



# Table of Contents

Interim report Q2, 2021, April – June	3	<p>“We continue to develop Karo Pharma in line with our strategy and accelerate the build-up of our e-commerce and digital capabilities. We are gradually increasing our advertising and promotional spend levels and this, combined with the investments into e-commerce will be of fundamental importance to drive growth looking ahead.”</p> <p>Christoffer Lorenzen, CEO, Karo Pharma</p>	Board’s assurance	11
Key financials development January-June (MSEK), 2017-2021	4		Contact	11
Revenues by category January-June (MSEK)	4		About Karo Pharma	11
Revenues by market January-June (MSEK)	4		Consolidated income statement	12
Total sales by product segment January-June	4		Consolidated statement of comprehensive income	12
Summary of half-year result, January – June	5		Consolidated balance sheet	13
Comments by CEO Christoffer Lorenzen	6		Consolidated statement of changes in equity	14
Key financial data	7		Consolidated statement of cash flows	15
Cash flow and financial position	8		Parent company income statement	16
Parent company	8		Parent company statement of comprehensive income	16
Auditors’ review	8		Parent company balance sheet	17
Significant events	8		Notes	18
Significant events after period end	8			
COVID-19	9			
Risks and uncertainties	10			
Financial calendar	10			

---

# Interim report

## Q2 2021

### April – June

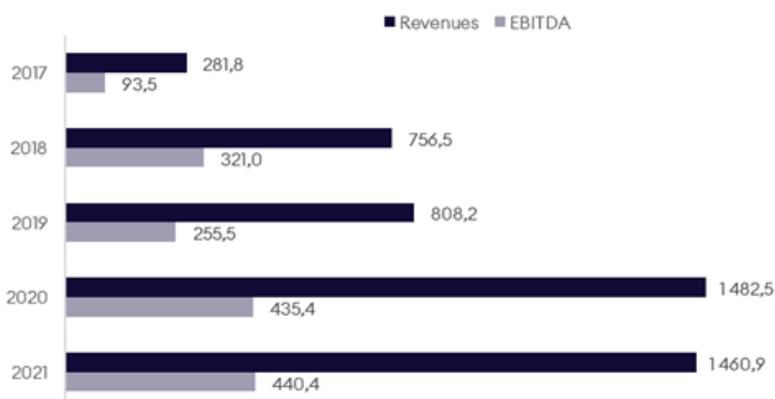
---

- Revenues amounted to MSEK 747.9 (688.9), corresponding to an increase of +9% for the period.
- The organic growth<sup>1</sup> during the second quarter was +8%. The currency impact in the quarter was 0% while the acquisitions of the product portfolios Pevaryl<sup>®</sup> from Johnson & Johnson and Flux<sup>®</sup>, Decubal<sup>®</sup>, Apobase<sup>®</sup>, Lactocare<sup>®</sup> from Teva generated growth of +1%.
- EBIT (Operating Profit) amounted to MSEK 31.0 (98.6), corresponding to a decline of 69%.
- EBITDA<sup>1</sup> amounted to MSEK 180.7 (226.1) corresponding to a decline of 20%.
- The gross margin, defined as gross profit divided by revenues, was 56.3% (60.8%) for the quarter. The margin was affected negatively by product mix.
- Cash flow from operating activities amounted to MSEK 137.9 (171.0).
- Earnings per share was SEK -0.10 (0.11), before and after dilution.

---

<sup>1</sup> Alternative Performance Measures (APM), note 4 for further information.

Key financials development January-June (MSEK), 2017-2021



Revenues by category January-June (MSEK)

	2021	2020	Change
Intimate care **	381,3	352,9	8%
Dermatology**	263,8	236,9	11%
Foot care**	264,6	188,1	41%
Specialty products	206,2	227,6	-9%
Wellness	167,4	173,2	-3%
Pain, cough & cold	177,6	260,8	-32%
Other*	0,0	43,0	-100%
<b>Total</b>	<b>1460,9</b>	<b>1482,5</b>	<b>-1%</b>

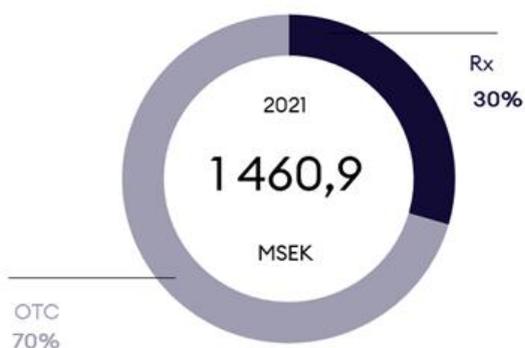
\* Including divested Hospital Supply business in 2020  
 \*\* Including acquired products Proct and Pevaryl in 2021

