

Interim Report April – December 2023

(SEK million)	Oct - Dec 2023	Oct – Dec 2022	Apr – Dec 2023	Apr - Dec 2022	Apr – Mar 2023
Net sales	70.2	80.2	186.0	199.6	259.9
Sales growth %	-12	-32	-7	-3	-37
Gross profit	33.5	35.5	83.6	87.8	115.9
Gross margin %	48	44	45	44	45
Operating profit (EBIT)	9.8	15.5	24.2	35.3	41.3
Operating margin (EBIT) %	14	19	13	18	16
Profit for the period	6.5	11.9	18.0	26.8	30.9

Growth and profitability despite large impact from the global antibiotics shortage and continued expansion of pipeline

October – December 2023

- Consolidated sales during the third quarter, October to December amounted to SEK 70.2 (80.2) million. Adjusted for non-recurring sales in the comparative quarter Q3 2022/23, the revenue amounted to 70.2 (56.1) MSEK, an increase of 25%.
- Gross profit amounted to SEK 33.5 (35.5) million for the quarter, but the gross margin increased from 44% to 48%.
- EBIT amounted to SEK 9.8 (15.5) million, a decrease of 37%. The operating margin was 14% (19%).
- EBITDA margin was 17%.
- Costs related to preparations for uplisting to NASDAQ main list in the quarter of 3.0 MSEK and adjusted for these costs, operating profit (EBIT) amounted to 12.8 MSEK and operating margin to 18%.
- EBITDA margin adjusted for uplisting costs was 21%.
- Earnings per share before dilution were SEK 0:22 (0:41) for the quarter. Earnings per share after dilution were 0:22 (0:40).
- Cash flow from operating activities amounted to SEK 2.5 (-0.2) million for the quarter.
- Cash and cash equivalents were SEK 10.4 (26.2) million at the end of the quarter.

April – December 2023

- Consolidated sales during the period April – December amounted to SEK 186.0 (199.6) million. Adjusted for non-recurring sales in the comparison period April – December 2022/23, the revenue amounted to 186.0 (150.3) MSEK, an increase of 24%.
- Gross profit for the same period amounted to SEK 83.6 (87.8) million, but the gross margin increased from 44% to 45%.
- EBIT for April-December amounted to SEK 24.2 (35.3) million.
- EBITDA margin was 18%.
- Earnings per share were SEK 0:62 (0:92) for the period. Earnings per share after dilution were 0:60 (0:90).
- Cash flow from operating activities amounted to SEK -8.5 (0,3) million during April-December.
- Cash and cash equivalents were SEK 10.4 (26.2) million at the end of December.



CEO's comments

In the third quarter of the financial year 2023/24, EQL once again delivers growth and profitability despite significant impact from the global antibiotic shortage and affected supply chains, which negatively affect sales and profitability. Sales of Covid-19 tests in the quarter partially compensate for these problems, although to a lesser extent than in previous years. Covid test sales are reported from this quarter as recurring revenue, as we have now been selling tests for three years and expect sales to continue, albeit to a lesser extent. The growth forecast for the full year remains around 30%.

Third quarter summary

The sales for the third quarter of 2023/24 amounted to 70.2 (56.1) MSEK, an increase of 25%. From now on, sales of Covid-19 tests will be reported as recurring sales. Operationally, this is a better representation of the business, even though the comparison in Q3 is somewhat inconsistent. The sales of Covid-19 tests were significantly lower than in the comparative quarter.

Operating income (EBIT) amounted to 9.8 (15.5) MSEK. The operating margin was 14% (19%). The EBITDA margin was 17%.

In the third quarter, EQL incurred costs of 3.0 MSEK related to the potential future listing on NASDAQ, which in 2021 was postponed. Adjusted for these costs, EBIT was 12.8 MSEK (18%) and the EBITDA margin was 21%.

Financial goals and full-year forecast

Our long-term financial goals remain unchanged, as does the sales forecast for the full year 2023/24, where we forecast growth of around 30%.

Products and market

Two new niche generics for the Nordic region have been added to our pipeline, which now grows from 37 to 39 products. We are actively working to identify new products for our pipeline and will provide updates on progress.

