

Year-end report April 2019 – March 2020

(SEK million)	Jan-March 2020	Jan-March 2019	April-March 2020	April-March 2019
Net sales	18,76	16,43	72,48	49,98
Sales growth %	28	108	45	75
Gross margin %	47	54	51	56
EBITDA	1,08	0,38	7,29	3,37
The result of the period	0,02	-1,03	2,70	-1,51
Total cash flow	-4,65	-5,54	-11,38	12,82

A fantastic year of growth

January - March

- Consolidated sales during the fourth quarter amounted to SEK 18.8 M (16.4), an increase of 28%.
- Gross profit amounted to SEK 9.0 (7.8) million for the quarter, an increase of 15%.
- EBITDA for the quarter was SEK 1.1 (0.4) million.
- Earnings per share were SEK 0:01 (-0: 04) for the quarter.
- Cash flow from operating activities amounted to SEK -3.9 (-0.2) million for the quarter.
- Cash and cash equivalents were SEK 10.3 (21.7) million at the end of the quarter.

April - March

- Consolidated sales during the period April-March amounted to SEK 72.5 (50.0) million, an increase of 45%.
- Gross profit for the same period amounted to SEK 37.3 (27.9) million, an increase of 34%.
- EBITDA for April-March amounted to SEK 7.3 M (3.4).
- Earnings per share were SEK 0:09 (-0: 05) for the period.
- Cash flow from operating activities amounted to SEK 6.7 M (5.9) for April-March.
- Cash and cash equivalents were SEK 10.3 (21.7) million at the end of the financial year.



CEO's comments

We continue to show a strong growth with sales increasing by 45 percent for the 2019/20 financial year compared with the previous year and a 29 percent growth for the quarter. Sales for the totalled SEK 18.9 million for the quarter, our second strongest quarter ever, and SEK 72 million for the year. The gross margin for the quarter fell to 47 percent due to a product mix with large sales of, amongst others, Paracetamol, a product with several competitors, which is therefore sold at a lower margin.

The quarter has been marked by the Covid-19 pandemic as the company has its supply chain to a significant extent in China and India. For China, the world's largest exporter of generic APIs, the impact was noteworthy for a couple of months, but we believe that China is now at full capacity. On March 4, India, the world's largest exporter of generic drugs, imposed export restrictions on 26 APIs and their corresponding pharmaceuticals with impact on several products we manufacture there, including Paracetamol. However, in order to be a reliable supplier to hospitals and pharmacies, we have previously made the decision to have security stocks that are far larger than industry practice.

This means that we are relatively unaffected in the short terms by the delivery problems that many generic pharmaceutical companies are suffering from today, but that we still have to put extra energy into securing supply for the second half of the current financial year.

72m SEK turnover for the financial year corresponding to 45 percent growth y/y

We present new financial targets that apply for the next five-year period, 2020/21 to 2024/25, where we raise the growth target to 40 percent on average over the five-year period. For our current five-year period, the corresponding target is more than 30 percent growth. The target for our EBIT margin is set to be higher than 25 percent at the end of the new five-year period.

The drug Hevicain Spinal Tung, our first hospital product, has won a procurement in Denmark and deliveries have begun. Medicines sold through procurement for healthcare will grow significantly in importance for us over the next five-year period.

After the end of the quarter, Axel Schörling, the company's COO, has been appointed COO and executive vice president with increased responsibility for the entire workflow from the start of new projects to launch and sales.

After the end of the quarter, we received a large order for protective equipment from one of the hospital regions in Sweden. For many years, we have worked closely with leading Chinese life science companies and have employees who are Chinese citizens. This has enabled the acquisition of rights to medical protective equipment. I would like to take this opportunity to thank the company's staff, where a small team has worked very hard to make this possible, and the purchasers at the hospital region who have shown a tremendous grit to solve all the challenges and finally the Chinese suppliers that have been decisive for this to happen.

Due to the Covid-19 pandemic and the focus we need to increase in securing supply for our products, both medical device and pharmaceutical products, the company's move to Nasdaq Stockholm's main list will be postponed until the first quarter of the financial year 2021/22.




Christer Fåhraeus
Vd

Significant events

During the quarter

Nomination committee

During the quarter, the company announced that the Nomination Committee for the 2020 Annual General Meeting will consist of Christer Fåhraeus (appointed by Fårö Capital AB), Rajiv I Modi (appointed by Cadila Pharmaceuticals Ltd.), and Lars Holmqvist (appointed by Lars Holmqvist with companies).

