

Interim Report

April – December 2020

(SEK million)	April - Dec 2020	April – Dec 2019	Oct – Dec 2020	Oct – Dec 2019	April-March 2020
Net sales	153,34	53,27	29,61	20,94	72,08
Sales growth %	188	123	41	58	44
Gross margin %	28	46	35	44	46
EBIT	17,33	2,84	2,35	1,60	3,16
Profit for the period	16,62	2,55	2,17	1,47	2,71

Continued growth during the third quarter

October - December

- Consolidated sales during the third quarter amounted to SEK 29.6 (20.9) million, an increase of 41%. Adjusted for non-recurring sales the revenue amounted to 23.4 (20.9) MSEK, an increase of 12%.
- Gross profit amounted to SEK 10.5 (9.3) million for the quarter, an increase of 13%.
- EBIT for the quarter was SEK 2.4 (1.6) million.
- Earnings per share were SEK 0:09 (0:05) for the quarter.
- Cash flow from operating activities amounted to SEK 7.4 (-0.5) million for the quarter.
- Cash and cash equivalents were SEK 14.0 (15.0) million at the end of the quarter.

April - December

- Consolidated sales during the period April - December amounted to SEK 153.3 (53.3) million, an increase of 188%. Adjusted for non-recurring sales the revenue amounted to 70.0 (53.3) MSEK, an increase of 31%.
- Gross profit for the same period amounted to SEK 43.3 (24.7) million, an increase of 75%.
- EBIT for April - December amounted to SEK 17.3 (2.8) million.
- Earnings per share were SEK 0:57 (0: 10) for the period.
- Cash flow from operating activities amounted to SEK 23.0 (2.8) million during April - December.
- Cash and cash equivalents were SEK 14.0 (15.0) million at the end of December.



CEO's comments

The third quarter of 2020/21 was a stable quarter for EQL Pharma with slightly lower than average growth. Sales for the quarter, after a downward adjustment for non-recurring sales, amounted to SEK 23.4 million, an increase of 12%.

Our goal is to become a leading player in niche generics in the Nordic region and eventually in Europe. To succeed in this, we need an aggressive plan for rapid growth. The two principal components of this growth plan are geographical expansion of existing products and an increased number of new products.

During the quarter, we continued to invest in geographic expansion of our products. We now have a good understanding of the competitive situation and the size of the different markets for our entire product portfolio. The mapping of which countries are suitable for direct sales and where an

indirect sales model should be used is also beginning to become clearer. As part of this work, we have started the recruitment process for a Chief Commercial Officer, who will be the key person in the implementation of the geographic expansion.

Our second growth dimension, expansion of the product portfolio, is underway with high cadence. During the quarter, we finalized the development of four products that were submitted to the medical authorities for review. Two products have been added to our pipeline, which now includes 35 products plus the 16 products already marketed. One product, in the form of a prolonged-release tablet for metformin, Glucosparc®, has received a market authorisation after the end of the quarter. This product is interesting as it has taken significant market shares from the standard metformin tablet in other markets in Europe where it was

launched. In Sweden, there is one more prolonged-release tablet registered with the same active substance.

Preparations for moving the company to Nasdaq Stockholm's main list are ongoing with full speed. The goal is to implement the list change during the company's first financial quarter 2021/22.

In other words, very intensive work is underway on several fronts, a consequence of our aggressive plans.




Christer Fåhraeus
President & CEO

Significant events

During the quarter

Approval of Folsyra EQL Pharma

The pharmaceutical Folsyra EQL Pharma, tablet 1 mg, was in October 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.

New order for consumables from a hospital region

During November EQL Pharma received an additional order for consumables with a sales value of just over SEK 14.4 million. Revenue is expected to come in during EQL Pharma's third quarter, possibly some of the revenue may come in during the fourth quarter.

After the quarter

Approval of Glucosparc (metformin)

Glucosparc, a prolonged-release tablets 500mg, 750mg and 1000mg, have been approved for sale in Sweden by the Medical Products Agency.

Glucosparc contains metformin, a substance that increases the effect of the body's own insulin, which in turn is needed for the body's cells to be able to get energy from glucose, the sugar that is absorbed from food and circulated via blood vessels to the body's cells. Medicines containing metformin have been approved in Sweden since 1965, but EQL Pharma could be the to provide it in the form of a prolonged-release tablet. Metformin prolonged-release tablets have long been available in Europe and globally, but in the Nordic countries only in Finland.

