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Year-end report

Q4 2021

October – December

- Revenues amounted to MSEK 762.0 (721.2), corresponding to an increase of +6% for the period.
- The organic growth¹ during the fourth quarter was +9%. The currency impact in the quarter was 1% while the acquisitions adjusted for the divestments generated a net effect of -5%.
- EBIT (Operating Profit) amounted to MSEK -52.7 (-16.1), corresponding to a decrease of 228%.
- EBITDA¹ (Operating Profit after depreciation and amortization) amounted to MSEK 96.9 (114.7) corresponding to a decrease of 16%.
- The gross margin¹, defined as gross profit divided by revenues, was 57.0% (49.3%). The margin was affected positively by product mix in the quarter.
- Cash flow from operating activities amounted to MSEK 260.2 (104.8).
- Earnings per share was SEK -0.48 (-0.12), before and after dilution.

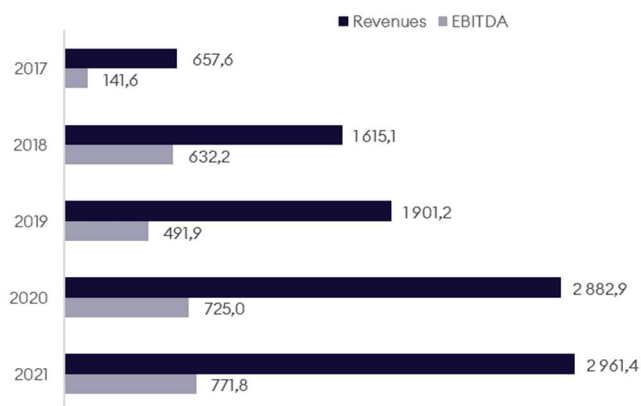
¹ Alternative Performance Measures (APM), see page 21 for further information.

Summary of result, January – December

- Revenues amounted to MSEK 2,961.4 (2,882.9), corresponding to an increase of 3% for the period.
- The organic growth¹ during the year was +3%. The currency impact was -0% while the acquisitions adjusted for the divestments generated a net effect of -0%.
- EBIT (Operating Profit) amounted to MSEK 205.9 (230.3), corresponding to a decrease of 11%.
- EBITDA¹ (Operating Profit after depreciation and amortization) amounted to MSEK 771.8 (725.0) corresponding to growth of 6%.
- The gross margin¹, defined as gross profit divided by revenues, was 57.6% (55.3%) for the year. 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 532.6 (329.2).
- Earnings per share was SEK -0.08 (0.37), before and after dilution
- The Board of Directors proposes that no dividend is to be paid for 2021.

¹ Alternative Performance Measures (APM), see page 21 for further information.

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



Revenues by category January-December (MSEK)

	2021	2020	Change
Intimate care **	785,3	748,0	5%
Dermatology**	504,5	468,5	8%
Foot care**	460,3	405,5	14%
Specialty products	437,9	385,9	13%
Wellness	328,8	350,1	-6%
Pain, cough & cold	442,1	429,9	3%
Other*	2,5	95,1	-97%
Total	2 961,4	2 882,9	3%

* Including divested business in 2020

** Including the acquired brands Proct and Pevaryl full year 2021 but only from the date of acquisition 2020

Revenues by market January-December (MSEK)

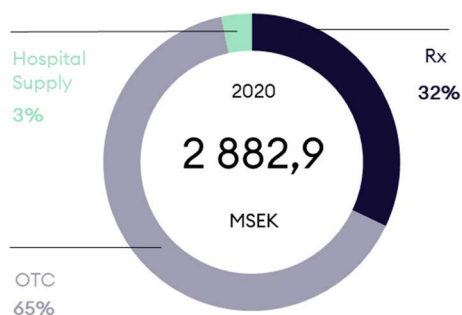
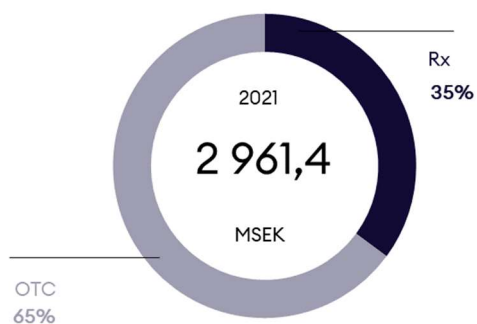
	2021**	2020	Change
Sweden*	711,4	861,4	-17%
Norway	616,8	586,7	5%
Denmark	292,1	281,4	4%
Other European direct markets	999,8	855,3	17%
Rest of the world***	341,2	298,0	14%
Total	2 961,4	2 882,9	3%