Shareholders who wish to submit proposals to the Nomination Committee are invited to send an email to info@eqlpharma.com.

New hospital product

During the quarter, EQL launched its first hospital product, Hevicain Spinal Heavy Injection 5mg / ml, on the Danish market. Hevicaine contains bupivacaine and is used as anesthetic for surgical procedures lasting 1.5-3 hours, such as caesarean section. Hevicain is the first, and so far, only generic on the Danish market and has won the national tender for the product starting April 1st, 2020. The product is also registered in Sweden, Norway and Finland.

After the quarter

Protective gear order

EQL is expanding its product line to include medical technology products and consumables for healthcare. The company has for many years worked closely with leading Chinese life science companies and has employees who are Chinese citizens. This has enabled the acquisition of rights to medical protective equipment.

EQL has received a first order from a hospital region which will involve invoicing from the company of approximately SEK 40 million during the Q1 financial year 2020/21 in addition to our other operations. In addition, the company estimates that it will be able to invoice a total of 15 million through resellers on one or more occasions during the 2020/21 financial year.

Move to Nasdaq Stockholm's main list postponed

Due to the Covid-19 pandemic and the increased focus we need to secure supply for our products, both medical device and pharmaceutical, the company's move to Nasdaq Stockholm's main list will be postponed until the first quarter of the financial year 2021/22.

Axel Schörling appointed executive vice president

After the end of the quarter, Axel Schörling, the company's COO, has been appointed COO and executive vice president with increased responsibility for the entire workflow from the start of new projects to launch and sales.

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

During the quarter, we launched our first hospital product, Hevicain Spinal Heavy Injection 5mg / ml, on the Danish market. Hevicaine contains bupivacaine and is used as an anesthetic for surgical procedures lasting 1.5-3 hours, such as caesarean section. Hevicain is the first, and so far, only generic on the Danish market and has won the national tender for the product starting April 1, 2020. The product is also registered in Sweden, Norway and Finland.

During the quarter, we also de-registered the product Cilostazol EQL Pharma due to lack of profitability. The product was introduced in Sweden in 2013, but after a few good years it has performed worse due to increased competition and a declining market with fewer patients. Now we no longer deem it profitable and have chosen to remove it from the portfolio. There are several other suppliers of cilostazol so neither we

nor the Swedish Medicines Agency see any risk to patients as a result of our de-registration of the product

Geographic markets

Today, EQL Pharma operates directly on the generic markets in Sweden and Denmark. In the other Nordic countries and Europe, including Iceland, our products are currently sold indirectly through partners.

In 2020 and beyond, we will both directly and indirectly expand our geographical presence in Europe.

Segment

EQL Pharma currently develops and sells prescription drugs only. In this category there are several interesting segments. So far, we have only focused on (a) the segment of substitutable generics in outpatient care. The intention is to expand the portfolio to include more (b) injection products for hospital care and (c) unique products / formulations. Injection products are generally sold through public procurement in the Nordic countries, while the unique products achieve sales only through prescription specifically of our product.

Segments (b) and (c) are new to EQL Pharma. But they are not new to our staff who have many years of experience in these market segments from previous employers.

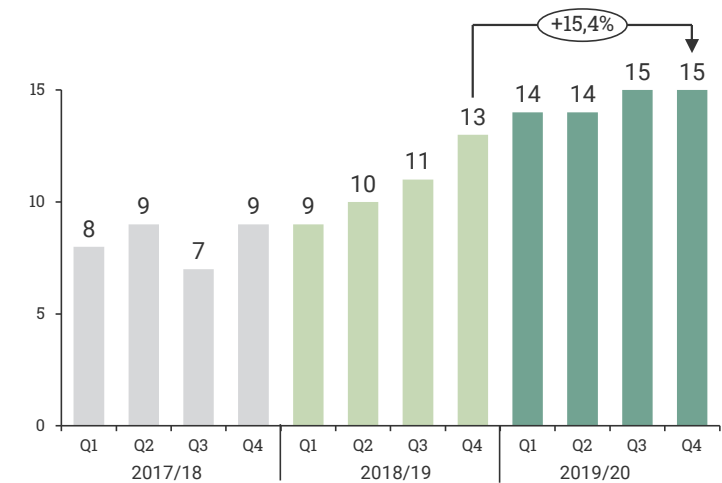


Figure 1. The company's product portfolio, i.e. marketed products, per quarter from fiscal year 2017/18 through the reporting period for the current fiscal year. The Y axis is the number of products marketed..