The work to register and launch our strategic key products Mellozzan and Memprex outside the Nordic region is ongoing. We have submitted applications to authorities in several European countries and are preparing for submissions in others. Mellozzan is in the launch phase for the German market. As usual, we will provide regular updates when material developments occur.

In the quarter, sales of Covid-19 tests occurred due to the spread of the virus in November and December. This is the third consecutive year we are selling Covid-19 tests, and we expect it to continue in the coming years. Therefore, we have chosen to discontinue the one-time classification of test sales that we previously used. Our current assessment is that EQL will sell Covid-19 tests in the range of 5-15 MSEK in the coming years, primarily in the third quarter when the spread of the virus is highest.

Other

The global antibiotic shortage significantly influenced Q3. Our antibiotic stocks are relatively good at the end of the quarter though, and we are ready to meet patients' needs in the fourth quarter, when the flu season for infectious diseases often peaks.

EQL's transport partners must, since mid December, choose the longer route around the Cape of Good Hope, instead of the usual route through the Suez Canal due to the attacks carried out by Yemeni Houthi rebels in the Red Sea. This extends the lead time by 2-3 weeks and leads to significant cost increases. We are closely monitoring the situation and continuously balancing the use of sea transport with the significantly more expensive and environmentally unfriendly air transport.

EQL Pharma was once again named a Gazelle company in Skåne by Dagens Industri for the second year in a row, ranking 6th out of a total of 98 Skåne Gazelles.



A handwritten signature in blue ink, appearing to be 'AS', located to the right of the portrait.

Axel Schörling
CEO & President

Significant events

During the quarter

October 6th, 2023 – Mellozzan® (melatonin) have gained marketing approval in Germany and Austria

As the first countries outside of Scandinavia, EQL's key product Mellozzan® has gained marketing approval by the Health Authorities in Germany and Austria, where it is to be provided to patients by EQL's license partner Medice Arzneimittel Pütter GmbH & Co. KG. Launch of Mellozzan in Germany and Austria are planned for 2024, subject to reimbursement approvals and manufacturing capabilities. In addition to Germany and Austria the licensee also has ongoing work for registrations and subsequent launches in the UK, Finland and Switzerland. Earlier this year Medice launched Mellozzan in Denmark and Norway.

November 20th, 2023 – EQL Pharma again appointed Gazelle company in Skåne by Dagens Industri and once again places itself in 6th place out of 98 Skåne Gazelles

Every year, Dagens Industri appoints Sweden's fastest growing company to the so-called Gazelle company. It is an award to support and encourage Swedish entrepreneurs to grow.

At a gala in Malmö on November 16th, EQL Pharma was named one of these Gazelle companies in Skåne.

After the quarter

No significant events after the quarter.

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.

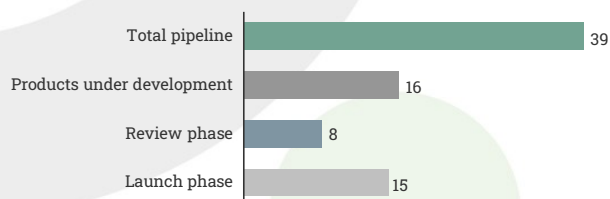


Figure 2. Total pipeline of products and how many products are in Review phase and Launch phase respectively.

Products in different phases

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 eight 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 twelve months from approval until the first package is delivered to pharmacies.

Products in the Launch phase

At the end of the quarter, we have 15 products in the launch phase. Eight of these are expected to be launched in Q4 2023/24, five in 2024/25 and the remaining two in 2025/26. The launch date for several of these products is largely driven by results in upcoming public tenders, so a certain amount of uncertainty around the exact launch date is unavoidable. During all stages from the development phase to the launch phase, situations can arise that risk

delaying a launch or even making it impossible. Both ourselves and our carefully 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 chart below is intended to provide a best guess at any given time.