* Including divested business in 2020

** Including the acquired brands Proct and Pevaryl full year 2021 but only from the date of acquisition 2020

*** Rest of the world markets are covered through distributors

Total sales by product group January-December



Rx – Prescription drugs

OTC – Over the counter products (non-prescription)

Hospital Supply divested business December 2020

Comments by CEO Christoffer Lorenzen



Karo's business developed strongly in Q4, and we continue to develop the company in line with our long-term vision and transformation plan.

On the financial side, Karo saw continued positive sales momentum in Q4, following the positive development in Q3. The business grew by 9% organic growth, or 6% when adjusting for currency effect (1%) and the divestment of a portfolio of smaller Swedish brands on July 1 (-5%).

The gross margin improved to 57% (was 49% in the same period last year), positively impacted by a changed product mix from acquisitions/divestments as well as delivery of tech transfer project that reduce our costs of goods.

EBITDA declined by 16% in the quarter, which was driven by two key elements: First, a step-up in investments in A&P and our commercial organization to drive future organic growth, particularly in the digital arena, which is in line with the messages from previous financial announcements. Second, transaction fees and costs related to acquisitions of Sylphar and E45 that were announced in Q4.

The operational cash flow was strong in the quarter and grew 148% compared to the year prior. This illustrates that the negative earnings recorded in the period were driven by non-cash items, such as amortization of product rights that reflect Karo's M&A activities. It also illustrates that we have made substantial improvements on our net working capital management that positively impacted the quarter.

In terms of the long-term transformation plan, Karo announced two important acquisitions in Q4 that strengthen Karo's commercial footprint and capabilities and add to our scale:

- The Sylphar acquisition adds approx. MEUR 70 in sales and a list of strong brands to Karo. Most important are the digital-first brands, Nutravita, and Alpha Foods, as well as Remescar, which has been transforming from a brick & mortar to an omnichannel brand in recent years. With the acquisition we also add ~85 colleagues located in Ghent, Düsseldorf and London that infuse valuable competencies and know-how related to digital marketing, new product development and e-commerce to Karo.
- The E45 brand acquisition adds approx. MEUR 50 in sales as well as critical mass to our UK operations. It also strengthens our position as a leader within skin health in Northern Europe, particularly in problem skin where we also own brands such as Decubal and Locobase. E45 is a renowned brand, and we will strengthen our UK and skin care teams to drive the brand forward. We will also drive E45 on e-commerce channels, leveraging the capabilities of the Sylphar organization.

The priorities for 2022 are clear. We will be driving organic growth, integrating the acquired businesses and invest further into our brands, notably in the fields of digital and e-commerce. We shall also be optimizing our operations and looking for efficiencies across our business to free up investments and capacity that can fuel our growth. We are pleased to embark on this journey with a team of now 330 Karo'ites that constitute a diverse, resourceful, and highly engaged team.

Christoffer Lorenzen
CEO

Key financial data

MSEK	October-December		January-December	
	2021	2020	2021	2020
Revenues	762,0	721,2	2 961,4	2 882,9
Gross profit	434,3	355,8	1 706,3	1 595,4
Gross margin %	57,0%	49,3%	57,6%	55,3%
EBITDA	96,9	114,7	771,8	725,0
EBITDA margin %	12,7%	15,9%	26,1%	25,1%
Profit for the period	-108,2	-27,3	-17,0	82,9
Earnings per share, SEK	-0,48	-0,12	-0,08	0,37
Cash flow from operating activities	260,2	104,8	532,6	329,2
Cash and cash equivalents	260,7	570,4	260,7	570,4

Revenues increased to MSEK 2,961.4 (2,882.9) in the year of 2021 compared to 2020. This corresponds to an increase of 3% for the period.

