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EQL Pharma resolves on a rights issue of approximately SEK 24.9 million and announces changed date for publication of the Q2 interim report to 18th October, 2018

EQL Pharma AB (publ) ("EQL Pharma" or the "Company"), listed on Spotlight Stock Market, announces that the Company intends to expand its existing pipeline of products within niche generics and specialty pharma. To finance the development, the Company's board of directors has resolved to exercise the authorization granted by the annual general meeting held on August 22nd, 2018 and resolves on a rights issue of shares of approximately SEK 24.9 million before issue costs. The Company has received subscription undertakings and underwriting commitments corresponding to 100 percent of the rights issue. The main shareholders Cadila Pharmaceuticals Ltd. and Christer Fåhraeus have through companies (Satellite Overseas (Holdings) Ltd. and Fårö Capital AB, respectively) in advance signed subscription undertakings for their pro-rata holdings in the rights issue. In addition, Christer Fåhraeus participates as an underwriter through company. To ensure that investors have access to the latest financial information about the Company, the date for publication of the Q2 interim report has been changed to the 18th October, 2018.

The rights issue in brief

Pursuant to the authorization resolved by the annual general meeting on August 22nd, 2018, the board of directors of EQL Pharma has today resolved on a rights issue of shares (the "Issue"). Through the Issue, EQL Pharma will get a capital injection of approximately SEK 24.9 million before issue costs. The issue costs are estimated to amount to approximately SEK 1.7 million, of which underwriting costs represent SEK 0.3 million. Each existing share entitles to one (1) subscription right and six (6) subscription rights entitle to subscription of one (1) new share. The subscription price amounts to SEK 6.00 per share. The subscription period in the Issue will run during the time period October 30th, 2018 – November 13th, 2018.

Press release

Lund October 17th, 2018

EQL Pharma AB (publ)

Org.no. 556713-3425



Motive for the Issue and use of proceeds

EQL Pharma has laid the foundation for future growth and currently markets 10 niche generics and have a total pipeline of 36 products. The Company also has a well-functioning cooperation with leading contract manufacturers developers and major pharmaceutical companies in, amongst other countries, India and China. In addition, the Company has identified a range of new products that may be launched in the next few years. This development will be capital intensive and to enable the pipeline expansion, a capital injection is needed. The proceeds of the Issue will be used exclusively for studies and applications of new generics.

Christer Fåhraeus, CEO of EQL Pharma comments:

EQL Pharma is about to take the next step in the Company's development. The Company's ambition is to expand the current portfolio of pharmaceutical projects. Even if EQL Pharma, at an operating level is internally financed and in addition has agreed on new bank financing, a capital injection will be needed in order to realize the expansion of our pipeline.

Terms for the Issue and indicative timetable:

- Each existing share entitles to one (1) subscription right
- Six (6) subscription rights entitle to subscription of one (1) new share
- The subscription price is determined to SEK 6.00 per share
- In total, 4,151,944 new shares may be issued at the highest in the Issue. If fully subscribed, the number of shares will thus increase from 24,911,666 to 29,063,610 and the share capital will increase with SEK 186,837.48 from SEK 1,121,024.97 to SEK 1,307,862.45, corresponding to a dilution of approximately 14.3 percent for shareholders not participating in the Issue
- The record date for the Issue is October 24th, 2018
- Last day of trading in the EQL Pharma share with right to participate in the Issue is October 22nd, 2018
- The subscription period will run from October 30th to November 13th, 2018
- Subscription by exercise of subscription rights shall be made through simultaneous cash payment. Subscription without exercise of subscription rights shall be made through subscription on a special application form. Payment for shares subscribed for without exercise of subscription rights shall be made in cash in accordance with the specific instruction in the promissory note
- The board of directors shall have the right to prolong the time period for subscription and payment
- Trading in subscription rights will take place from October 30th to November 9th, 2018
- Trading in paid subscribed shares will take place from October 30th, 2018 until the Issue has been registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*)
- An information memorandum will be published in conjunction with the commencement of the subscription period

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- The Company has received subscription undertakings and underwriting commitments corresponding to 100 percent of the Issue
- The main shareholders Cadila Pharmaceuticals Ltd. and Christer Fåhraeus have through companies (Satellite Overseas (Holdings) Ltd. and Fårö Capital AB, respectively) in advance signed subscription undertakings for their pro-rata holdings in the Issue. In addition, Christer Fåhraeus participates as an underwriter through company