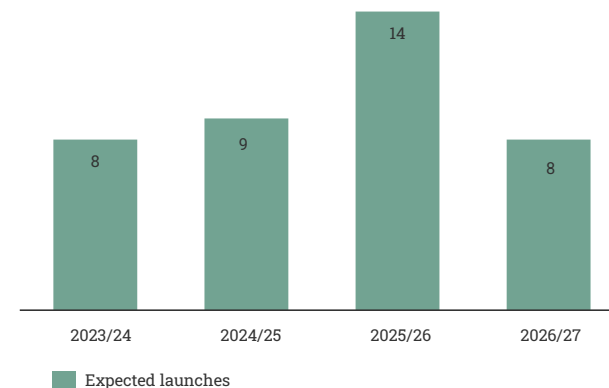


Figure 3. The company's product launches for the current fiscal year and expected product launches up to and including fiscal year 2026/27.

Market

EQL Pharma has an aggressive growth strategy driven by the launch of new products combined with expansion into new markets. Our products are often generic to originals that have been around for a very long time.

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

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.

No new product launches during the quarter.

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 2023/2024 and onwards, we will expand our geographical presence in Europe. Depending on the market, this is done through a direct or indirect sales model.

Business area

We currently develop and sell only prescription drugs in our core business. In that category there are several interesting business areas. So far, we have mostly invested in (a) the field of interchangeable

generics in outpatient care (Retail). The intention is to broaden the portfolio to include more (b) injection products for inpatient care (Hospital), (c) unique products/formulations for above all outpatient care (Brands) and now also d) tests to identify Covid and/or influenza infections (Tests).

Outpatient generics are mainly sold via various exchange systems such as the Swedish "Periodens Vara" system. The injection products are generally sold via public tendering. The unique products achieve sales only through prescription specifically of our product and the tests are sold direct to consumer with pharmacies as the primary sales channel.

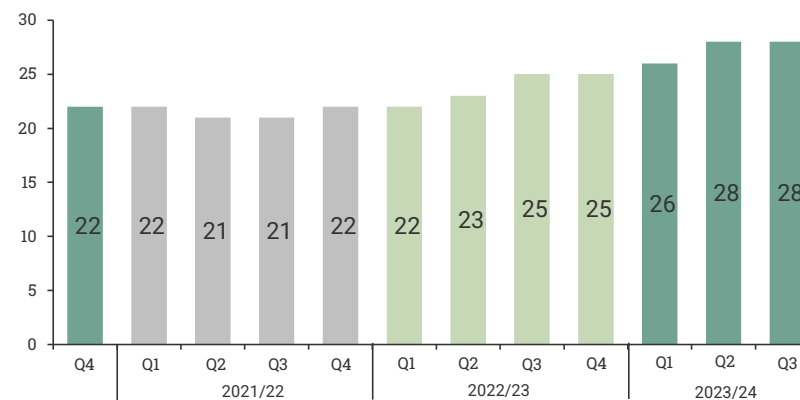


Figure 1. The company's product portfolio, i.e. marketed products, per quarter from fiscal year 2020/21 through the reporting period for the current fiscal year. The Y axis is the number of products marketed.

Market

Retail

During the third quarter, we have seen a partial recovery in some of the antibiotics that had delivery problems during the second quarter. The first of December also saw the last of the three increases in the ceiling price for generics in Sweden that began in May. The increases are the authority TLV's response to the inflation- and currency-driven increases in the generics industry's product costs that have occurred continuously over the past two years. The increase in the ceiling prices within the benefit system does not necessarily mean that the prices in individual exchange groups are raised but gives the market the opportunity to raise the price more than before within the benefit when our, and our competitors', purchase prices go up.

Hospital

There have been no launches during the quarter. Instead, intensive preparations have been underway for the launches that take place during the fourth quarter when multi-year tender agreements will start in four out of five Finnish, as well as some Swedish, regions.

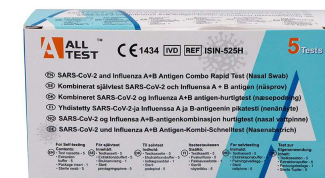
Brands

In October, our license partner Medice got Mellozzan approved for sale in Germany and Austria. The approval was

the starting point for the production and distribution of Mellozzan to these countries, as well as so-called market access work, which involves getting Mellozzan subsidized by the countries' counterpart to the Swedish authority TLV, as well as processing key prescribers among neurologists and paediatricians. EQL assists Medice with what they may need in the form of documentation, information and "best practice" to achieve success in this work.

