

Interim Report

April – September 2020

(SEK million)	April - Sep 2020	April – Sep 2019	July – Sep 2020	July – Sep 2019	April-March 2020
Net sales	123,73	32,33	24,22	17,87	72,08
Sales growth %	283	35	36	35	44
Gross margin %	27	48	43	45	46
EBIT	14,97	1,23	3,40	1,15	3,16
Profit for the period	14,45	1,08	3,24	1,06	2,71

Another quarter with more than 30 percent growth

July - September

- Consolidated sales during the second quarter amounted to SEK 24.2 (17.9) million, an increase of 36%.
- Gross profit amounted to SEK 10.4 (8.0) million for the quarter, an increase of 31%.
- EBIT for the quarter was SEK 3.4 (1.2) million.
- Earnings per share were SEK 0:13 (0:04) for the quarter.
- Cash flow from operating activities amounted to SEK 40.2 (5.8) million for the quarter.
- Cash and cash equivalents were SEK 19.7 (18.9) million at the end of the quarter.

April - September

- Consolidated sales during the period April-September amounted to SEK 123.7 (32.3) million. Adjusted for non-recurring sales the revenue amounted to 46.6 (32.3) MSEK, an increase of 44%.
- Gross profit for the same period amounted to SEK 32.8 (15.4) million, an increase of 114%.
- EBIT for April-September amounted to SEK 15.0 (1.2) million.
- Earnings per share were SEK 0:50 (0: 04) for the period.
- Cash flow from operating activities amounted to SEK 15.7 (3.3) million during April-September.
- Cash and cash equivalents were SEK 19.7 (18.9) million at the end of September.



CEO's comments

The second quarter of 2020/21 was another quarter with good growth for EQL Pharma. Sales for the quarter amounted to SEK 24.2 million, an increase of 36%.

During the quarter, an order for healthcare consumables, totalling SEK 8 million, was received from a Hospital region. Around 3 MSEK of this order was invoiced during the quarter and the remaining part will be invoiced during the third quarter.

The corona epidemic has had a minor impact on our company, where some products sell more than usual due to stock-outs for our competitors and other products such as antibiotics sell less due to reduced bacterial infections in the society as a result of social distancing. The net effect for us is a slight increase in sales and a slightly better gross margin.

Our goal is to become a leading company in niche generics in the Nordic region

and in the next phase in Europe. To succeed in this, we need to continue investing in new products and we need to expand our geography to include the whole of Europe and not just the Nordic region.

During the quarter, we continued to invest in European expansion, one of our strategic growth dimensions. An investigation is now being carried out with all our products including our pipeline to determine in which markets they will be launched. In addition, we investigate in which markets we can sell directly through our own organization and in which markets we will out-licens our products.

"Sales for the quarter amounted to SEK 24.2 million, an increase of 36%."

Our second growth dimension, expansion

of our product portfolio, is also underway with relatively high intensity. Our assessment is that there are many interesting products left that are suitable for development, i.e. that are expected to generate a good return.

The work of preparing the Company for a listing on Nasdaq Stockholm's main list is in full swing with the goal of implementing the listing change during the first financial quarter 2021/22. As part of the preparation for the transition to IFRS, a requirement on the main list, we have changed our presentation of the income statement to function-based accounting.

In summary, intensive work is carried out on several fronts, a natural consequence of our aggressive growth goals.




Christer Fåhraeus
President & CEO

Significant events

During the quarter

New order for protective equipment

The good cooperation with the hospital regions during the current pandemic has led to an order for healthcare consumables with a sales value of approximately SEK 8 million. Around 3 MSEK of the order was delivered and invoiced during the quarter and the rest is expected to be invoiced during the third quarter.

Switch to function-based accounting

EQL Pharma have changed reporting of the income statement to function-based accounting from the financial year 2020/21 as an adjustment to the transition to IFRS.

Report from the Annual General Meeting

During the quarter, the company held the annual general meeting regarding the financial year 2019/20. Linda Neckmar was elected as a new member of the board and Ingemar Kihlström resigned as chairman after five years in the post. Anders Månsson was elected new chairman.