Prolonged-release tablets such as Glucosparc dissolve gradually over a longer period of time compared to regular tablets that are rapidly dissolved and absorbed by the body. For some patients, the rapid absorption may lead to side effects and then a prolonged-release tablet may be a better choice.

The product is expected to be launched during EQL Pharma's third 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.

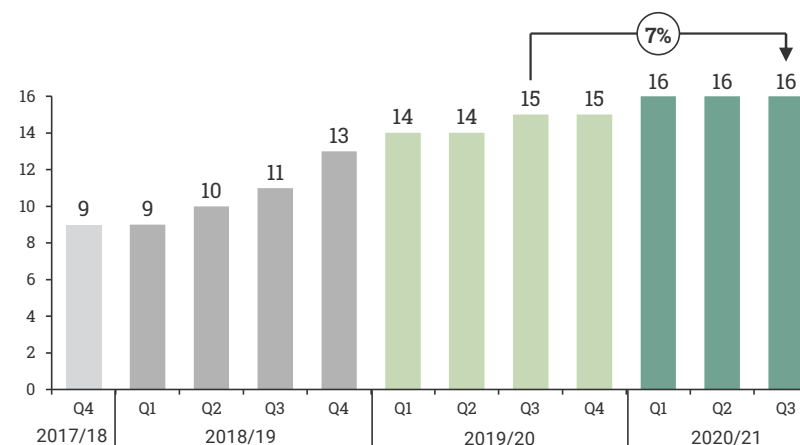


Figure 1. The company's product portfolio, i.e. marketed products, per quarter from fiscal year 2017/18 through the reporting period for the current fiscal year. The Y axis is the number of products marketed..

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.

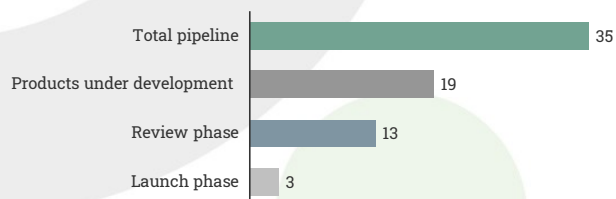


Figure 2. Total pipeline of products and how many products are in Review phase and Launch phase respectively.

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 13 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 three products in Launch phase. Aripiprazole EQL Pharma oral solution was approved by the Medical Products Agency (MPA) 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 MPA

in September and by the Swedish MPA in November. Phenoxymethylpenicillin EQL is scheduled for launch in the third quarter of 2021/22. Folsyra EQL Pharma was approved by the Swedish MPA in October and is scheduled for launch in the first quarter of 2021/22.

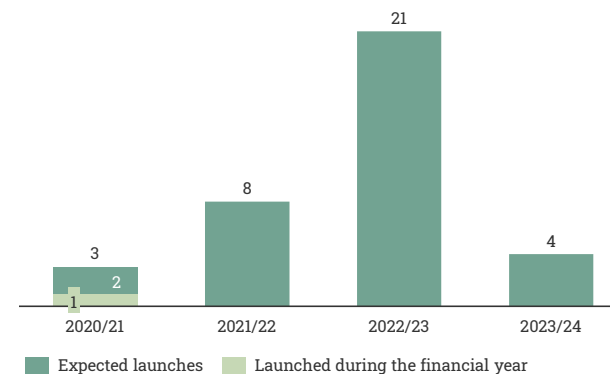


Figure 3. The company's product launches for the current fiscal year and expected product launches up to and including fiscal year 2023/24.

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 third quarter of 2020/21 was yet another quarter with good growth for EQL Pharma. Our total sales amounted to 23,4 (20,9) MSEK.

The sales growth of 12 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.

Quarterly net sales and Rolling 12 months (R12)*

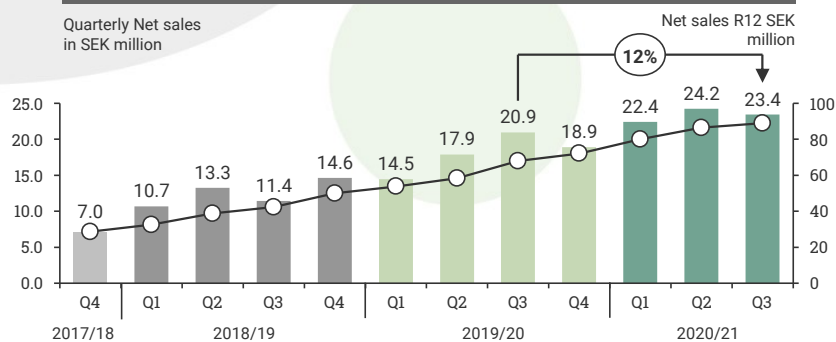


Figure 4. Net sales trend fiscal year 2017/18 through reporting period for the current fiscal year. Left Y-axis quarterly turnover in SEK million. Right Y-axis rolling 12-months sales expressed in SEK million.
* Excluding extraordinary one-time items

Profit performance

The operating profit EBIT amounted to 2,4 (1,6) MSEK in the third 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.