Revenues increased to MSEK 762.0 (721.2) in the fourth quarter. A growth of +6% compared to same quarter last year.

Cost of goods sold amounted to MSEK 1 255.0 (1 287.5) January-December 2021. The gross margin¹ was 57.6% (55.3%) 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.

Operating costs including depreciation and amortization, other operating income and other operating expenses amounted to MSEK 1,500.4 (1 365.0) during 2021, an increase of 10%. Sales costs increased to MSEK 1 090.2 (955.2). Administration costs amounted to MSEK 422.7 (395.9).

Other operating income increased in the year mainly due to positive exchange differences from operations and effects of the acquisitions and divestments of brand portfolios.

The EBITDA¹ amounted to MSEK 771.8 (725.0) for the period January-December, equivalent to a 6% increase.

Earnings per share 2021 was -0.08 (0.37) SEK before and after dilution for the period January-December.

¹ Alternative Performance Measures (APM), see page 21 for further information.

Cash flow and financial position

Cash flow from operating activities during the period was MSEK 532.6 (329.2). Group cash and cash equivalents amounted to MSEK 260.7 (570.4 as of December 31, 2020) at the end of the period.

On December 31, total assets amounted to MSEK 12,593.4 (12,517.5 as of December 31, 2020), whereof intangible assets accounted for MSEK 10,342.4 (10,029.5 as of December 31, 2020).

Working capital increased during the year, mainly as a result of inventory and receivables increases in acquired product portfolios, impacting the cash flow negatively with MSEK -75.8

Group equity amounted to MSEK 5,814.3 (5,638.5 as of December 31, 2020). The equity ratio¹ was 46.2% (45.0% as of December 31, 2020).

Parent company

The Parent Company's net sales for 2021 amounted to MSEK 1,390.4 (1 149.4). Profit after financial items amounted to MSEK -31.0 (40.3). The change comes from acquired and divested product portfolios.

The parent company's cash, cash equivalents and other current investments amounted to MSEK 209.6 (103.4 as of December 31, 2020).

Auditor's review

The year-end report has not been subject to auditor's review.

Board proposal for dividend

The Board of Directors proposes that no dividend is to be paid for 2021.

Significant events in the report period

January-December

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®, Decubal®, Lactocare®, Apobase®, Dailycare® and Fludent® from Teva to Karo Pharma.

On July 1, 2021, Karo Pharma closed the divestment of a portfolio consisting of 12 brands to Evolan. (Citodon®, Morfin Special, Sincon®, Bamse®, Oliva®, Karbasal®, Complete®, Nazamer®, Ferromax®, Tussin®, Samin® and Conotrane®). 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.

On December 15, 2021, the board of directors of Karo Pharma AB resolved to initiate a process to have the Company's shares listed on Nasdaq First North Growth Market and delisted from Nasdaq Stockholm. The First North listing is expected to be completed during the first half of 2022.

On December 24, 2021, Karo Pharma entered into a put option agreement pursuant to which it may acquire the dermatology brand E45® from Reckitt for total consideration of MGBP 200. The Transaction is expected to close in the second quarter of 2022 and would transfer ownership of E45®, with annual estimated net sales of MGBP 43 during 2021, from Reckitt to Karo.

The acquisition will scale up Karo's operations in the UK, consistent with Karo's strategy of expanding commercial operations in major European markets. Further, the Transaction will strengthen Karo's position in the dermatology category and would add the market leading dermatology brand in the UK and South Africa to Karo's portfolio.

The Transaction would be financed with debt from Karo's existing lending banks.

Significant events after period end

On January 13, 2022, Karo Pharma closed the acquisition of the Belgian fast-growing digital-first brand company Sylphar International NV, as previously announced November 22, for MEUR 290.