Approval of Phenoxymethylpenicillin EQL

The pharmaceutical Phenoxymethylpenicillin EQL, granules for oral suspension 50mg/ml, 100mg/ml and oral solution 250mg/ml, have been approved for sale by the Danish Medicines Agency. A further approval in Sweden is expected soon.

The product is expected to be launched during EQL Pharma's third financial quarter, 2021/22.

After the quarter

Approval of Folsyra EQL Pharma

The pharmaceutical Folsyra EQL Pharma, tablet 1 mg, has been approved for sale in Sweden by the Medical Products Agency.

The product is expected to be launched during EQL Pharma's first financial quarter, 2021/22.

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

No new product was launched during the second quarter.

Geographic markets

Today, we operate directly in the generic markets in Sweden and Denmark. In the rest of the Nordic region and Europe, including Iceland, our products are currently sold indirectly through partners.

During 2021 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 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.

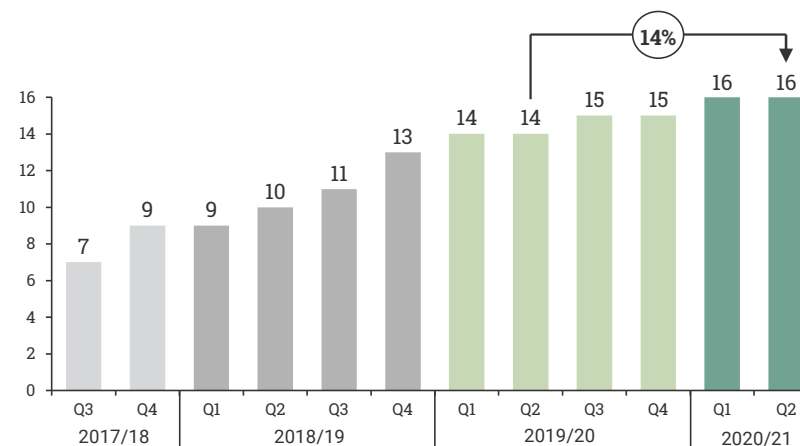


Figure 1. The company's product portfolio, i.e. marketed products, per quarter from fiscal year 2017/18 through the reporting period for the current fiscal year. The Y axis is the number of products marketed..

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.

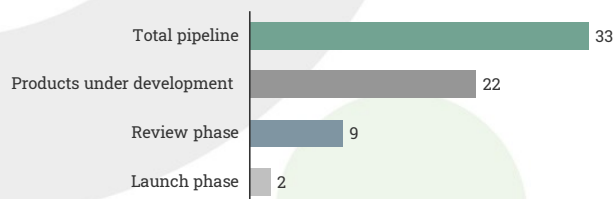


Figure 2. Total pipeline of products and how many products are in Review phase and Launch phase respectively.

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 nine 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

At the end of the quarter, we had two products in the Launch phase. Aripiprazole EQL Pharma oral solution was approved by the Medical Products Agency in Sweden in September 2019. Aripiprazole is expected to be launched during the fourth quarter of 2020/21. Phenoxymethylpenicillin EQL granules for oral suspension was approved by the Danish Medical Products

Agency in September. An approval in Sweden as well is expected soon. Phenoxymethylpenicillin EQL is scheduled for launch in the third quarter 2021/22.

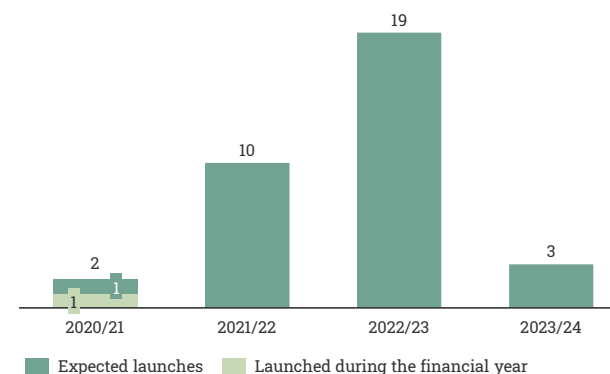


Figure 3. The company's product launches for the current fiscal year and expected product launches up to and including fiscal year 2023/24.