Tests

From this quarter, we choose to no longer classify our Covid test sales as "one-off". In the past, there has been doubt as to whether testing would decrease or even stop altogether as the pandemic transitioned into what might be called the new normal with recurring, annual, covid variants creating local epidemics similar to those we have seen with influenza since 1918. During the quarter, this epidemic occurred during November/December in the Nordics and we saw that even if the testing is nowhere near what it was in previous years, there is still a willingness to test oneself that we don't think will disappear. Therefore, we have set up the tests as a separate business area and continue to work with both the range and the customers to be able to offer the best tests in the world for both Covid and influenza to the Nordic markets.



Top: Combination test Covid-19 and Influenza type A + B
Middle: Covid-19 quick test
Bottom: "Lollipop" Covid-19 saliva test



Financial information

Sales and operating profit

Sales development

In the third quarter of the financial year 2023/2024, our net sales amounted to SEK 70.2 (56.1) million, which corresponds to a growth of 25%. Note that the quarter's turnover includes sales of tests which in the comparative quarter were classified as sales of a one-off nature. The quarter's test sales are not reported separately but are significantly lower than the corresponding quarter in 2022/23. The outlook for the full year 2023/24 is a sales growth of around 30%.

Quarterly net sales and Rolling 12 months (R12)*

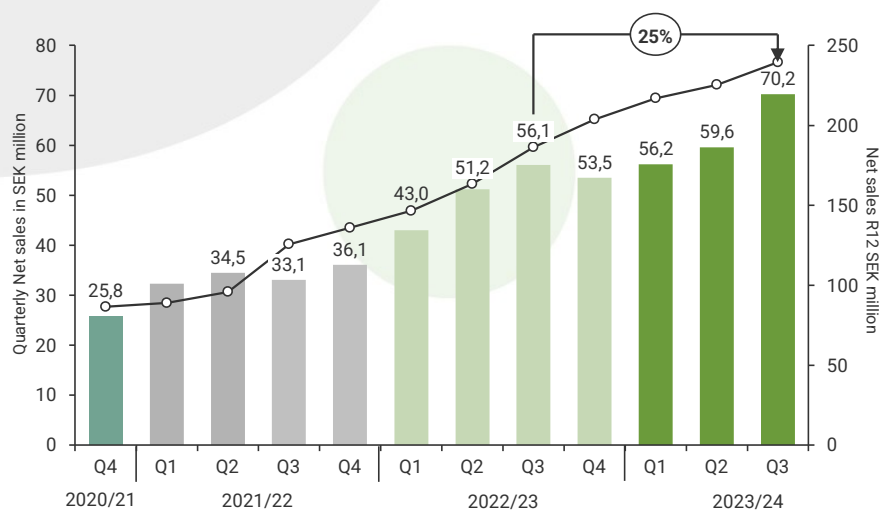


Figure 4. Net sales trend fiscal year 2020/21 through reporting period for the current fiscal year. Left Y-axis quarterly turnover in SEK million. Right Y-axis rolling 12-month sales expressed in SEK million.

* Excluding non-recurring sales

Profit performance

Operating profit for the third quarter amounted to SEK 9.8 (15.5) million. The operating margin (EBIT) was 14% (19%). All business areas contributed positively to the result, even though sales of tests were significantly lower than in the corresponding period last year. Cost increases linked to increased staffing, rising interest costs and costs of a one-off nature linked to a future list change result in a reduced result in relation to the comparison quarter.