Sylphar generated sales of approximately MEUR 64, October 2020 to September 2021. The Sylphar brands are distributed in more than 50 countries worldwide with the support of local distribution partners and / or through online platforms. The major markets of the company include UK, Germany, Italy, Spain and France. The three biggest brands within the portfolio are Nutravita, Alpha Foods and Remescar.

Karo acquired the Sylphar Group on a cash and debt free basis. The acquisition was financed by way of additional credit facilities, including a facility with a tenor of twelve months from Karo's existing bank lenders. The intention is to repay the bridge loan facility with proceeds from a new share issue with preferential rights for Karo's existing shareholders, for which the terms will be announced at a later stage and is expected to be carried out during the first half of 2022.

Karo estimates that the Transaction brings potential for sales synergies and add assets to the Company as well as capabilities and expertise within e-commerce and digital transformation.

As the acquisition was completed January 13, 2022, and the access to underlying financial information was missing until then a calculation of fair value and an acquisition analysis have not yet been carried out.

On January 19, 2022, Karo Pharma signed an agreement to acquire an additional brand, Satin Naturel, through Sylphar. Satin Naturel is an exclusive skin care brand, primarily sold through Amazon in Germany and fits Sylphar's business model well. The transaction is expected to close in the first quarter of 2022 and will be financed with existing loan facilities.

COVID-19

At the outbreak of COVID-19 in Q1 2020, Karo Pharma generated increased sales in certain product categories, mainly driven by build-up of inventories with wholesalers, pharmacies, and consumers. At the same rate, Karo Pharma saw a simultaneous reduction in demand in other categories. In the following quarters, Karo Pharma saw negative organic growth as a direct effect of the inventory build-up in Q1 2020. In Q4 2020 the business returned to organic growth.

Throughout the pandemic Karo Pharma noted a negative effect of reduced doctor's visits, prescriptions, and footfall in pharmacies. Simultaneously, Karo Pharma observed 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 will 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.

While societies gradually re-opened in Q4 2021 - with further normalcy expected in 2022 - Karo Pharma expects to see long-term implications of the pandemic on consumer behaviour and 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, or request it from Karo Pharma AB, PO Box 16 184, 103 24 Stockholm, Sweden.

Financial calendar

Annual Report 2021	Week 14, 2022
Interim report January-March*	May 5, 2022
Annual General Meeting	May 5, 2022
Interim report January-June	Jul 20, 2022
Interim report January-September*	Oct 25, 2022

*Subject to change pending change of listing from Nasdaq Stockholm to Nasdaq First North as announced in press release December 15, 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 February 25, 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

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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, Large Cap.

This information is information that Karo Pharma AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, on February 25, 2022, at 14.00 CET.

Consolidated income statement (condensed)

MSEK	October-December		January-December	
	2021	2020	2021	2020
Revenues	762,0	721,2	2 961,4	2 882,9
Cost of goods sold	-327,8	-365,4	-1 255,0	-1 287,5
Gross profit	434,3	355,8	1 706,3	1 595,4
Sales and marketing expenses	-338,7	-238,5	-1 090,2	-955,2
Administration expenses	-138,4	-127,2	-422,7	-395,9
Other operating income/expenses	-9,9	-6,1	12,5	-13,9
Operating profit	-52,7	-16,1	205,9	230,3
Net financial items	-47,0	-62,3	-193,4	-173,2
Profit/loss before tax	-99,7	-78,3	12,5	57,2
Tax	-8,4	51,1	-29,5	25,8
Net profit/loss	-108,2	-27,3	-17,0	82,9
Profit/loss attributable to:				
Equity holders of the parent	-108,2	-27,3	-17,5	82,0
Non-controlling interests	0,0	0,0	0,5	0,9
Earnings per share (SEK)	-0,48	-0,12	-0,08	0,37
Number of shares issued (000)	225 033	223 094	225 033	223 094
Number of shares in own custody (000)	-	1 940	-	1 940