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.



Financial information

Sales

Sales development

The second quarter of 2020/21 was yet another quarter with good growth for EQL Pharma. Our total sales amounted to 24,2 (17,9) MSEK.

The sales growth of 36 percent was mainly driven by the launches that have been conducted in 2019/20 and 2020/21. Sales is still positively impacted by the Corona pandemic.

Profit performance

The operating profit EBIT amounted to 3,4 (1,2) MSEK in the second quarter. The profit increase was driven by the new launches that were performed in the last half of 2019/20 and first half of 2020/21. The profit is also positively impacted by the Corona pandemic.

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.

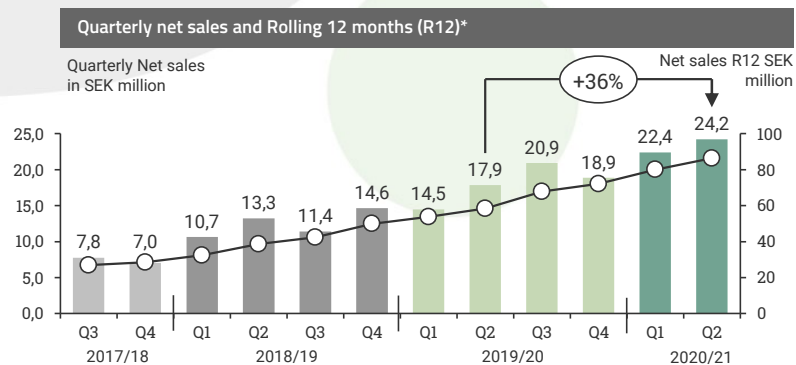


Figure 4. Net sales trend fiscal year 2017/18 through reporting period for the current fiscal year. Left Y-axis quarterly turnover in SEK million. Right Y-axis rolling 12-months sales expressed in SEK million.

* Excluding extraordinary one-time items

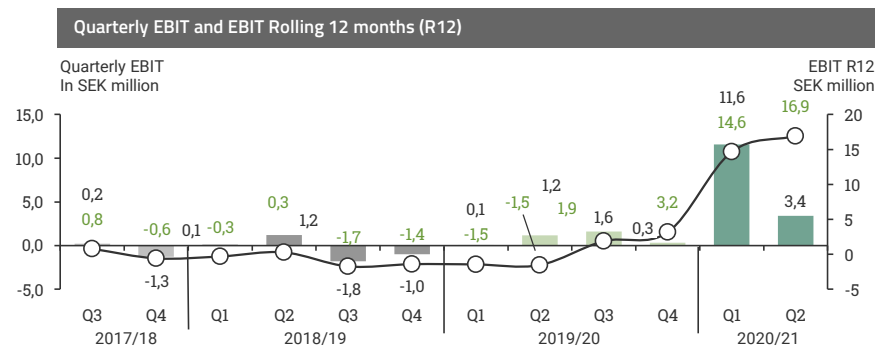


Figure 5. Operating profit trend (EBIT) for fiscal year 2017/18 through the reporting period for the current fiscal year, the bars are EBIT and the line is rolling 12-month EBIT. The left Y-axis EBIT per quarter expressed in SEK million and the right Y-axis is rolling 12-month EBIT expressed in SEK million.