Quarterly operating profit (EBIT) and EBIT Rolling 12 months (R12)

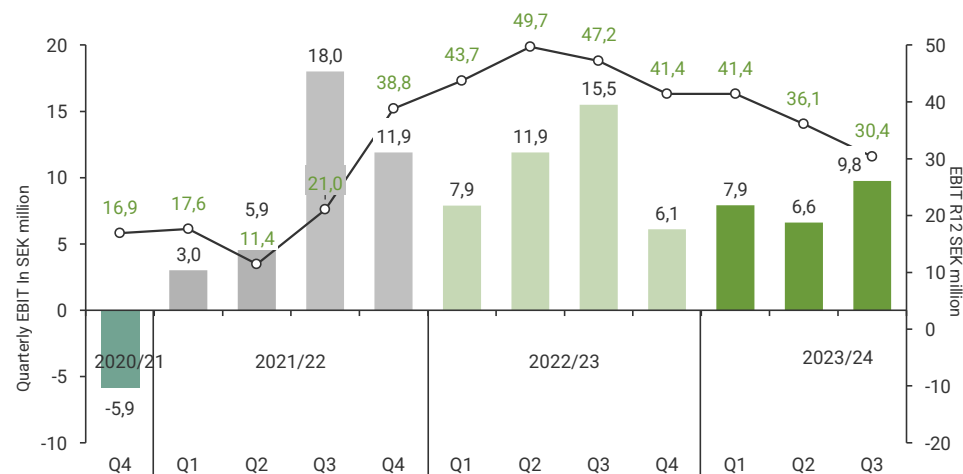


Figure 5. Operating profit trend (EBIT) for fiscal year 2020/21 through the reporting period for the current fiscal year, the bars are EBIT and the line is rolling 12-month EBIT. The left Y-axis EBIT per quarter expressed in SEK million and the right Y-axis is rolling 12-month EBIT expressed in SEK million.

Additional information

Parent company

EQL Pharma AB is the parent company of the EQL Pharma group. Net sales for the Parent Company during the third quarter amounted to SEK 69.5 (78.6) million. Operating profit amounted to SEK 9.7 (15.6) million for the quarter and 23.1 (34.9) million for the period April to December.

Personnel

The number of full-time employees in the group is 19 (13), out of whom 13 (9) are women, at the Swedish parent company.

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

Risk factors

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.

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 Annual Report 2022/23, pages 30-31 and 46-48.

Upcoming reports

Current financial period:	
Interim report January – March (Q4)	2024-05-14
Interim report April – June (Q1)	2024-08-08
Annual Report 2023/24	2024-07-29
Annual General Meeting	2024-08-19

Additional information

Accounting policies

EQL Pharma's consolidated accounts are prepared in accordance with International Financial Reporting Standards (IFRS). EQL Pharma's interim report 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 39-46 of the company's Annual Report for 2022/2023.

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, calculated from 2020/21 up to and including 2024/25, we aim to grow by 40 percent on average per year. The growth refers to sales that are of a recurring nature*. Furthermore, we aim for the EBITDA margin to be more than 25 percent at the end of the period. For the coming fiscal year 2023/24, we expect a growth of around 30 percent. This is lower than the average growth rate of 40 percent that we aim for during the four-year period. The growth can come un-evenly across the years in the period. For example, during the fiscal year 2022/23, we grew by 50%.

***From in the financial year 2023/24, Covid-19 tests are classified as recurring sales because these tests were sold over 3 years. The company expects sales to continue.**

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 13th, 2024.

Christer Fåhraeus,
Chairman

Anders Månsson,
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	Oct – Dec 2023	Oct – Dec 2022	Apr – Dec 2023	Apr – Dec 2022	Apr 2022 – Mar 2023
Net sales	70 211	80 191	186 034	199 580	259 913
Cost of goods sold	-36 712	-44 719	-102 441	-111 826	-144 063
Gross profit	33 499	35 471	83 593	87 754	115 850
Gross margin	48%	44%	45%	44%	45%
Sales and marketing expenses	-12 855	-12 055	-35 495	-31 684	-44 641
Administration expenses	-7 071	-4 389	-15 061	-11 042	-15 145
R&D expenses	-3 948	-3 663	-9 158	-10 069	-15 138
Other operating income	130	148	363	325	413
Operating profit (EBIT)	9 754	15 513	24 241	35 285	41 339
Other financial items	-55	0	1 721	0	1
Interest paid	-1 504	-464	-3 305	-1 527	-2 372
Resultat före skatt	8 195	15 048	22 658	33 758	38 968
Tax	-1 689	-3 101	-4 646	-6 959	-8 047
Net profit for the period	6 507	11 947	18 012	26 798	30 921
Other comprehensive income:					
Components not to be reclassified to net profit:					
Translation difference in the group	-7	0	-4	-1	11
Sum of Components to be reclassified to net profit:	-7	0	-4	-1	11
Sum of other comprehensive income:	-7	0	-4	-1	11
Comprehensive result for the period	6 500	11 947	18 008	26 798	30 932