Consolidated statement of comprehensive income

MSEK	October-December		January-December	
	2021	2020	2021	2020
Net profit for the period	-108,2	-27,3	-17,0	82,9
Other comprehensive income for the period, net of tax				
Items that can be reclassified into profit or loss				
Exchange rate differences	35,9	4,4	89,3	-117,3
Total comprehensive income	-72,3	-22,9	72,3	-34,4
Total comprehensive income attributable to:				
Equity holders of the parent	-72,3	-22,9	71,9	-35,2
Non-controlling interests	0,0	0,0	0,5	0,9

Consolidated balance sheet (condensed)

MSEK	31 December	
	2021	2020
Intangible assets	10 342,4	10 029,5
Rights of use assets	73,0	50,4
Equipment, buildings and land	21,9	19,0
Other financial assets	2,9	2,2
Deferred tax assets	662,0	685,3
Non-current assets	11 102,1	10 786,5
Inventories	497,6	451,5
Accounts Receivable	627,4	596,3
Tax assets	45,4	37,3
Other Receivables	20,9	26,4
Prepaid expenses and accrued income	39,4	49,1
Cash & cash equivalents	260,7	570,4
Current assets	1 491,3	1 731,0
Total assets	12 593,4	12 517,5
Equity	5 814,3	5 638,5
Borrowings	5 581,2	1 091,6
Lease liabilities	51,4	36,2
Other provisions	46,8	2,5
Deferred tax liabilities	513,4	527,2
Total non-current liabilities	6 192,8	1 657,5
Borrowings	74,3	4 707,6
Lease liabilities	24,4	12,3
Accounts payable	231,0	232,1
Tax Liabilities	6,8	3,4
Other current liabilities	64,7	71,5
Accrued expenses and deferred income	185,1	194,5
Total current liabilities	586,3	5 221,5
Total equity and liabilities	12 593,4	12 517,5

Consolidated statement of changes in equity (condensed)

MSEK						
	Share capital	Other capital contributions	Retained earnings/losses	Translation reserves	Non-controlling interests	Total
Opening balance as of January 1, 2020	90,0	6 010,3	-505,6	45,6	1,6	5 641,9
Comprehensive income	0,0	0,0	82,0	-117,3	0,9	-34,4
Transactions with shareholders						
Transactions with non-controlling interests	0,0	0,0	-0,1	0,0	-0,1	-0,1
Sale of treasury shares	0,0	0,0	31,1	0,0	0,0	31,1
Total transactions with shareholders	0,0	0,0	31,0	0,0	-0,1	30,9
Closing balance as of December 31, 2020	90,0	6 010,3	-392,6	-71,6	2,4	5 638,5
Opening balance as of January 1, 2021	90,0	6 010,3	-392,6	-71,6	2,4	5 638,5
Comprehensive income	0,0	0,0	-17,5	89,3	0,5	72,3
Transactions with shareholders						
Sale of treasury shares	0,0	0,0	103,5	0,0	0,0	103,5
Total transactions with shareholders	0,0	0,0	103,5	0,0	0,0	103,5
Closing balance as of December 31, 2021	90,0	6 010,3	-306,5	17,7	2,9	5 814,3

Consolidated statement of cash flows (condensed)