The Group

Consolidated profit and loss statement

All amounts in '000	April – Sep 2020	April – Sep 2019	July – Sep 2020	July – Sep 2019	April – March 2020
Net sales	123 726	32 327	24 221	17 868	72 083
Cost of goods sold	-90 918	-16 964	-13 789	-9 875	-39 190
Gross profit	32 808	15 364	10 432	7 992	32 892
Gross margin	27%	48%	43%	45%	46%
Sales and marketing expenses	-9 078	-8 065	-3 475	-4 063	-16 756
Administration expenses	-3 919	-2 993	-1 885	-1 344	-6 201
R&D expenses	-5 134	-3 303	-1 856	-1 548	-7 238
Other operating income	297	231	182	116	459
Operating profit	14 973	1 234	3 399	1 153	3 156
Other interest income	0	0	0	0	0
Interest expenses and similar expenses	-526	-158	-160	-91	-432
Profit before tax	14 448	1 076	3 239	1 062	2 724
Tax	0	0	0	0	-17
Net profit for the period	14 448	1 076	3 239	1 062	2 707

The Group

Cash flow, investments and financing

All amounts in '000	April – Sep 2020	April – Sep 2019	July – Sep 2020	July – Sep 2019	April – March 2020
Cash flow from operations excluding changes in working capital	30 634	3 424	3 316	2 253	6 858
Change in working capital	-14 980	-116	-43 556	3 587	-171
Cash flow from operations	15 654	3 308	-40 240	5 841	6 687
Cash flow from investments	-6 299	-6 137	-4 899	-2 271	-18 075
Cash flow from financing operations	-2	3	4	2	6
Total cash flow during period	9 352	-2 825	-45 135	3 572	-11 382
Cash / cash equivalents at beginning of period	10 310	21 692	64 798	15 295	21 692
Cash / cash equivalents at end of period	19 662	18 866	19 662	18 866	10 310

Cash flow

Positive cash flow from operating activities before changes in working capital of SEK 3.3 (2.3) million for the quarter. For the period April to September, the corresponding cash flow is SEK 30.6 (3.4) million. Changes in working capital during the quarter amounted to SEK -43.6 (3.6) million and for the period April to September SEK -15.0 (-0.1) million. The total cash flow from operating activities thus amounts to -40.2 (5.8) for the quarter and for April to September SEK 15.7 (3.3) million.

Investments

EQL Pharma continues to invest in development projects. During the quarter, 4.9 (2.3) million was invested in both ongoing and new projects. For April to September, investments amount to SEK 6.3 (6.1) million.

Financing

Cash flow from financing activities amounted to a total of SEK 0.0 (0.0) million for both the quarter and for the period April to September.

Cash and cash equivalents

Cash and cash equivalents amounted to SEK 19.7 (18.9) million at the end of the quarter.

Equity

As of September 30th, equity amounted to SEK 95.4 (79.3) million and equity per share to SEK 3:28 (2:73).

Equity ratio

The equity / assets ratio was 68.3 (71.7) percent at the end of the period.

EQL Pharma's share

The company's share has been listed on Spotlight Stock Market since December 17th, 2013. The total number of registered shares in the company at the end of the period was 29,063,610 (29,063,610). Listed on Spotlight NEXT since October 31st, 2019.

Additional information

Parent company

EQL Pharma AB is the parent company in the EQL Pharma Group. Net sales for the Parent Company during the second quarter amounted to SEK 22.5 (16.8) million and for the period April to September to SEK 121.2 (30.3) million. Operating profit amounted to SEK 3.0 (1.5) million for the quarter and for the period April to September to SEK 14.5 (1.8) million.

Personnel

The Group employs 10 (9) persons, out of whom 7 (6) are women. The number of full-time employees is 10 (9) 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 launch 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

Future reports for 2020/2021 will be published:

Current fiscal year:

Interim report October – December (Q3)	2021-02-18
Year-end report (Q4)	2021-05-06

Additional information

Accounting principles

This year end report has been prepared in accordance with K3 for 2020/2021. For the Parent Company this interim report has been prepared in accordance with K3 for 2020/2021. The accounts of subsidiaries are translated to Swedish kronor using the current method. The current method means that all assets, provisions and other liabilities are translated at the closing rate and all income statement items are translated at the average rate. Any translation differences are recognized directly against equity. Amounts are expressed in MSEK (millions of Swedish Kronor) unless otherwise indicated. KSEK is an abbreviation for thousands of Swedish kronor.