Revenues by market January-June (MSEK)

	2021	2020*	Change
Sweden**	360,4	443,1	-19%
Norway	271,5	318,9	-15%
Denmark	149,1	173,5	-14%
Other European direct markets	487,7	401,9	21%
Rest of the world***	192,3	145,2	32%
<b>Total</b>	<b>1460,9</b>	<b>1482,5</b>	<b>-1%</b>

\* Not including acquired product portfolios Proct and Pevaryl full period  
 \*\* Including divested Hospital Supply business in 2020  
 \*\*\* Rest of the world markets are covered through distributors

Total sales by product segment January-June



Rx – Prescription drugs  
 OTC – Over the counter products (non-prescription)  
 Hospital Supply divested business December 2020

---

# Summary of half-year result, January – June

- Revenues amounted to MSEK 1,460.9 (1,482.5), corresponding to a decrease of -1% for the period.
- The organic growth<sup>2</sup> during the first six months 2021 was -4%. The currency impact was -1% while the acquisitions of the product portfolios Proct<sup>®</sup> from Leo Pharma, Pevaryl<sup>®</sup> from Johnson & Johnson and Flux<sup>®</sup>, Decubal<sup>®</sup>, Apobase<sup>®</sup>, Lactocare<sup>®</sup> from Teva generated growth of +4%.
- EBIT (Operating Profit) amounted to MSEK 159.1 (202.6), corresponding to a decline of 21%.
- EBITDA<sup>2</sup> amounted to MSEK 440.4 (435.4) corresponding to growth of 1%.
- The gross margin, defined as gross profit divided by revenues, was 58.6% (57.1%) for the period. The margin was affected positively by the acquired product portfolios, the divested Hospital Supply business and by realized synergies in production and distribution of products.
- Cash flow from operating activities amounted to MSEK 172.1 (161.3).
- Earnings per share was SEK 0.14 (0.50), before and after dilution.

---

<sup>2</sup> Alternative Performance Measures (APM), note 4 for further information.

# Comments by CEO Christoffer Lorenzen



The second quarter of 2021 finished with a revenue growth of 9% compared to the year prior, an improvement versus the first quarter that realized a negative revenue growth of -10%. The organic growth came in at 8% but total growth was helped by the acquisitions of Pevaryl® from Johnson & Johnson and the portfolio of Nordic consumer healthcare brands from Teva. The organic growth reflects, in part, that last year's sales in comparable months was negatively impacted by COVID-19 lockdowns. It also reflects that consumer traffic into physical channels (pharmacies, drug stores and convenience stores) is increasing. The business, however, continues to be impacted by COVID-19 and reduced infection rates and doctor's visits as compared to pre-COVID-19 levels. This continues to impact the business, notably the Specialty products and the Pain, Cough & Cold categories.

We continue to develop Karo Pharma in line with our strategy:

- We have now completed most of the investments into the operating platform required to support an internationalizing and growing business. We recently completed the roll-out of our ERP system and now have a single, streamlined, state-of-the-art financial system. We have also completed systems implementations in supply and operations planning and regulatory that digitize and scale operations. We will continue to invest to develop and improve our operating platform, however, we shift focus to incremental improvements of the platform and to investments to support our commercial functions.

- In terms of M&A we have progressed all integration projects and are tracking to plan. The Proct® and Teva portfolios are already fully integrated. The Pevaryl® portfolio transfer and integration are progressing and will be completed in Q3. We have also completed the carve-out of the Hospital Supply business and on July 1 we announced a further divestment of a portfolio of 12 brands to Evolan Pharma. The divestment to Evolan marks the completion of a portfolio optimization and restructure project, in which non-core businesses and brands have been divested.

- In terms of our commercial footprint, the business outside of Scandinavia grew 24% in the first 6 months and now constitutes 47% of Karo's business versus 37% same period

last year. The Italian market is the latest addition to Karo's directly served markets and we now have a core commercial team staffed and are executing on a clear go-to-market strategy with a rented sales force, which provides improved access to Italian pharmacies.

- We are accelerating the build-up of our e-commerce and digital team and capabilities. In Q2 we on-boarded a new Head of digital marketing and e-commerce, Fredrik Thorsén, who is a member of the Corporate Management Team. Fredrik brings strong experience from the world of e-commerce and international consumer brands marketing to Karo Pharma. Most recently he spent 12 years with The Absolute Company.

The EBITDA for the first half of the year came in at MSEK 440.4, which corresponds to a growth of 1% compared to the year prior. The gross margins improved by 1% to 58.6% compared to the year prior and we have tightly managed the cost base and continue to run a lean operation. We are gradually increasing our advertising and promotional spend levels and this, combined with the investments into e-commerce will be of fundamental importance to drive growth looking ahead.