MSEK	October-December		January-December	
	2021	2020	2021	2020
Operating activities				
Profit/loss before tax	-99,7	-78,3	12,5	57,2
Non-cash items	195,5	151,9	620,3	483,3
Income taxes paid	3,5	-8,2	-24,4	-44,5
Change in Working Capital	161,0	39,3	-75,8	-166,7
Cash flow from operating activities	260,2	104,8	532,6	329,2
Investing Activities				
Investments in property, plant and equipment	-4,2	-5,5	-6,9	-21,4
Investments in intangible assets	-8,9	-25,9	-894,0	-1 685,3
Investments in other financial assets	1,3	0,3	-0,4	-1,2
Other changes in financial assets	0,0	0,0	0,0	0,1
Sales of shares in group companies	0,0	151,0	0,0	151,0
Sale of intangible assets	1,0	0,0	78,7	12,5
Cash flow from investing activities	-10,9	119,9	-822,7	-1 544,3
Financing Activities				
Sale of treasury shares	0,0	31,1	103,5	31,1
Net of borrowings and amortization	-356,6	0,0	-100,7	1 775,0
Payment of lease liabilities	-11,3	-47,0	-23,6	-262,4
Transactions with minority interests	0,0	-0,1	0,0	-0,1
Cash flow from financing activities	-367,9	-16,1	-20,8	1 543,5
Cash flow for the period	-118,6	208,6	-310,8	328,4
Cash and cash equivalents at beginning of Period	378,7	365,3	570,4	248,8
Exchange difference in cash and cash equivalents	0,5	-3,5	1,1	-6,8
Cash and cash equivalents at end of period	260,7	570,4	260,7	570,4

Parent company income statement (condensed)

MSEK	October-December		January-December	
	2021	2020	2021	2020
Revenues	344,7	343,7	1 390,4	1 149,4
Cost of goods sold	-130,4	-143,3	-499,1	-426,6
Gross profit	214,4	200,5	891,2	722,8
Sales and marketing expenses	-125,6	-86,0	-512,9	-322,6
Administration expenses	-215,4	-109,4	-442,6	-236,7
Other operating income/expenses	-4,4	-10,9	-3,2	-16,1
Operating profit	-131,0	-5,9	-67,4	147,4
Net financial items	-36,9	-28,8	-157,7	-107,1
Appropriations	194,1	0,0	194,1	0,0
Profit/loss before tax	26,2	-34,7	-31,0	40,3
Tax	4,6	8,8	2,1	-6,7
Net profit/loss	30,7	-25,9	-28,9	33,6

Parent company statement of comprehensive income

MSEK	October-December		January-December	
	2021	2020	2021	2020
Net profit for the period	30,7	-25,9	-28,9	33,6
Other comprehensive income for the period, net of tax				
Exchange rate differences				
Total comprehensive income	30,7	-25,9	-28,9	33,6

Parent company balance sheet (condensed)

MSEK	31 December	
	2021	2020
Intangible assets	4 407,1	3 853,6
Equipment, buildings and land	10,5	8,3
Other financial assets	6 475,4	6 371,4
Deferred tax assets	494,7	488,1
Non-current assets	11 387,7	10 721,4
Inventories	152,9	148,4
Accounts Receivable	245,2	225,7
Tax assets	0,9	0,9
Other Receivables	568,9	300,6
Prepaid expenses and accrued income	112,8	40,6
Cash & cash equivalents	209,6	103,4
Current assets	1 290,3	819,6
Total assets	12 678,1	11 541,0
Equity	5 669,8	5 595,2
Borrowings	5 581,9	1 010,7
Other provisions	42,1	0,0
Deferred tax liabilities	26,5	22,0
Total non-current liabilities	5 650,5	1 032,7
Borrowings	74,3	4 687,8
Accounts payable	92,2	115,7
Liabilities to group companies	0,0	47,2
Other current liabilities	984,1	3,4
Accrued expenses and deferred income	207,2	59,0
Total current liabilities	1 357,8	4 913,1
Total equity and liabilities	12 678,1	11 541,0

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.

No new or coming standard has had or are expected to have a significant impact on Karo Pharma

Note 2

Loss carry-forwards

As of the balance sheet date December 31, 2021, Karo Pharma AB had unutilized loss carry-forwards of MSEK 2 404, Karo Pharma Sverige AB MSEK 16, Trimb Sweden MSEK 273, Karo Pharma Norge AS MSEK 413, Karo Pharma AS MSEK 4 with a total for the group of MSEK 3 110.

In light of the Group's expected profit development, the deficits are fully valued in the balance sheet.

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®, Decubal®, Lactocare®, Apobase®, Dailycare® and Fludent® from Teva to Karo Pharma, who previously sold these brands under a time-limited license. Additional markets, mainly Finland and Iceland, were also added.