Our updated financial goals

We have unchanged goal to grow by at least 30 percent on average per year during the five-year period 2016 to 2020/2021. For the 2020/21 financial year, after adjusting for Covid-19 related one-time sales in Q1, we expect to grow around 30 percent.

For the next five-year period, 2020/21 to 2024/25, we aim to grow by an average of 40 percent per year. Furthermore, our goal is that the EBIT margin should be at least 25 percent at the end of the period.

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, November 6th, 2020.

Anders Månsson,
Chairman

Christer Fåhraeus,
CEO and member

Lars Holmqvist,
Member

Linda Neckmar,
Member

Maria Bech,
Member

Rajiv I Modi,
Member

The Group

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Tax	0	0	0	0	-17
Net profit for the period	14 448	1 076	3 239	1 062	2 707

The Group

Consolidated balance sheet

All amounts in '000	September 2020	September 2019	March 2020
Intangible assets	52 520	52 095	62 333
Tangible fixed assets	290	452	366
Financial assets	296	296	296
Total fixed assets	53 106	52 843	62 996
Total current assets	86 532	57 682	61 317
Total assets	139 638	110 525	124 313
Total equity	95 361	79 284	80 918
Long-term liabilities	0	0	0
Current liabilities	44 277	31 241	43 394
Total equity and liabilities	139 638	110 525	124 313

Consolidated changes in equity April – September 2020

All amounts in '000	Share capital	Other contributed capital	Other capital including profit for the period
Balance at beginning of period	1 308	66 133	13 475
New share issue / Share issue costs			
Translation differences			-2
Profit for the period			14 448
Balance at end of period	1 308	66 133	27 920

Parent company

Profit and loss statement

All amounts in '000	April – Sep 2020	April – Sep 2019	July – Sep 2020	July – Sep 2019	April – March 2020
Net sales	121 154	30 336	22 522	16 799	67 788
Cost of goods sold	-89 264	-15 297	-12 657	-8 971	-35 610
Gross profit	31 889	15 039	9 865	7 828	32 178
Gross margin	26%	50%	44%	47%	47%
Sales and marketing expenses	-8 809	-7 454	-3 389	-3 749	-15 539
Administration expenses	-3 818	-2 803	-1 830	-1 238	-5 785
R&D expenses	-5 081	-3 163	-1 828	-1 481	-6 951
Other operating income	297	231	182	116	459
Operating profit	14 479	1 849	3 001	1 476	4 362
Other interest income	0	0	0	0	0
Interest expenses and similar expenses	-525	-158	-159	-91	-432
Profit before tax	13 954	1 692	2 842	1 385	3 930
Group contributions paid	0	0	0	0	-1 000
Tax	0	0	0	0	0
Net profit for the period	13 954	1 692	2 842	1 385	2 930

Parent company

Balance sheet

All amounts in '000	September 2020	September 2019	March 2020
Intangible assets	52 121	51 483	61 858
Tangible fixed assets	290	452	366
Financial assets	391	391	391
Total fixed assets	52 802	52 326	62 615
Total current assets	85 198	57 653	60 471
Total assets	138 001	109 979	123 086
Total equity	94 467	79 274	80 513
Long-term liabilities	0	0	0
Current liabilities	43 534	30 704	42 573
Total equity and liabilities	138 001	109 979	123 086

Cash flow

All amounts in '000	April – Sep 2020	April – Sep 2019	July – Sep 2020	July – Sep 2019	April – March 2020
Cash flow from operations excluding changes in working capital	30 063	3 946	2 880	2 527	7 788
Change in working capital	-14 807	-588	-43 221	3 241	-14
Cash flow from operations	15 256	3 358	-40 342	5 769	7 774
Cash flow from investments	-6 296	-5 769	-4 896	-2 125	-17 661
Cash flow from financing operations	0	0	0	0	-1 000
Total cash flow during period	8 960	-2 411	-45 238	3 644	-10 887
Cash / cash equivalents at beginning of period	10 145	21 032	64 343	14 978	21 032
Cash / cash equivalents at end of period	19 105	18 621	19 105	18 621	10 145