Christoffer Lorenzen  
CEO

## Key financial data

MSEK	April-June		January-June		Full-year
	2021	2020	2021	2020	2020
Revenues	747,9	688,9	1460,9	1482,5	2 882,9
Gross profit	421,0	419,1	855,4	846,8	1595,4
Gross margin %	56,3%	60,8%	58,6%	57,1%	55,3%
EBITDA	180,7	226,1	440,4	435,4	725,0
EBITDA margin %	24,2%	32,8%	30,1%	29,4%	25,1%
Profit for the period	-21,5	25,7	32,1	112,5	82,9
Earnings per share, SEK	-0,10	0,11	0,14	0,50	0,37
Cash flow from operating activities	204,9	171,0	239,2	161,3	329,2
Cash and cash equivalents	523,0	390,4	523,0	390,4	570,4

Revenues decreased to MSEK 1,460.9 (1,482.5) in the first six months of 2021 compared to same period last year because of the high revenues in 2020 including substantial stock build-up among customers in March-April. This corresponds to a decrease of -1% for the period.

Revenues increased to MSEK 747.9 (688.9) in the second quarter. A growth of +9% compared to same quarter last year.

Cost of goods sold amounted to MSEK 605.4 (635.7) January-June 2021. The gross margin was 58.6% (57.1%) during the same period and has been positively impacted by a changed product mix from acquisitions/divestments as well as strategic tech transfer projects and resulting reduction of the cost of goods. In 2020 there was a positive effect of MSEK 12.4 in the period when changing model to standard cost.

Operating costs including depreciation and amortization, other operating income and other operating expenses amounted to

MSEK 696.3 (644.2) during the period, an increase of 8%. Sales costs increased to MSEK 504.7 (484.8). Administration costs amounted to MSEK 185.4 (152.4).

Other operating expenses increased in the second quarter mainly due to negative exchange differences from operations and was also impacted by an effect of MSEK -11.2 from the termination of the Teva License agreement following the acquisitions of the brands Flux<sup>®</sup>, Decubal<sup>®</sup>, Apobase<sup>®</sup> and Dailycare<sup>®</sup>.

The EBITDA<sup>3</sup> amounted to MSEK 440.4 (435.4) for the year, equivalent to a 1% increase.

Earnings per share was 0.14 (0.50) SEK before and after dilution for the period January-June.

<sup>3</sup> Alternative Performance Measures (APM), note 4 for further information.

## Cash flow and financial position

Cash flow from operating activities during the period was MSEK 172.1 (161.3). Group cash and cash equivalents amounted to MSEK 523.0 (570.4 as of December 31, 2020) at the end of the period. As part of COVID-19 Karo Pharma has stress tested its financial position, including cash reserves, and has concluded that reserves are adequate.

On June 30, total assets amounted to MSEK 13,199.4 (12,517.5 as of December 31, 2020), whereof intangible assets

accounted for MSEK 10,575.2 (10,029.5 as of December 31, 2020).

Working capital increased during the first 6 months in 2021, mainly as a result of inventory increases in acquired brands, impacting the cash flow negatively with MSEK -186.9

Group equity amounted to MSEK 5,823.4 (5,638.5 as of December 31, 2020). The equity ratio was 44.1% (45.0% as of December 31, 2020).

## Parent company

The Parent Company's net sales for the first six months of 2021 amounted to MSEK 676.8 (542.3). Profit after financial items amounted to MSEK 28.9 (83.0). The change comes from acquired product portfolios. The parent company's cash, cash equivalents and other current investments amounted to MSEK 4.7 (103.4 as of December 31, 2020).

## Auditors' review

The interim report has not been the subject to auditors' review.

## Significant events

On April 1, 2021, Karo Pharma closed the acquisition of a portfolio consumer healthcare brands from Teva Pharmaceuticals for MSEK 855. The acquisition transferred ownership of Flux<sup>®</sup>, Decubal<sup>®</sup>, Lactocare<sup>®</sup>, Apobase<sup>®</sup>, Dailycare<sup>®</sup> and Fludent<sup>®</sup> from Teva to Karo Pharma.

The products have previously been sold by Karo Pharma under a time-limited license but is now fully owned by Karo Pharma. Additional markets as Finland and Iceland were also added.

The acquisition is a pure asset deal. No personnel or manufacturing sites are included, which limits commercial as well as the technology transfer risks.

## Significant events after period end

On July 1, 2021, Karo Pharma closed the divestment of a portfolio consisting of 12 brands to Evolan. (Citodon<sup>®</sup>, Morfin Special, Sincon<sup>®</sup>, Bamse<sup>®</sup>, Oliva<sup>®</sup>, Karbasal<sup>®</sup>, Complete<sup>®</sup>, Nazamer<sup>®</sup>, Ferromax<sup>®</sup>, Tussin<sup>®</sup>, Samin<sup>®</sup> and Conotrane<sup>®</sup>). The portfolio had a turnover of SEK 62 million in 2020 with a growth of -4% versus the previous year. The divestment completes the efforts to refine and optimize Karo's portfolio after the acquisitions done over the last few years.