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. 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.

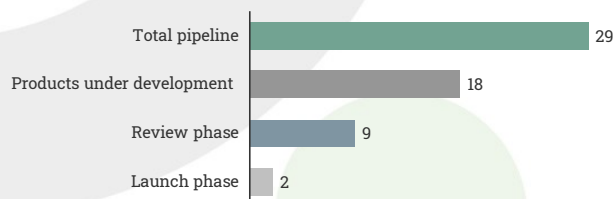


Figure 2. Total pipeline of products and how many products are in Review phase and Launch phase respectively.

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

Products in the Launch phase

At the end of the quarter, EQL Pharma has two products in the launch phase. Metronidazole EQL Pharma was approved by the Swedish Medicines Agency in May 2019 and in September

Aripiprazole EQL Pharma was also approved in Sweden . Metronidazole is expected to be launched during the first quarter of 2020/21, and Aripiprazole in the second quarter of 2020/21.

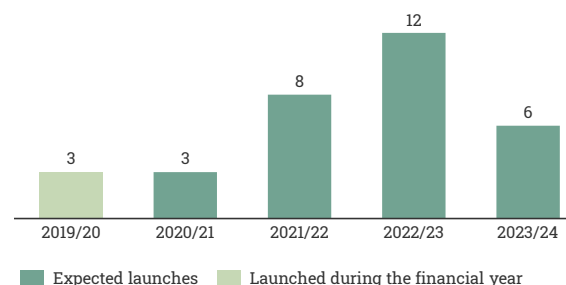


Figure 3. The company's product launches for the current fiscal year and expected product launches up to and including fiscal year 2023/24.

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 fourth quarter of the 2019/20 financial year was another quarter with good growth for EQL Pharma. In total our sales amounted to SEK 18.9 (14.6) million corresponding to a growth of 29 percent compared to the same quarter last year. This is in line with our financial target of at least 30 percent average annual growth.

Sales growth was mainly driven by the launches made since Q4 2018/19.

Full year sales amounted to 72.5 (50.0) MSEK, a growth of 45 percent compared to last year.

Quarterly net sales and Rolling 12 months (R12)

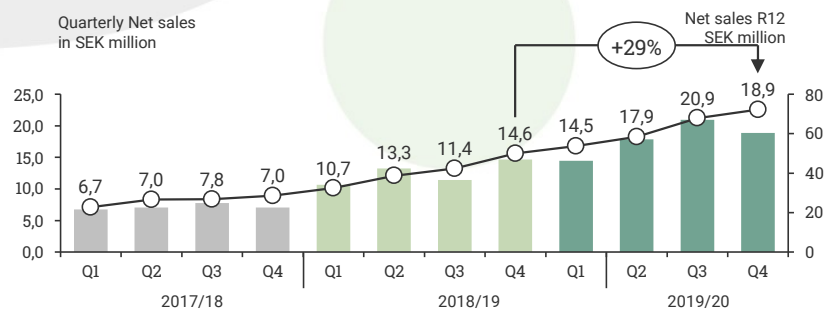


Figure 4. Net sales trend fiscal year 2017/18 through reporting period for the current fiscal year. Left Y-axis quarterly turnover in SEK million. Right Y-axis rolling 12-months sales expressed in SEK million.

Profit performance

Fourth quarter gross profit amounted to SEK 9.0 (7.8) million which represents an increase of 15 percent compared to the same quarter last year. The gross margin was 48 (53) percent. The lower gross margin is a product mix effect that results from natural fluctuations in which products are sold during a given quarter.

EBITDA increased to SEK 1.1 (0.4) million. Fixed costs have increased slightly compared to the previous year. This is mainly due to the larger product portfolio that drives costs such as distribution and annual fees. The company has also invested in its staff with one new full-time employee compared to the comparison quarter last year.

Full year gross profit amounted to 37.2 (27.9) MSEK, an increase of 34 percent.

Full year EBITDA amounted to 7.3 (3.4) MSEK, an increase of 114 percent.