Preferential rights

If not all shares are subscribed for by exercise of subscription rights, allotment of the remaining shares shall be made within the highest amount of the Issue:

- (i) firstly, to those who have subscribed for shares by exercise of subscription rights (regardless of whether they were shareholders on the record date or not) and who have applied for subscription of shares without exercise of subscription rights and if allotment to these cannot be made in full, allotment shall be made pro-rata in relation to the number of subscription rights that each and every one of those, who have applied for subscription of shares without exercise of subscription rights, have exercised for subscription of shares;
- (ii) secondly, to those who have subscribed for shares without exercise of subscription rights and if allotment to these cannot be made in full, allotment shall be made pro-rata in relation to the number of shares the subscriber in total has applied to subscribe for; and
- (iii) thirdly, to those who have provided underwriting commitments with regard to subscription of shares, in proportion to such underwriting commitments.

To the extent that allotment in any section above cannot be done pro-rata, allotment shall be determined by drawing of lots.

Subscription undertakings and underwriting commitments

The Company has obtained subscription undertakings from existing shareholders of approximately SEK 15 million (corresponding to approximately 60 percent of the Issue). In addition, the Company has obtained underwriting commitments from Christer Fåhraeus through company and the board member Lars Holmqvist through company, for a total amount of approximately SEK 9.9 million (corresponding to approximately 40 percent of the Issue). Consequently, the Company has received subscription undertakings and underwriting commitments corresponding to 100 percent of the Issue.

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Information memorandum

The Company will publish an information memorandum in conjunction with the Issue. In the information memorandum, there will be additional information about subscription undertakings, underwriting commitments etc. The complete memorandum will be available on the Company's website (www.eqlpharma.com), Spotlight Stock Market's website (www.spotlightstockmarket.com), Västra Hamnen Corporate Finance website (www.vhcorp.se) and Aqurat Fondkommission's website (www.aqurat.se) in conjunction with the commencement of the subscription period.

Financial and legal advisors

Västra Hamnen Corporate Finance AB is financial advisor and Setterwalls Advokatbyrå AB is legal advisor to EQL Pharma in connection with the Issue.

Changed date for Q2 interim report

To ensure that investors in conjunction with the Issue have access to the latest financial information about the Company, the date for publication of the Q2 interim report has been changed to the 18th October, 2018. Previously announced date for publication of the Q2 interim report was 15th November, 2018.

For further information, please contact:

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This information is information which EQL Pharma AB (publ) is required to disclose under the EU Market Abuse Regulation. The information was provided by the above contact person for publication on October 17th, 2018.

About EQL Pharma

EQL Pharma is specialized in developing and selling generics, i.e. drugs that are medically equivalent to the original medicines. The company currently markets 10 niche generics in the Swedish, Danish and Finnish markets. In addition to these, there is a significant pipeline of additional niche generics (generics with little or no competition except for the original) for launch in 2018 and onwards. The business is currently entirely focused on prescription pharmaceuticals in the Nordic region. EQL Pharma is based in Lund, Sweden, employs 7 (7) people and is listed on Spotlight Stock Market. EQL Pharma also conducts extensive development in cooperation with leading contract manufacturers developers and major pharmaceutical companies in, amongst other countries, India and China.

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Important information

The information in this press release does not constitute an offer to acquire, subscribe for or otherwise trade in shares, subscription rights or other securities in EQL Pharma. Any invitation to the persons concerned to subscribe for shares in EQL Pharma will only be made through the information memorandum that EQL Pharma will publish prior to the commencement of the subscription period.

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This press release may contain forward-looking statements which reflect EQL Pharma's current view on future events and financial and operational development. The words "intend", "estimate", "expect", "may", "plan", "anticipate" or similar expressions regarding indications or prognoses of future developments or trends and which are not statements based on historical facts constitute forward-looking information. Forward-looking statements are in its nature involved with both known and unknown risks and uncertainties, since it is depending on future events and circumstances. Forward-looking statements do not constitute any representations and warranties and the outcome could differ materially from the information set out in the forward-looking statements.