Quarterly EBIT and EBIT Rolling 12 months (R12)

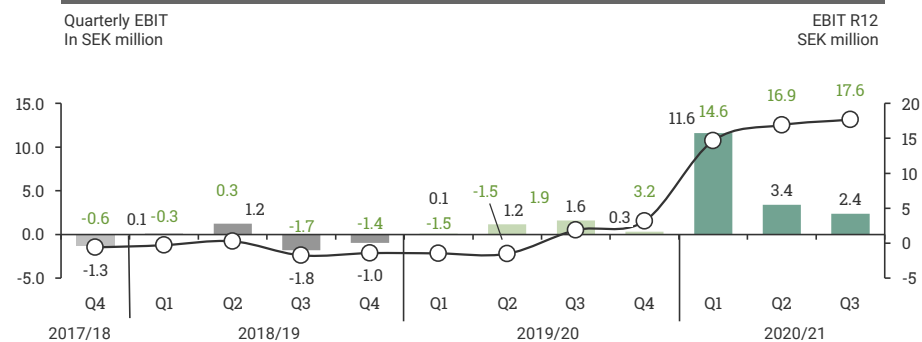


Figure 5. Operating profit trend (EBIT) for fiscal year 2017/18 through the reporting period for the current fiscal year, the bars are EBIT and the line is rolling 12-month EBIT. The left Y-axis EBIT per quarter expressed in SEK million and the right Y-axis is rolling 12-month EBIT expressed in SEK million.

The Group

Consolidated profit and loss statement

All amounts in '000	April – Dec 2020	April – Dec 2019	Oct – Dec 2020	Oct – Dec 2019	April – March 2020
Net sales	153 337	53 266	29 610	20 939	72 083
Cost of goods sold	-110 022	-28 591	-19 104	-11 628	-39 190
Gross profit	43 314	24 675	10 507	9 311	32 892
Gross margin	28%	46%	35%	44%	46%
Sales and marketing expenses	-13 094	-12 561	-4 015	-4 496	-16 756
Administration expenses	-5 700	-4 457	-1 781	-1 465	-6 201
R&D expenses	-7 607	-5 163	-2 473	-1 860	-7 238
Other operating income	412	345	115	114	459
Operating profit	17 326	2 837	2 352	1 604	3 156
Other interest income	0	0	0	0	0
Interest expenses and similar expenses	-707	-292	-181	-134	-432
Profit before tax	16 619	2 545	2 171	1 469	2 724
Tax	0	0	0	0	-17
Net profit for the period	16 619	2 545	2 171	1 469	2 707

The Group

Cash flow, investments and financing

All amounts in '000	April – Dec 2020	April – Dec 2019	Oct – Dec 2020	Oct – Dec 2019	April – March 2020
Cash flow from operations excluding changes in working capital	33 817	5 915	3 183	2 491	6 858
Change in working capital	-10 800	-3 155	4 180	-3 040	-171
Cash flow from operations	23 017	2 760	7 364	-549	6 687
Cash flow from investments	-19 330	-9 492	-13 031	-3 356	-18 075
Cash flow from financing operations	-8	0	-5	-3	6
Total cash flow during period	3 679	-6 732	-5 673	-3 907	-11 382
Cash / cash equivalents at beginning of period	10 310	21 692	19 662	18 866	21 692
Cash / cash equivalents at end of period	13 990	14 959	13 990	14 959	10 310

Cash flow

Positive cash flow from operating activities before changes in working capital of SEK 3.2 (2.5) million for the quarter. For the period April to December, the corresponding cash flow is SEK 33.8 (5.9) million. Changes in working capital during the quarter amounted to SEK 4.2 (-3.0) million and for the period April to December SEK -10.8 (-3.2) million. The total cash flow from operating activities thus amounts to 7.4 (-0.5) for the quarter and for April to December SEK 23.0 (2.8) million.

Investments

EQL Pharma continues to invest in development projects. During the quarter, 13.0 (3.4) million was invested in both ongoing and new projects. For April to December, investments amount to SEK 19.3 (9.5) 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 December.