# COVID-19

In the first quarter 2020, Karo Pharma generated sharply increased sales in certain product categories, mainly by building up inventories with wholesalers, pharmacies, and consumers. At the same rate, Karo Pharma saw a simultaneous reduction in demand in other categories.

In the subsequent quarters of 2020, the brands and products that grew through inventory build-ups saw demand patterns normalize (as expected) and inventory levels were reduced. Hence, in Q2 and Q3 2020 Karo Pharma saw negative organic growth as a direct effect of the inventory build-up in Q1. In Q4 the business returned to organic growth.

Karo Pharma notes a negative effect of reduced doctor's visits, prescriptions, and footfall in pharmacies. Karo Pharma also notes limited demand for cold and cough medicines, with the low incidence of common cold and RS-virus compared to previous years. Simultaneously, Karo Pharma observes a shift in consumption patterns, and an increasing share of revenues generated through online channels, especially the e-pharmacy and other e-commerce outlets. Karo Pharma has also seen growth in purchasing of OTC pharmaceuticals and consumer healthcare products in food retail and convenience stores.

The impact on Karo Pharma's supply chain, and its capability to deliver products through COVID-19, has been limited. Karo Pharma has taken actions to consolidate its delivery situation and is better equipped to address supply challenges than it was at the outset of the pandemic. Karo Pharma has observed increased volatility and difficulty in matching supply and

demand and has therefore built inventories to counter future out-of-stock situations. Over time, Karo Pharma aims to reduce its inventory levels as a percentage of sales.

The impact of employee productivity has been limited and Karo Pharma sees employee engagement at consistent, high levels through the COVID-19 related lockdown.

Karo Pharma noticed that societies gradually re-opened in the mid of 2021 with further normalcy expected to increase towards the end of the year. However, we expect to see long-term implications of the pandemic on consumer behaviour, which we must adapt to. Karo Pharma's management regularly reviews the situation in consultation with the Board of Directors, and conducts extensive stress tests to evaluate revenues, expenses, and liquidity and to monitor changes in consumer and channel patterns. Karo Pharma is fully prepared to adjust to the situation as it develops.

To date, no significant risk of material restatements of carrying amounts of assets and liabilities has arisen for Karo Pharma. Karo Pharma has included all available information for the next 12 months when forming this opinion, including the expected profitability and any restrictions in access to finance.

The impact of COVID-19 on financial targets and cash flow has also been limited and the pandemic has not implied additional financial risks for Karo Pharma, such as renegotiating loans and new financial arrangements apart from acquisitions, or problems in meeting covenants.

---

## Risks and uncertainties

As an international group, Karo Pharma is exposed to various risks, which affect the opportunities to achieve the set goals. These are operational risks, such as the risk that competitive situations affect price levels and sales volumes and the risk that the economic development in the markets and in the segments where the Group operates is not stable. These include financial risks such as currency risks, interest rate risks and credit risks. Besides the COVID-19 pandemic, which is

covered above, no additional significant change in material risks or uncertainties has occurred during the period. Our assessment is thus unchanged compared to the account of Karo Pharma's risks, uncertainties, and the management of the same in the company's Annual Report for 2020. Readers who wish to consult the annual report can download this from Karo Pharma's website [www.karopharma.com](http://www.karopharma.com), or request it from Karo Pharma AB, PO Box 16 184, 103 24 Stockholm, Sweden.

---

## Financial calendar

**Interim report Jan-Sep 2021** Oct 28, 2021

**Year-end report 2021** Feb 16, 2022

The Annual Report 2020 was released March 30, 2021 and the Annual General Meeting was held April 21, 2021.

---

## Board's assurance

The Board of Directors and the CEO assure that the interim report provides a true and fair view of the company's and the Group's operations, position and results and describes

significant risks and uncertainties that the company and the companies that are part of the Group face.

---

## Stockholm July 22, 2021

Patrick Smallcombe  
Chairman of the Board

Erika Henriksson  
Director

Uta Kemmerich-Keil  
Director

Flemming Ørnskov  
Director

Kristofer Tonström  
Director

Mark Keatley  
Director

Christoffer Lorenzen  
CEO

---

## Contact

Christoffer Lorenzen, CEO  
+46 73-501 76 20  
christoffer.lorenzen@karopharma.com

Jon Johnsson, CFO  
+46 73-507 88 61  
jon.johnsson@karopharma.com

---

## About Karo Pharma

Karo Pharma offers "Smart choices for everyday healthcare". We own and commercialize reliable original brands within prescription drugs and over-the-counter consumer products. Our products are available in over 60 countries with the core in Europe and the Nordics region. The headquarter of Karo Pharma is in Stockholm and the company is listed on Nasdaq Stockholm, Mid Cap.