The Group

Per share data

Per share data	Apr – Dec 2023	Apr – Dec 2022	Apr 2022 – Mar 2023
Earnings per share, before dilution, SEK */	0,62	0,92	1,06
Earnings per share, after dilution, SEK */	0,60	0,90	1,04
Equity per share, SEK	5,95	8,67	5,18
Number of shares outstanding	29 063 610	29 063 610	29 063 610
Average number of shares outstanding, before dilution	29 063 610	29 063 610	29 063 610
Average number of shares outstanding, after dilution	29 775 610	29 625 610	29 625 610
Stock exchange rate, SEK	33.40	28.60	37.40
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	Oct – Dec 2023	Jul – Sep 2023	Apr – Jun 2023	Apr 2022 – Mar 2023
Net sales	70 211	59 617	56 206	259 913
Sales growth	-12%	-19%	-57%	-37%
Gross profit	33 499	23 905	26 190	115 850
Gross margin, %	48%	40%	47%	45%
Operating profit (EBIT)	9 754	6 557	7 930	41 339
Operating margin, %	14%	11%	14%	16%
Net profit for the period	6 507	4 680	6 825	30 921
Cash flow for the period	-10 430	-3 954	-19 628	3 227

The Group

Consolidated balance sheet

All amounts in '000	2023-12-31	2022-12-31	2023-03-31
Intangible assets	166 143	109 059	115 319
Tangible fixed assets	2 950	3 138	3 149
Financial assets	1	1	1
Inventory	95 525	54 936	65 368
Trade receivables	58 735	79 554	51 701
Other receivables	5 852	1 506	5 734
Cash and bank	10 413	26 184	44 426
Total assets	339 619	274 377	285 696
Equity	173 027	150 628	154 753
Deferred Tax liability	16 697	-	12 051
Long-term debt, interest-bearing	16 374	13 498	2 128
Short-term debt, interest-bearing	81 647	64 720	64 489
Short-term debt, non interest-bearing	8 207	21 298	22 665
Trade payables	43 667	24 234	29 610
Total equity and liabilities	339 619	274 377	285 696

Consolidated changes in equity

All amounts in '000	Apr – Dec 2023	Apr – Dec 2022	Apr 2022 – Mar 2023
Balance at beginning of period	154 753	123 626	123 626
Warrants	266	193	193
Profit for the period	18 012	26 798	30 921
Other comprehensive income	-3	10	11
Balance at end of period	173 027	150 628	154 753

The Group

Cash flow

All amounts in '000	Oct - Dec 2023	Oct - Dec 2022	Apr - Dec 2023	Apr - Dec 2022	Apr 2022 - Mar 2023
Result before financial items	9 754	15 513	24 241	35 285	38 968
Interest paid	-1 559	-464	-1 584	-1 527	2 293
Adjustment for items not included in cash flow	2 321	5 614	705	14 197	14 185
Taxes	0	0	0	0	0
Cash flow from operations before changes in working capital	10 517	20 669	23 363	47 955	55 446
Changes in inventory	-14 376	-10 106	-30 161	-13 252	-23 683
Changes in current receivables	-16 169	-18 141	-7 153	-40 481	-16 856
Changes in current liabilities	22 504	7 390	5 425	6 090	12 719
Sum changes in working capital	-8 041	-20 857	-31 888	-47 643	-27 819
Cash flow from operations	2 476	-187	-8 525	312	27 627
Acquisitions of intangible non-current assets	-44 148	-2 023	-56 334	-11 959	-20 053
Acquisitions of tangible non-current assets	-587	0	-823	0	-456
Cash flow from investment activities	-44 735	-2 023	-57 157	-11 959	-20 510
Amortization, raising of loans	31 600	194	31 617	-2 625	-2 815
Warrants program	0	193	266	193	193
Leasing debts	587	0	823	0	0
Amortization of leasing debts	-358	-314	-1 036	-938	-1 269
Cash flow from financing activities	31 829	73	31 669	-3 369	-3 890
Total cash flow during period	-10 430	-2 137	-34 013	-15 015	3 227
Cash / cash equivalents at beginning of period	20 844	28 321	44 426	41 199	41 199
Cash / cash equivalents at end of period	10 413	26 184	10 413	26 184	44 426

