

Press release

Lund April 11th, 2019

EQL Pharma AB (publ)

Org.no. 556713-3425



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Statement by the board of directors of EQL Pharma AB by reason of Fårö Capital AB's mandatory offer

The board of directors¹ (the "Board of Directors") of EQL Pharma AB ("EQL Pharma" or the "Company") unanimously recommends the shareholders not to accept the mandatory offer from Fårö Capital AB ("Fårö Capital").

Background

This statement is made by the Board of Directors of EQL Pharma pursuant to item II.19 of the Takeover rules for certain trading platforms issued by the Swedish Corporate Governance Board on April 1st, 2018 (the "Takeover Rules").

On March 19th, 2019, Fårö Capital published a mandatory offer with an offer to the shareholders of EQL Pharma to transfer all or part of their shares in EQL Pharma to Fårö Capital for a cash consideration of SEK 12.00 per share in EQL Pharma (the "Offer"). In relation to the closing price of the EQL Pharma share on March 18th, 2019, the Offer corresponds to a premium of approximately 11 per cent, and compared to the volume weighted average price of the EQL Pharma share during the period of the last 20 trading days prior to the announcement of the Offer, the Offer corresponds to a premium of approximately 9 per cent. On March 20th, 2019, the Offer was revised through which the payment day was changed to occur weekly, for the shareholders who choose to accept the Offer. In the press release published on March 19th, 2019, Fårö Capital states to own approximately 30 per cent of the shares and votes in EQL Pharma.

The Offer values all outstanding shares in EQL Pharma to SEK 348,763,320 based on 29,063,610 outstanding shares in the Company. Pursuant to the offer document which Fårö Capital has published, the acceptance period runs from and including March 22th, 2019 up to and including April 25th, 2019. However, Fårö Capital reserves the right to extend the acceptance period. No commission is payable and Fårö Capital does not stipulate any completion conditions.

For further information on the Offer, reference is made to Fårö Capital's press releases published on March 19th, 2019 and March 20th, 2019 as well as the offer document published on 19th March, 2019 which was amended on March 20th, 2019, available at Sedermera Fondkommission's website (www.sedermera.se) and at EQL Pharma's website (www.eqlpharma.com).

¹ Fårö Capital is controlled by Christer Fåhraeus who is a board member and managing director of EQL Pharma. Therefore, Christer Fåhraeus has a conflict of interest in relation to the Offer and has not, and will not, take part of EQL Pharma's board of directors' handling and decision regarding the Offer, including this statement.

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As Fårö Capital is controlled by Christer Fåhraeus who is a board member and managing director of EQL Pharma, Christer Fåhraeus has not, and will not, take part in the EQL Pharma's board of directors' handling and decision regarding the Offer. The Board of Directors is nevertheless quorate to make decisions and has unanimously reached the recommendation below. Pursuant to item IV.3 of the Takeover Rules, the Company is obligated to obtain and, at the latest two weeks prior to the expiry of the acceptance period, publish a valuation opinion regarding the shares in EQL Pharma from an independent expert. The Board of Directors has entrusted Mazars Corporate Finance ("Mazars") to render such valuation opinion regarding the Offer. Mazars' valuation opinion is attached to this statement.²

The Board of Directors' statement

The Board of Directors has evaluated the Offer pursuant to the Takeover Rules. The Board of Directors bases its opinion regarding the Offer on an overall assessment of a number of factors that the Board of Directors has considered to be relevant when evaluating the Offer. These factors include, but are not limited to, the Company's current strategic and financial position and the Company's potential future development and thereto related opportunities and risks. Furthermore, the Board of Directors has analyzed the Offer using methods normally used for evaluating takeover bids, including, but not limited to, the valuation in comparison to bid premiums in previous takeover bids on the stock market, the stock market's expectations on the Company, the Company's valuation in comparison to comparable companies and comparable acquisitions and the Board of Directors' view on the Company's value, based on the Company's long-term cash flow and expected dividends as well as a product portfolio with great potential. The Board of Directors has also considered Mazars' valuation opinion. Pursuant to Mazars' valuation opinion, Mazars' opinion is that the Offer from a financial perspective is fair for the shareholders of EQL Pharma.

The Board of Directors has noted that Fårö Capital does not have the ambition to acquire all outstanding shares in EQL Pharma and that the Offer is caused by legal requirements.

Notwithstanding its recommendation to the shareholders below, the Board of Directors would like to accentuate that EQL Pharma's shareholders should take into consideration that the liquidity in the EQL Pharma share can deteriorate if Fårö Capital acquire a large amount of shares through the Offer.

Based on the above, the Board of Directors recommends the shareholders not to accept the Offer even if the value of the Company today well corresponds with the Offer. This mainly based on the future potential and that Fårö Capital's ambition has not been to acquire all shares, but that the Offer has been triggered by a legal requirement. In connection herewith, the Board of Directors would also like to inform that all members of the Board of Directors that, directly or indirectly, own shares in EQL Pharma do not intend to accept the Offer in relation to their own holdings.

Pursuant to the Takeover Rules, the Board of Directors shall, based on the content of the press release and offer document, announce its opinion regarding the impact that the implementation of the Offer will have on the Company, particularly in terms of employment, and its opinion regarding Fårö

² The valuation opinion is only available in Swedish.

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Capital's strategic plans for EQL Pharma and the effects these can be anticipated to have on employment and on the locations where EQL Pharma conducts its operations.

The Board of Directors has noted that Fårö Capital, after the Offer, does not plan to act for any material changes in EQL Pharma and that no changes are planned for EQL Pharma's senior management and other employees (including terms of employment) or for employment and operation on the locations where the Company conducts its operations. The Board of Directors assumes that this description is correct and has no reason to assume otherwise.

This statement shall be governed by and construed in accordance with Swedish law. Disputes arising from this statement shall be settled exclusively by Swedish courts. This statement has been made in a Swedish and English version. In case of any discrepancies between the Swedish and the English version, the Swedish version shall prevail.

Lund on April 11th, 2019

EQL Pharma AB (publ)

The Board of Directors

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This information is information which EQL Pharma AB (publ) is required to disclose under the EU Market Abuse Regulation and Takeover Rules. The information was provided by the above contact person for publication on April 11th, 2019.

About EQL Pharma

EQL Pharma AB is specialized in developing and selling generics, i.e. drugs that are medically equivalent to the original medicines. The company currently has 13 niche generics (i.e. generics with little or no competition except for the original medicine) approved on the Swedish and Danish markets. In addition to these, there is a significant pipeline of additional niche generics for launch in 2019 and onwards. The business is currently entirely focused on prescription pharmaceuticals in the Nordic region. EQL Pharma AB is based in Lund, Sweden, employs 8 people and is listed on Spotlight Stock Market. EQL Pharma AB also conducts extensive development in cooperation with leading contract manufacturers developers and major pharmaceutical companies in, amongst other countries, India and China.