This information is information that Karo Pharma AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, on July 22, 2021, at 08.00 CET.

## Consolidated income statement

MSEK	April-June		January-June		Full-year
	2021	2020	2021	2020	2020
<b>Revenues</b>	<b>747,9</b>	<b>688,9</b>	<b>1 460,9</b>	<b>1 482,5</b>	<b>2 882,9</b>
Cost of goods sold	-326,9	-269,9	-605,4	-635,7	-1 287,5
<b>Gross profit</b>	<b>421,0</b>	<b>419,1</b>	<b>855,4</b>	<b>846,8</b>	<b>1 595,4</b>
Sales and marketing expenses	-275,5	-249,0	-504,7	-484,8	-955,2
Administration expenses	-90,6	-79,3	-185,4	-152,4	-395,9
Other operating income/expenses	-23,8	7,8	-6,2	-7,0	-13,9
<b>Operating profit</b>	<b>31,0</b>	<b>98,6</b>	<b>159,1</b>	<b>202,6</b>	<b>230,3</b>
Financial Net	-40,3	-67,1	-101,9	-64,1	-173,2
<b>Profit/loss before tax</b>	<b>-9,3</b>	<b>31,4</b>	<b>57,2</b>	<b>138,6</b>	<b>57,2</b>
Tax	-12,2	-5,8	-25,2	-26,1	25,8
<b>Net profit/loss</b>	<b>-21,5</b>	<b>25,7</b>	<b>32,1</b>	<b>112,5</b>	<b>82,9</b>
Profit/loss attributable to:					
Equity holders of the parent	-21,4	25,4	31,8	112,1	82,0
Non-controlling interests	0,0	0,3	0,3	0,4	0,9
Earnings per share (SEK)	-0,10	0,11	0,14	0,50	0,37
Number of shares issued (000)	225 033	222 568	225 033	222 568	223 094
Number of shares in own custody (000)	0	2 465	0	2 465	1 940

## Consolidated statement of comprehensive income

MSEK	April-June		January-June		Full-year
	2021	2020	2021	2020	2020
Net profit for the period	-21,5	25,7	32,1	112,5	82,9
Other comprehensive income for the period, net of tax					
Exchange rate differences	-34,4	26,7	49,3	-110,1	-117,3
<b>Total comprehensive income</b>	<b>-55,9</b>	<b>52,4</b>	<b>81,4</b>	<b>2,3</b>	<b>-34,4</b>
Total comprehensive income attributable to:					
Equity holders of the parent	-55,9	52,1	81,1	1,9	-35,2
Non-controlling interests	0,0	0,3	0,3	0,4	0,9

# Consolidated balance sheet

MSEK	30 June		31 December	
	2021	2020	2020	2020
Intangible assets	10 575,2	10 410,8	10 029,5	
Rights of use assets	76,2	56,6	50,4	
Equipment, buildings and land	19,3	18,3	19,0	
Other financial assets	2,5	1,8	2,2	
Deferred tax assets	673,5	569,7	685,3	
<b>Non-current assets</b>	<b>11 346,7</b>	<b>11 057,0</b>	<b>10 786,5</b>	
Inventories	553,3	381,7	451,5	
Accounts Receivable	658,3	534,4	596,3	
Tax assets	49,9	0,0	37,3	
Other Receivables	36,2	60,8	26,4	
Prepaid expenses and accrued income	31,8	27,6	49,1	
Cash & cash equivalents	523,0	390,4	570,4	
<b>Current assets</b>	<b>1 852,7</b>	<b>1 394,9</b>	<b>1 731,0</b>	
<b>Total assets</b>	<b>13 199,4</b>	<b>12 451,9</b>	<b>12 517,5</b>	
<b>Equity</b>	<b>5 823,4</b>	<b>5 644,2</b>	<b>5 638,5</b>	
Borrowings	986,3	2 104,9	1 091,6	
Lease liabilities	58,1	42,5	36,2	
Other provisions	2,7	2,5	2,5	
Deferred tax liabilities	525,8	451,0	527,2	
<b>Total non-current liabilities</b>	<b>1 572,9</b>	<b>2 600,9</b>	<b>1 657,5</b>	
Borrowings	5 310,5	3 822,0	4 707,6	
Lease liabilities	15,6	11,6	12,3	
Accounts payable	172,4	129,4	232,1	
Tax Liabilities	17,0	0,7	3,4	
Other current liabilities	52,3	63,5	71,5	
Accrued expenses and deferred income	235,3	179,6	194,5	
<b>Total current liabilities</b>	<b>5 803,1</b>	<b>4 206,8</b>	<b>5 221,5</b>	
<b>Total equity and liabilities</b>	<b>13 199,4</b>	<b>12 451,9</b>	<b>12 517,5</b>	