Parent company

Profit and loss statement

All amounts in i '000	Oct - Dec 2023	Oct - Dec 2022	Apr - Dec 2023	Apr - Dec 2022	Apr - Mar 2023
Net sales	69 495	78 623	182 017	195 525	254 333
Cost of goods sold	-36 286	-43 374	-100 367	-109 124	-140 157
Gross profit	33 209	35 250	81 650	86 401	114 176
Gross margin	48%	45%	45%	44%	45%
Sales and marketing expenses	-12 645	-11 736	-34 826	-30 746	-43 270
Administration expenses	-7 022	-4 372	-14 890	-10 983	-15 046
R&D expenses	-3 954	-3 662	-9 174	-10 080	-15 155
Other operating income	130	148	363	325	413
Operating profit (EBIT)	9 718	15 628	23 121	34 917	41 119
Other financial and interest income	-55	0	1 721	0	1
Interest expenses and similar expenses	-1 486	-446	-3 257	-1 467	-2 294
Profit before tax	8 176	15 182	21 585	33 451	38 826
Appropriations	0	0	0	0	-38 350
Tax	-1 689	0	-4 646	0	-114
Net profit for the period	6 488	15 182	16 940	33 451	362

Parent company

Balance sheet

All amounts in '000	2023-12-31	2022-12-31	2023-03-31
Intangible assets	165 858	108 774	115 034
Tangible fixed assets	320	19	378
Financial assets	391	391	391
Inventory	94 697	54 124	64 266
Trade receivables	58 163	79 246	51 207
Other receivables	5 868	3 669	7 838
Cash and bank	9 643	23 417	42 667
Total assets	334 940	269 641	281 781
Equity	125 084	140 968	107 879
Long-term debt, interest-bearing	14 888	0	0
Short-term debt, interest-bearing	80 430	63 891	63 701
Short-term debt, non interest-bearing	12 797	21 113	22 497
Appropriations	58 500	20 000	58 500
Trade payables	43 240	23 669	29 204
Total equity and liabilities	334 940	269 641	281 781

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 divided in geographical markets.

All amounts in '000	Oct – Dec 2023		Oct – Dec 2022	
	Pharmaceuticals	Other	Pharmaceuticals	Other
Sweden	48 863		74 139	
Other Scandinavia	14 348		6 052	
Other Europé	7 000		0	
Total	70 211	0	80 191	0

All amounts in '000	Apr – Dec 2023		Apr – Dec 2022	
	Pharmaceuticals	Other	Pharmaceuticals	Other
Sweden	103 811		143 360	
Other Scandinavia	50 870		49 776	
Other Europe	31 353		6 443	
Total	186 034	0	199 579	0

Note 4 Tangible fixed assets

All amounts in '000	2023-12-31	2022-12-31
Right of use assets		
Land and buildings	1 433	2 345
Inventories	1 196	775
Total right of use assets	2 630	3 120
Tangible fixed assets that are not right of use assets		
Land and buildings	0	0
Inventories	320	19
Total tangible fixed assets that are not right of use assets	320	19

The tangible fixed assets amounted to SEK 3.0 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.

Notes

Note 5 Transactions with related parties

The nature and extent of related party transactions are described in the group's annual report for 2022/23.