Cash and cash equivalents

Cash and cash equivalents amounted to SEK 14.0 (15.0) million at the end of the quarter.

Equity

As of December 31st, equity amounted to SEK 97.5 (80.6) million and equity per share to SEK 3:36 (2:78).

Equity ratio

The equity / assets ratio was 63.9 (65.9) 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 third quarter amounted to SEK 28.7 (19.9) million and for the period April to December to SEK 149.8 (50.2) million. Operating profit amounted to SEK 2.4 (2.1) million for the quarter and for the period April to December to SEK 16.9 (3.9) 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:	
Year-end report (Q4)	2021-05-06
Annual General Meeting, Lund	2021-08-18

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 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, 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, February 18th, 2021.

Anders Månsson,
Chairman

Christer Fåhraeus,
CEO and member

Lars Holmqvist,
Member

Linda Neckmar,
Member

Maria Bech,
Member

Rajiv I Modi,
Member

The Group

Consolidated profit and loss statement

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Other operating income	412	345	115	114	459
Operating profit	17 326	2 837	2 352	1 604	3 156
Other interest income	0	0	0	0	0
Interest expenses and similar expenses	-707	-292	-181	-134	-432
Profit before tax	16 619	2 545	2 171	1 469	2 724
Tax	0	0	0	0	-17
Net profit for the period	16 619	2 545	2 171	1 469	2 707

The Group

Consolidated balance sheet

All amounts in '000	December 2020	December 2019	March 2020
Intangible assets	64 577	54 476	62 333
Tangible fixed assets	252	404	366
Financial assets	296	296	296
Total fixed assets	65 125	55 177	62 996
Total current assets	87 527	67 410	61 317
Total assets	152 651	122 587	124 313
Total equity	97 526	80 750	80 918
Long-term liabilities	0	0	0
Current liabilities	55 125	41 837	43 394
Total equity and liabilities	152 651	122 587	124 313

Consolidated changes in equity April – December 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			-8
Profit for the period			16 619
Balance at end of period	1 308	66 133	30 086

Parent company

Profit and loss statement

All amounts in '000	April – Dec 2020	April – Dec 2019	Oct – Dec 2020	Oct – Dec 2019	April – March 2020
Net sales	149 833	50 249	28 679	19 913	67 788
Cost of goods sold	-107 548	-25 972	-18 284	-10 675	-35 610
Gross profit	42 284	24 277	10 395	9 238	32 178
Gross margin	28%	48%	36%	46%	47%
Sales and marketing expenses	-12 648	-11 605	-3 839	-4 151	-15 539
Administration expenses	-5 575	-4 133	-1 757	-1 330	-5 785
R&D expenses	-7 553	-4 941	-2 472	-1 778	-6 951
Other operating income	412	345	115	114	459
Operating profit	16 921	3 942	2 441	2 093	4 362
Other interest income	0	0	0	0	0
Interest expenses and similar expenses	-706	-292	-181	-134	-432
Profit before tax	16 215	3 651	2 260	1 959	3 930
Group contributions paid	0	0	0	0	-1 000
Tax	0	0	0	0	0
Net profit for the period	16 215	3 651	2 260	1 959	2 930

Parent company

Balance sheet

All amounts in '000	December 2020	December 2019	March 2020
Intangible assets	64 217	53 932	61 858
Tangible fixed assets	252	404	366
Financial assets	391	891	391
Total fixed assets	64 860	55 228	62 615
Total current assets	86 599	67 241	60 471
Total assets	151 459	122 468	123 086
Total equity	96 727	81 233	80 513
Long-term liabilities	0	0	0
Current liabilities	54 732	41 235	42 573
Total equity and liabilities	151 459	122 468	123 086

Cash flow

All amounts in '000	April – Dec 2020	April – Dec 2019	Oct – Dec 2020	Oct – Dec 2019	April – March 2020
Cash flow from operations excluding changes in working capital	33 296	6 813	3 234	2 867	7 788
Change in working capital	-10 413	-3 479	4 394	-2 891	-14
Cash flow from operations	22 884	3 334	7 628	-24	7 774
Cash flow from investments	-19 327	-9 579	-13 031	-3 810	-17 661
Cash flow from financing operations	0	0	0	0	-1 000
Total cash flow during period	3 557	-6 245	-5 403	-3 834	-10 887
Cash / cash equivalents at beginning of period	10 145	21 032	19 105	18 621	21 032
Cash / cash equivalents at end of period	13 702	14 788	13 702	14 788	10 145