On December 24, 2021, Karo Pharma entered into a put option agreement pursuant to which it may acquire the dermatology brand E45® from Reckitt for total consideration of MGBP 200.

Note 4

Disclosure of non-cash items

Non-cash financial items	25,7
Depreciation/Amortization	565,9
Change in provisions	20,4
Capital gains/losses	4,3
Other	4,0
Non-cash items	620,3

Note 5

Fair value of financial instruments

On December 24, 2021, Karo Pharma entered into a put option agreement. The value as per December 31, 2021 was set to 0 as the commitment and the asset are considered to have the same actual value.

Besides this 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

Alternative Performance Measures (APM)

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.

Below are a number of financial performance measures and how these are calculated from IFRS measures to analyse the company's goals. For further definitions, see the Annual Report 2020 under the heading definitions.

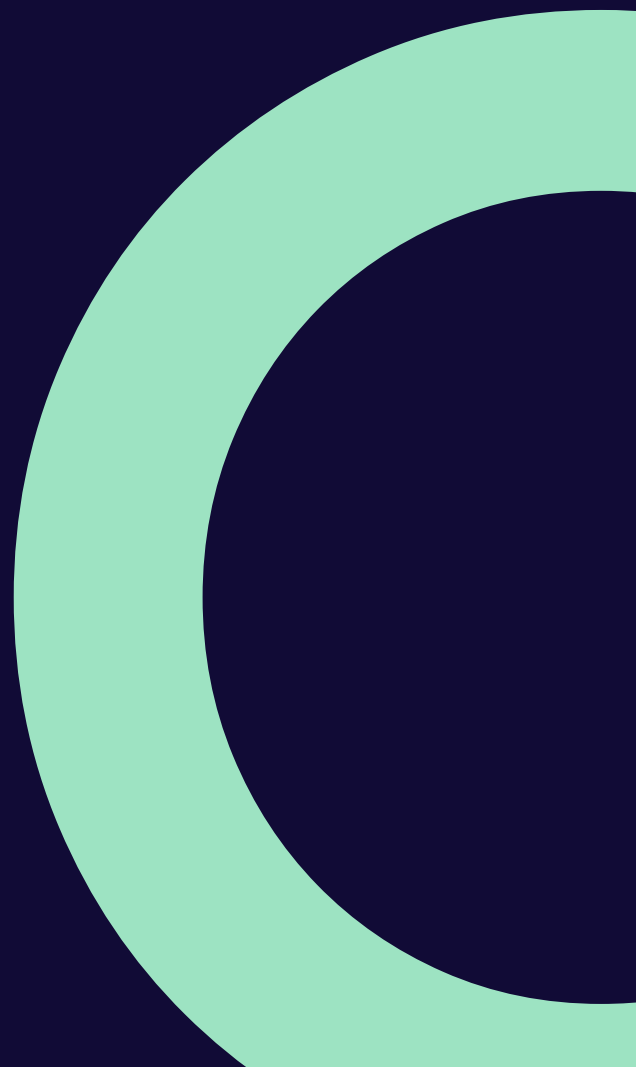
Financial performance measure	Definition	Purpose
Organic growth	Growth in revenues coming from volume, price and mix effects presented without structural effects from M&A	The organic growth shows underlying business performance without acquired or divested business and currency impact.
Equity ratio	Equity 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.

Derivation of EBITDA

MSEK	October-December		January-December	
	2021	2020	2021	2020
Operating Profit/EBIT	-52,7	-16,1	205,9	230,3
Depreciations & Amortizations added back	149,6	130,8	565,9	494,6
EBITDA	96,9	114,7	771,8	725,0

Derivation of Organic growth

MSEK	October-December		January-December	
Revenues 2020	721,2		2 882,9	
Organic growth	67,8	+9%	89,4	+3%
Structural changes from acquisitions/divestments	-33,3	-5%	-8,0	-0%
Currency effect in comparison with previous year	6,3	+1%	-2,9	-0%
Revenues 2021	762,0	+6%	2 961,4	+3%



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