Transactions with related parties arise in the day-to-day operations and are based on commercial terms and market prices. In addition to customary transactions between group companies and remuneration to management and the board, the following transactions with related parties have taken place during the period: Transactions with Cadila Pharmaceuticals Ltd regarding goods purchases and development costs have taken place with SEK 23,684 (23,594) thousand during the period April - December.

Note 6 Incentive Programmes

Options Scheme – During the period April – December, the company has allocated a total of 150,000 warrants to other senior executives in the 2023/2028 subscription program. If all warrants are exercised for the subscription of shares, a total of 150,000 new shares will be issued, which corresponds to a dilution of approximately 0.51 percent of the company's share capital and votes after full dilution.

There are previously outstanding incentive programs in the company in the form of three warrant programs through which a maximum of 582,000 new shares may be issued. If all warrants that have been issued and held by participants respectively issued Warrant Program 2023/2028 are fully utilized for the subscription of shares, a total of 732,000 new shares will be issued, which corresponds to a combined dilution of approximately 2.46 percent of the company's share capital and votes after full dilution.

The earnings conditions mean that the individuals annually for 3.5 years earn the right to the warrants and where it exists a requirement for employment during the respective period. As

the warrants in the Warrants Programs will be issued to the participant at their fair market value, it is the company's assessment that no social costs will occur for the company as a result of the Warrants Programs.

Description of the full terms and conditions for incentive programs can be found on the company's website under Investor Relations.

Note 7 Events after accounting period

No significant events after the quarter.

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.
EBITDA margin %	Operating profit (EBIT) adjusted for write-downs and amortization divided by net sales.
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		Oct – Dec 2023	Oct – Dec 2022	Apr – Dec 2023	Apr – Dec 2022	Apr - mar 2023
A	Net sales current period, KSEK	70 211	80 191	186 034	199 580	259 913
B	Net sales last period, KSEK	80 191	117 610	199 580	206 726	409 753
(A-B)/B	Sales growth, %	-12%	-32%	-7%	-3%	-37%
Gross profit / Gross margin		Oct – Dec 2023	Oct – Dec 2022	Apr – Dec 2023	Apr – Dec 2022	Apr – Mar 2023
A	Net sales, KSEK	70 211	80 191	186 034	199 580	259 913
B	Cost of goods sold, KSEK	-36 712	-44 719	-102 441	-111 826	-144 063
A-B	Gross profit, KSEK	33 499	35 471	83 593	87 754	115 850
(A-B)/A	Gross margin, %	48%	44%	45%	44%	45%

Reconciliation tables KPIs, non-IFRS measures, cont.

Operating profit (EBIT)/ Operating margin		Oct – Dec 2023	Oct – Dec 2022	Apr – Dec 2023	Apr – Dec 2022	Apr - Mar 2023
A	Operating profit (EBIT), KSEK	9 754	15 513	24 241	35 285	41 339
B	Net sales, KSEK	70 211	80 191	186 034	199 580	259 913
A/B	Operating margin (EBIT), %	14%	19%	13%	18%	16%
EBITDA margin%		Oct – Dec 2023		Apr – Dec 2023		
A	Operating profit (EBIT) adjusted for write-downs and amortization , KSEK	12 691		31 056		
B	Net sales, KSEK	70 211		186 034		
A/B	EBITDA margin, %	18%		17%		
Shareholders' equity per share		Oct – Dec 2023	Oct – Dec 2022	Apr – Dec 2023	Apr – Dec 2022	Apr - Mar 2023
A	Profit/loss for the period, KSEK	6 507	11 947	18 012	26 798	30 921
B	Number of shares	169 777	144 556	163 890	137 127	139 190
A/B	Net earnings per share, %	4%	8%	11%	20%	22%
Equity-asset ratio		Oct – Dec 2023	Oct – Dec 2022	Apr – Dec 2023	Apr – Dec 2022	Apr - Mar 2023
A	Equity, KSEK	173 027	150 628	173 027	150 628	154 753
B	Balance sheet total, KSEK	339 619	274 377	339 619	274 377	285 696
A/B	Equity ratio, %	51%	55%	51%	55%	54%