274 392	0	95 841	83 300	0
Other Europe	0	0	0	0	0	0
Total	135 360	274 392	0	95 841	83 300	0

Note 4 Tangible fixed assets

All amounts in '000	2022-06-30	2021-06-30
Right of use assets		
Land and buildings	2 886	3 955
Inventories	898	1 145
Total right of use assets	3 784	5 100

Tangible fixed assets that are not right of use assets

Land and buildings	0	0
Inventories	57	176
Total tangible fixed assets that are not right of use assets	57	176

The tangible fixed assets amounted to SEK 4.2 million on the balance sheet date. The majority of the right of use assets consists of leases for office premises. For all leases for which the Group is lessee (which are not short-term leases or low value assets), the Group recognizes a right of use asset and a corresponding lease liability.

When valuating the right of use asset, the acquisition method is used, i.e the right of use asset is calculated at acquisition cost, adjusted for any revaluation of the lease liability less depreciation. The right of use asset is reported as a tangible fixed asset, while leasing liability is reported separately in the Group's statement of financial position as long-term debt, interest-bearing and short-term debt, interest-bearing.

Reconciliation tables KPIs, non-IFRS measures

The company presents certain financial measures in the interim report which are not defined according to IFRS. The company considers these measures to provide valuable supplementary information for investors and the company's management as they enable the assessment of relevant trends. EQL Pharma's definitions of these measures may differ from other companies' definitions of the same terms. These financial measures should therefore be seen as a supplement rather than as a replacement for measures defined according to IFRS. Definitions of measures which are not defined according to IFRS and which are not mentioned elsewhere in the interim report are presented below. Reconciliation of these measures is shown in the tables below.

Key performance indicators not defined according to IFRS

Key performance indicators	Definition
Sales growth	Net sales divided by net sales corresponding to the period last year.
Gross profit	Net sales less cost of goods sold.
Gross margin	Gross profit as a percentage of net sales.
Operating profit (EBIT).	Earnings before interest and tax
Operating margin (EBIT), %.	Operating profit (EBIT) as a percentage of net sales for the period.
Shareholders' equity per share	Shareholders' equity attributable to Parent Company shareholders divided by the number of outstanding shares at the end of the period.
Equity/assets ratio	Shareholders' equity including non-controlling interests as a percentage of total assets.

Sales growth		Apr – Jun 2022	Apr – Jun 2021	April – Mar 2022
A	Net sales current period, KSEK	46 098	37 290	409 753
B	Net sales last period, KSEK	37 290	99 505	179 141
(A-B)/B	Sales growth, %	24%	-63%	129%
Gross profit / Gross margin		Apr – Jun 2022	Apr – Jun 2021	April – Mar 2022
A	Net sales, KSEK	46 098	37 290	409 753
B	Cost of goods sold, KSEK	-22 394	-21 297	-314 019
A-B	Gross profit, KSEK	23 703	15 993	95 734
(A-B)/A	Gross margin, %	51%	43%	23%

Reconciliation tables KPIs, non-IFRS measures, cont.

Operating profit / Operating margin		Apr – Jun 2022	Apr – Jun 2021	Apr – Jun 2022
A	Net sales, KSEK	7 873	3 038	38 839
B	Operating profit, KSEK	46 098	37 290	409 753
A/B	Operating margin, %	17%	8%	9%
Shareholders' equity per share		Apr – Jun 2022	Apr – Jun 2021	Apr – Jun 2022
A	Profit/loss for the period, KSEK	7 392	2 499	31 549
B	Number of shares	127 324	92 547	107 424
A/B	Net earnings per share, %	6%	3%	29%
Equity-asset ratio		Apr – Jun 2022	Apr – Jun 2021	Apr – Jun 2022
A	Equity, KSEK	131 022	93 719	123 626
B	Balance sheet total, KSEK	246 473	215 092	237 888
A/B	Equity ratio, %	53%	44%	52%