Quarterly EBITDA and EBITDA Rolling 12 months (R12)

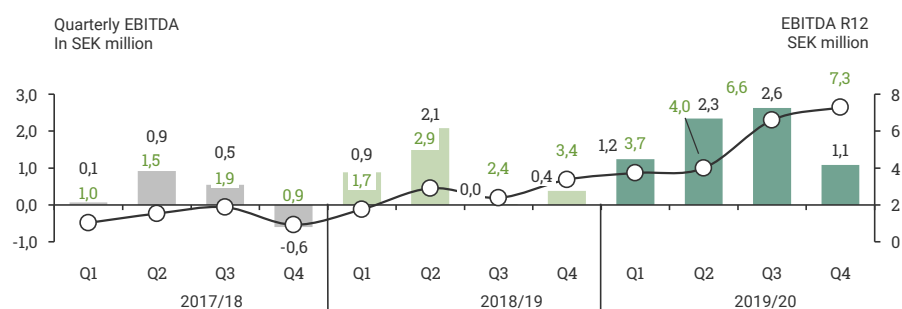


Figure 5. Operating profit trend (EBITDA) for fiscal year 2017/18 through the reporting period for the current fiscal year, the bars are EBITDA and the line is rolling 12-month EBITDA. The left Y-axis EBITDA per quarter expressed in SEK million and the right Y-axis is rolling 12-month EBITDA expressed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

The Group

Consolidated profit and loss statement

All amounts in '000	Jan – March 2020	Jan – March 2019	April – March 2020	April - March 2019
Net sales	18 763	14 643	72 029	49 984
Other operating income	115	0	459	0
Direct costs	-9 873	-6 799	-35 209	-22 099
Gross profit	9 005	7 844	37 279	27 885
Gross margin	47%	54%	51%	56%
Operating expenses	-7 922	-7 460	-29 989	-24 511
EBITDA	1 083	384	7 290	3 374
Depreciation / amortization	-764	-1 355	-4 134	-4 798
EBIT	319	-971	3 156	-1 424
Net financial items	-140	-62	-432	-89
Profit after financial items	179	-1 033	2 724	-1 513
Items affecting comparability / Appropriations	0	0	0	0
Tax	-17	0	-17	0
Net profit for the period	162	-1 033	2 707	-1 513

The Group

Cash flow, investments and financing

Alla amounts in '000	Jan – March 2020	Jan – March 2019	April – March 2020	April - March 2019
Cash flow from operations excluding changes in working capital	942	322	6 858	3 285
Change in working capital	2 984	-481	-171	2 633
Cash flow from operations	3 927	-159	6 687	5 918
Cash flow from investments	-8 583	-5 385	-18 075	-16 082
Cash flow from financing operations	7	1	6	22 985
Total cash flow during period	-4 649	-5 542	-11 382	12 821
Cash / cash equivalents at beginning of period	14 959	27 234	21 692	8 870
Cash / cash equivalents at end of period	10 310	21 692	10 310	21 692

Cash flow

Cash flow from operating activities continues to be positive, SEK 0.9 (0.3) million for the quarter. For the entire financial year, cash flow amounted to SEK 6.9 (3.3) million from operating activities. The quarter shows a positive change in working capital of SEK 3.0 (-0.5) million during January to March, which generates a positive cash flow from operating activities, including the change in working capital, by SEK 3.9 (-0.2) million for the period. The financial year, as a whole, shows a negative change in working capital of SEK -0.2 (2.6) million, but a total positive cash flow from operating activities of SEK 6.7 (5.9) million.

Investments

EQL Pharma continues to invest in development projects. During the period, SEK 8.8 (5.4) million was invested in both ongoing and new projects. Investments amounted to SEK 18.1 (16.1) million for the financial year.

Financing

Cash flow from financing operations totaled SEK 0.0 (0.0) million during October to March and SEK 0.0 (23.0) during April to March.

Cash and cash equivalents

Cash and cash equivalents amounted to SEK 10.7 (21.7) million at the end of the quarter.

Equity

As of March 31st, equity amounted to SEK 80.9 (78.2) million and equity per share to SEK 2:78 (2:69).

Equity ratio

The equity / assets ratio was 65.0 (76.8) 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 of the EQL Pharma group. Net sales for the Parent Company during the fourth quarter amounted to SEK 17.5 (13.8) million and for the full financial year to SEK 67.8 (44.0) million. Operating profit EBITDA amounted to SEK 1.1 (0.6) million for the quarter and for the full financial year to SEK 8.2 (2.9) million.