# Consolidated statement of changes in equity

MSEK						
	Share capital	Other capital contributions	Retained earnings/losses	Translation reserves	Non-controlling interests	Total
<b>Opening balance as of January 1, 2020</b>	90,0	6 010,3	-505,6	45,6	1,6	5 641,9
Comprehensive income	0,0	0,0	112,1	-110,1	0,4	2,3
<b>Closing balance as of June 30, 2020</b>	<b>90,0</b>	<b>6 010,3</b>	<b>-393,6</b>	<b>-64,5</b>	<b>2,0</b>	<b>5 644,2</b>
<b>Opening balance as of January 1, 2021</b>	90,0	6 010,3	-392,6	-71,6	2,4	5 638,5
Comprehensive income	0,0	0,0	31,8	49,3	0,3	81,4
<b>Transactions with shareholders</b>						
Sale of treasury shares	0,0	103,5	0,0	0,0	0,0	103,5
<b>Total transactions with shareholders</b>	<b>0,0</b>	<b>103,5</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>103,5</b>
<b>Closing balance as of June 30, 2021</b>	<b>90,0</b>	<b>6 113,8</b>	<b>-360,8</b>	<b>-22,3</b>	<b>2,7</b>	<b>5 823,4</b>

# Consolidated statement of cash flows

MSEK	April-June		January-June		Full-year
	2021	2020	2021	2020	2020
<b>Operating activities</b>					
Operating profit	31,0	98,6	159,1	202,6	230,3
Non-cash items	164,6	126,4	294,9	231,7	491,2
Financial items	-43,1	-55,0	-80,6	-96,7	-181,1
Cash flow from result after financial items	152,5	170,0	373,4	337,6	540,5
Income taxes paid	-6,6	-7,8	-14,4	-28,0	-44,5
<b>Cash flow from operating activities before change in Working Capital</b>	<b>145,9</b>	<b>162,2</b>	<b>359,0</b>	<b>309,6</b>	<b>495,9</b>
Change in Working Capital	-8,0	8,8	-186,9	-148,3	-166,7
<b>Cash flow from operating activities</b>	<b>137,9</b>	<b>171,0</b>	<b>172,1</b>	<b>161,3</b>	<b>329,2</b>
<b>Investing Activities</b>					
Investments in property, plant and equipment	-0,1	-2,1	-2,0	-6,6	-21,4
Investments in intangible assets	-867,7	-673,6	-876,1	-1 650,8	-1 686,3
Investments in other financial assets	-1,4	0,0	-1,6	-0,7	-1,2
Other changes in financial assets	0,0	0,1	0,0	0,1	0,1
Investments in business combinations	0,0	0,0	0,0	0,0	151,0
Sale of intangible assets	0,0	0,0	0,0	0,0	12,5
<b>Cash flow from investing activities</b>	<b>-869,1</b>	<b>-675,7</b>	<b>-879,7</b>	<b>-1 658,0</b>	<b>-1 544,3</b>
<b>Financing Activities</b>					
Sale of treasury shares	94,5	0,0	103,5	0,0	31,1
Net of borrowings and amortization	567,3	750,0	662,5	1 775,0	1 775,0
Payment of lease liabilities	-1,7	-124,9	-5,8	-131,6	-262,4
Transactions with minority interests	0,0	0,0	0,0	0,0	-0,1
<b>Cash flow from financing activities</b>	<b>660,1</b>	<b>625,1</b>	<b>660,2</b>	<b>1 643,4</b>	<b>1 543,5</b>
<b>Cash flow for the period</b>	<b>-71,1</b>	<b>120,4</b>	<b>-47,3</b>	<b>146,7</b>	<b>328,4</b>
Cash and cash equivalents at beginning of Period	594,5	277,7	570,4	248,8	248,8
Exchange difference in cash and cash equivalents	-0,3	-7,7	0,0	-5,1	-6,8
<b>Cash and cash equivalents at end of period</b>	<b>523,0</b>	<b>390,4</b>	<b>523,0</b>	<b>390,4</b>	<b>570,4</b>