Personnel

The Group employs 9 (8) persons, out of whom 6 (5) are women. The number of full-time employees is 9 (8) 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 April – June (Q1)	2020-08-27
AGM 2020 in Lund	2020-08-27
Interim report July – September (Q2)	2020-11-06
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 2019/2020. For the Parent Company this interim report has been prepared in accordance with K3 for 2019/2020. 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 goals 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 sales in Q1 2020/21, 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:

Christer Fåhraeus,
CEO EQL Pharma
christer.fahraeus@eqlpharma.com
+46 705 609 000

Ingemar Kihlström,
Chairman

Christer Fåhraeus,
CEO and member

Lars Holmqvist,
Member

Anders Månsson,
Member

Maria Bech,
Member

Rajiv I Modi,
Member

Board of Directors EQL Pharma

Lund, May 4th, 2020.

The Group

Consolidated profit and loss statement

Alla amounts in '000	Jan – March 2020	Jan – March 2019	April – March 2020	April - March 2019
Net sales	18 763	14 643	72 029	49 984
Other operating income	115	0	459	0
Direct costs	-9 873	-6 799	-35 209	-22 099
Gross profit	9 005	7 844	37 279	27 885
Gross margin	47%	54%	51%	56%
Operating expenses	-7 922	-7 460	-29 989	-24 511
EBITDA	1 083	384	7 290	3 374
Depreciation / amortization	-764	-1 355	-4 134	-4 798
EBIT	319	-971	3 156	-1 424
Net financial items	-140	-62	-432	-89
Profit after financial items	179	-1 033	2 724	-1 513
Items affecting comparability / Appropriations	0	0	0	0
Tax	-17	0	-17	0
Net profit for the period	162	-1 033	2 707	-1 513

Consolidated balance sheet

Alla amounts in '000	March 2020	March 2019
Intangible assets	62 333	48 234
Tangible fixed assets	366	524
Financial assets	296	296
Total fixed assets	62 996	49 054
Total current assets	61 317	52 846
Total assets	124 313	101 900
Total equity	80 918	78 205
Long-term liabilities	0	0
Current liabilities	43 394	23 695
Total equity and liabilities	124 313	101 900

The Group

Consolidated changes in equity April - December

Alla amounts in '000	Share capital	Other contributed capital	Other capital including profit for the period
Balance at beginning of period	1 308	66 133	10 764
New share issue / Share issue costs			
Translation differences			6
Profit for the period			2 707
Balance at end of period	1 308	66 133	13 478

Parent company

Profit and loss statement

Alla amounts in '000	Jan – March 2020	Jan – March 2019	April – March 2020	April - March 2019
Net sales	17 539	13 828	67 788	43 977
Other operating income	115	0	459	0
Direct costs	-8 982	-6 317	-31 905	-18 148
Gross profit	8 673	7 511	36 343	25 830
Gross margin	49%	54%	53%	59%
Operating expenses	-7 558	-6 880	-28 123	-22 898
EBITDA	1 115	632	8 220	2 931
Depreciation / amortization	-695	-1 293	-3 858	-4 552
EBIT	420	-662	4 362	-1 620
Net financial items	-140	-62	-432	-88
Profit after financial items	280	-723	3 930	-1 709
Items affecting comparability / Appropriations	-1 000	0	-1 000	0
Tax	0	0	0	0
Net profit for the period	-720	-723	2 930	-1 709

Parent company

Balance sheet

Alla amounts in '000	March 2020	March 2019
Intangible assets	61 858	47 897
Tangible fixed assets	366	524
Financial assets	391	391
Total fixed assets	62 615	48 811
Total current assets	60 471	51 910
Total assets	123 086	100 721
Total equity	80 513	77 582
Long-term liabilities	0	0
Current liabilities	42 573	23 139
Total equity and liabilities	123 086	100 721

Cash flow

Alla amounts in '000	Jan – March 2020	Jan – March 2019	April – March 2020	April - March 2019
Cash flow from operations excluding changes in working capital	974	570	7 788	2 843
Change in working capital	3 465	-966	-14	5 497
Cash flow from operations	4 440	-396	7 774	8 340
Cash flow from investments	-8 082	-5 385	-17 661	-16 082
Cash flow from financing operations	-1 000	0	-1 000	22 986
Total cash flow during period	-4 643	-5 781	-10 887	15 244
Cash / cash equivalents at beginning of period	14 788	26 813	21 032	5 788
Cash / cash equivalents at end of period	10 145	21 032	10 145	21 032