## Parent company income statement

MSEK	April-June		January-June		Full-year
	2021	2020	2021	2020	2020
<b>Revenues</b>	<b>335,2</b>	<b>319,8</b>	<b>676,8</b>	<b>542,3</b>	<b>1 149,4</b>
Cost of goods sold	-124,7	-88,5	-233,8	-194,7	-426,6
<b>Gross profit</b>	<b>210,5</b>	<b>231,4</b>	<b>443,0</b>	<b>347,6</b>	<b>722,8</b>
Sales and marketing expenses	-100,4	-90,3	-192,1	-150,6	-322,6
Administration expenses	-77,6	-47,0	-141,2	-72,2	-236,7
Other operating income/expenses	-8,2	-5,0	-0,5	-4,7	-16,1
<b>Total operating expenses</b>	<b>-186,1</b>	<b>-142,3</b>	<b>-333,9</b>	<b>-227,6</b>	<b>-575,4</b>
<b>Operating profit</b>	<b>24,4</b>	<b>89,1</b>	<b>109,1</b>	<b>120,0</b>	<b>147,4</b>
Financial Net	-26,4	-37,7	-80,3	-37,0	-107,1
<b>Profit/loss before tax</b>	<b>-2,1</b>	<b>51,4</b>	<b>28,9</b>	<b>83,0</b>	<b>40,3</b>
Tax	2,3	-17,1	-6,1	-17,1	-6,7
<b>Net profit/loss</b>	<b>0,2</b>	<b>34,3</b>	<b>22,7</b>	<b>65,9</b>	<b>33,6</b>

## Parent company statement of comprehensive income

MSEK	April-June		January-June		Full-year
	2021	2020	2021	2020	2020
Net profit for the period	0,2	34,3	22,7	65,9	33,6
Other comprehensive income for the period, net of tax					
Exchange rate differences					
<b>Total comprehensive income</b>	<b>0,2</b>	<b>34,3</b>	<b>22,7</b>	<b>65,9</b>	<b>33,6</b>

# Parent company balance sheet

MSEK	30 June		31 December	
	2021	2020	2020	2020
Intangible assets	4 555,9	3 980,1		3 853,6
Equipment, buildings and land	7,4	0,0		8,3
Other financial assets	6 567,8	5 309,9		6 371,4
Deferred tax assets	489,6	477,6		488,1
<b>Non-current assets</b>	<b>11 620,8</b>	<b>9 767,6</b>		<b>10 721,4</b>
Inventories	200,1	104,9		148,4
Accounts Receivable	334,0	213,6		225,7
Tax assets	1,4	1,4		0,9
Other Receivables	34,2	1 319,5		300,6
Prepaid expenses and accrued income	40,6	19,0		40,6
Cash & cash equivalents	4,7	326,3		103,4
<b>Current assets</b>	<b>614,8</b>	<b>1 984,7</b>		<b>819,6</b>
<b>Total assets</b>	<b>12 235,6</b>	<b>11 752,3</b>		<b>11 541,0</b>
<b>Equity</b>	<b>5 721,4</b>	<b>5 596,4</b>		<b>5 595,2</b>
Borrowings	987,3	2 014,1		1 010,7
Deferred tax liabilities	29,7	22,0		22,0
<b>Total non-current liabilities</b>	<b>1 017,0</b>	<b>2 036,1</b>		<b>1 032,7</b>
Borrowings	5 306,6	3 798,8		4 687,4
Accounts payable	73,3	39,8		115,7
Liabilities to group companies	0,0	221,6		47,2
Other current liabilities	36,6	0,9		3,8
Accrued expenses and deferred income	80,7	58,7		59,0
<b>Total current liabilities</b>	<b>5 497,2</b>	<b>4 119,8</b>		<b>4 913,1</b>
<b>Total equity and liabilities</b>	<b>12 235,6</b>	<b>11 752,3</b>		<b>11 541,0</b>

---

# Note 1

## Accounting and valuation principles

Karo Pharma applies International Financial Reporting Standards (IFRS) as adopted by EU.

This report has been prepared in accordance with the Annual Accounts Act and IAS 34 regarding interim reports. The accounting and valuation principles that have been used are unchanged compared to those that were applied in the annual report 2020.

Regarding the Parent company, this interim report has been prepared in accordance with the Annual Accounts Act and RFR 2 Accounting for Legal Entities. The accounting principles applied for the Parent company are unchanged compared to those that were applied in the last annual report.

---

# Note 2

## Loss carryforwards

As of the balance sheet date December 31, 2020, Karo Pharma AB had unutilized loss carryforwards of MSEK 2 369, Trimb Sweden MSEK 263, Karo Pharma AS MSEK 574, Trimb Norway MSEK 4 and Trimb Netherlands MSEK 64 with a total for the group of MSEK 3 275.

In light of the Group's expected profit development, the deficits are fully valued in the balance sheet adjusted for the taxable profit in the first two quarters.

---

# Note 3

## Asset acquisition

On April 1, 2021, Karo Pharma closed the acquisition of a portfolio consumer healthcare brands from Teva Pharmaceuticals for MSEK 855. The acquisition transferred ownership of Flux<sup>®</sup>, Decubal<sup>®</sup>, Lactocare<sup>®</sup>, Apobase<sup>®</sup>, Dailycare<sup>®</sup>

and Fludent<sup>®</sup> from Teva to Karo Pharma, who previously sold these brands under a time-limited license. Additional markets, mainly Finland and Iceland, were also added.

## Note 4

# Definitions

In the report, a number of financial performance measures are referred to which are not defined by IFRS. These measures are used to help investors, management, and other stakeholders to analyse the company's operations. These measures may differ from measures with similar names at other companies.

Further definitions, see the Annual Report 2020 under the heading definitions.

Below are a number of financial performance measures and

Financial performance measure	Definition	Purpose
Organic growth	Growth in revenues coming from volume, price and mix effects presented without structural effects from M&A	The organic growth shows underlying business performance without acquired or divested business and currency impact.
Equity ratio	Equity as a percentage of Total assets	The equity ratio is relevant for investors and other stakeholders who want to assess the company's financial stability and ability to manage long term.
Gross margin	Gross earnings as a percentage of revenues	Gross earnings is used to show the company's margin before the impact of costs such as sales and administration costs and R & D.
EBITDA	Operating earnings before depreciation and amortization	The financial performance measure shows the underlying earnings from operations, adjusted for effect of depreciation. It provides a picture of earnings generated from ongoing operations.
EBITDA margin	EBITDA in relation to revenues	The ratio is used to measure the profitability of ongoing operations.

how these are used to analyse the company's goals. For

## Note 5

# Fair value of financial instruments

The Group holds no derivative instruments or other financial instruments valued at fair value.

The fair value of long- and short-term interest-bearing liabilities is not expected to deviate materially from the recognized amount. For financial instruments recognized at

amortized cost; accounts receivables, other receivables, cash and cash equivalents, accounts payable and other interest free liabilities, the fair value is assessed to be consistent with the recognized amount.

## Note 6

# Related party transactions

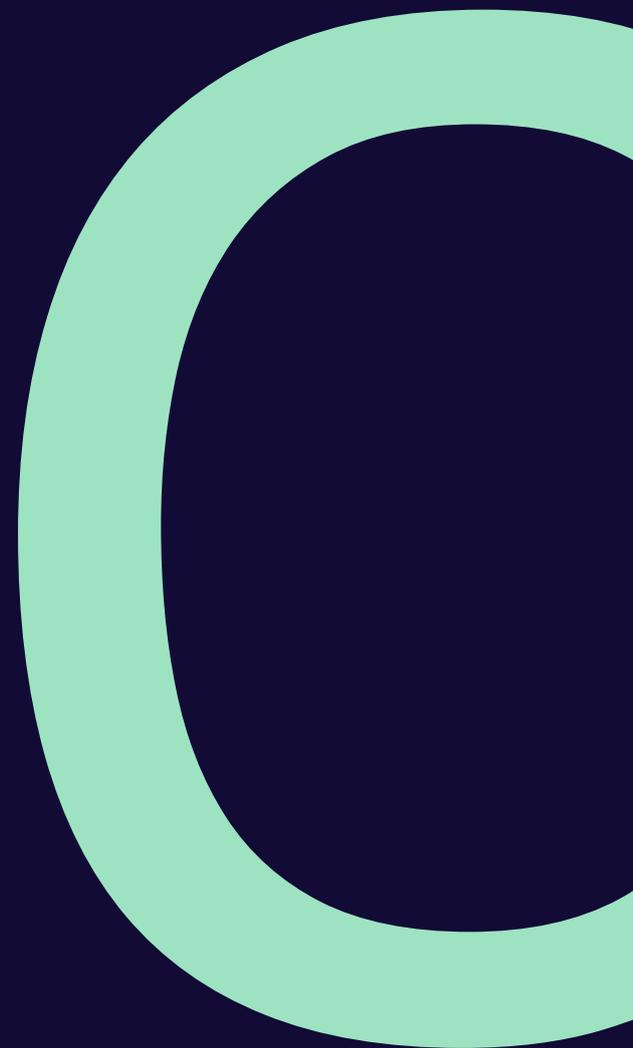
Apart from transactions such as remuneration and salary to the Board of Directors and senior executives, there have been one related party transactions.

On May 6, 2021, Karo Pharma announced the sale of all remaining (1,375,417) treasury shares, representing approximately 0.6% of the total number of shares and votes in

Karo, to Karo Intressenter AB. The treasury shares were transferred on one occasion and disclosed in a separate press release. The transaction strengthened Karo Pharma's cash position with an aggregate of MSEK 73.4

---

**karo**<sup>®</sup>  
pharma



[karopharma.com](http://karopharma.com)