

# Interim Report

April – June 2021

(SEK million)	April - June 2021	April - June 2020	April-March 2021
Net sales	37,29	99,51	179,14
Sales growth %	-63	588	149
Gross margin %	43	22	28
EBIT	3,04	11,58	11,52
Profit for the period	2,51	11,21	10,37

A quarter characterized by solid sales growth, partly due to Covid tests

## April - June

- The Group's sales during the first quarter amounted to SEK 37.3 (99.5) million. Adjusted for non-recurring sales, sales amounted to SEK 32.3 (22.5) million, an increase of 44%.
- Gross profit amounted to SEK 16.0 (22.4) million for the quarter, an increase of 28.3%.
- Operating profit for the quarter amounted to SEK 3 (11.6) million.
- Earnings per share were SEK 0:09 (0:39) for the quarter.
- Cash flow from operating activities amounted to SEK -15.4 (54.5) million for the quarter.
- Cash and cash equivalents were SEK 17.8 (64.8) million at the end of the quarter.



## CEO's comments

### First quarter in summary

The first quarter of 2021/22 was another stable growth quarter for EQL Pharma in terms of sales. Adjusted for non-recurring sales, the Group's sales amounted to SEK 32.3 (22.4) million, an increase of 44%. The operating profit for the quarter was SEK 3.0 (11.6) million, where the 11.6 million figure includes extensive PPE from 2020.

### Products and market

During the quarter, EQL was appointed as Nordic representative for Qilu Pharmaceuticals, a leading Asian pharmaceutical company with eight production facilities, more than 15,000 employees and over 200 products in its range. Gefitinib Qilu, is the first of seven drugs currently, where EQL will act as an agent for Qilu in the Nordic region. As an agent, EQL buys, stocks and sells medicines in Qilus' name in the Nordic region. Registration of the medicines, on the other hand, is done by Qilu and they own all the rights and have all obligations as MA holder versus the medical

authorities. The agent model has advantages because the cost of product development is zero but also disadvantages such as a lower average margin.

During the quarter, the Swedish Dental and Pharmaceutical Benefits Agency decided that Mellozzan (melatonin) tablets 0.5 mg, 1 mg, 2 mg, 3 mg, 4 mg, 5 mg should be reimbursed. This is a crucial step in building the market for Mellozzan.

During the quarter, we launched Europe's first CE-marked SARS-CoV-2 self-test on the Swedish market. The test can now be purchased at Apoteket Hjärtat, Kronans Apotek and other leading retailers in Sweden.

### Other

In July, Emanuel Eriksson took over as new CFO. Emanuel comes with a Master's degree in economics with a focus on Technology Management and has a background from banking as a company manager and acquisition financing (M&A).

During the quarter, EQL Pharma decided

to postpone the announced list change from Spotlight Next to Nasdaq Stockholm's main market. The exact date of the change is not set, but it will probably not take place within the next 18 months. The background is briefly that EQL has prioritized growth, and a list change would take resources that was needed to build EQL's rapid growth, especially during the pandemic.

As of this report, the company will apply IFRS accounting principles, which can be seen as an adaptation to a more flexible platform to be able to grow the company but also to be able to change stock listing when that becomes a priority for us. It is our assessment that IFRS will only lead to minor changes in our income statement.

If we sum up the quarter, it is a characteristic quarter, with a lot of activity to expand our pipeline of products, launch new products and continue our preparations to broaden our geographic footprint outside the Nordic region.



A blue ink handwritten signature of Christer Fåhraeus, consisting of a stylized 'C' and 'F' followed by a horizontal line.

**Christer Fåhraeus**  
VD

# Significant events

## During the quarter

### EQL becomes Nordic representative for Qilu Pharmaceuticals

Qilu Pharmaceuticals is a leading Chinese pharmaceutical company with eight production facilities, more than 15,000 employees and over 200 products in its range. Gefitinib Qilu is the first of currently seven pharmaceuticals in which EQL will act as a local representative for Qilu in the Nordic region. As a local representative, EQL buys, stocks and sells pharmaceuticals for Qilu in the Nordic region. Registration of the pharmaceuticals, on the other hand, is done by Qilu and they own all rights and have all obligations a registration brings with it from the Authorities.

### EQL Pharma's CFO has chosen to leave her position

Emanuel Eriksson will take over as acting CFO during the period from Jennie Sterning's last day until a new long-term CFO is in place. Jennie will remain as CFO until mid-July.

### EQL chooses to postpone the list change to Nasdaq Stockholm

EQL Pharma revises the schedule for the planned list change from Spotlight Stock Market to Nasdaq Stockholm's main list. The exact date of the change is not set, but it will probably not take place within the next 18 months.

### Colecalciferol EQL Pharma Approval

The pharmaceutical Colecalciferol EQL Pharma tablets 800IU and 2000IU has been approved by the Irish Medicines Agency (HPRA) for sale. Approvals are also expected soon from the Netherlands, Norway and Sweden.

## During the quarter, cont

### EQL Pharma launched the first CE marked self-test for SARS-CoV-2

EQL Pharma began deliveries of Europe's first CE-marked SARS-CoV-2 self-test for the detection of ongoing Covid-19 infection. In Sweden there were already two non-CE marked antigen-based self-tests that have been granted a temporary exemption by the Medical Products Agency. The self-test was launched in selected pharmacy chains during the second half of May.

### Mellozzan (melatonin) is now Reimbursed

The Swedish Dental and Pharmaceutical Benefits Agency (TLV) has decided that Mellozzan (melatonin) tablets 0.5mg, 1mg, 2mg, 3mg, 4mg, 5mg should be included in the pharmaceutical benefit (reimbursement) system with a limitation to the indication "Insomnia in children and adolescents 6 - 17 years with ADHD where sleep hygiene measures have been insufficient".

## After the quarter

### EQL takes over the rights for Potassium Chloride in Denmark and Norway

Since 2018, EQL has sold Potassium Chloride in Denmark, Norway and Finland through a licensing arrangement with a leading generic company. The three-year agreement has now expired and EQL has chosen to extend the agreement for Finland only. We will therefore, during the current quarter, start to sell Potassium Chloride EQL Pharma in Denmark by our own. The product is already sold in Sweden since 2017. The market in Denmark has a turnover of about 77mDKK per year and in addition to EQL has two other active suppliers.

# 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

No new products have been launched during the quarter.

## Geographic markets

For many years, we have operated directly in the generic markets in Sweden and Denmark. During the first quarter, we have now expanded to Norway with Methenamine Hippurat EQL 1g tablet as the first Norwegian product. Methenamine has previously been launched in Sweden. We expect to be able to add more products to the Norwegian portfolio in the coming quarters.

In the United Kingdom and the rest of the Nordic region, including Iceland, our products are sold indirectly through partners.

In 2021 and beyond, we will expand our geographical presence in Europe. Depending on the market, this is done through a direct or indirect sales model.

## Segment

Today, we only develop and sell prescription drugs in our core business. In that category,

there are a few interesting segments. So far, we have mostly invested in (a) the substitutable generics segment in outpatient care. The intention is to broaden the portfolio to include more (b) injection products for inpatient care and (c) unique products / formulations for outpatient care.. The injection products are generally sold through public procurement, while the unique products achieve sales only through specific prescription of our product.

Segments (b) and (c) are new to the company. But they are not new to the company's staff, who have many years of experience in these particular market segments from previous employers.

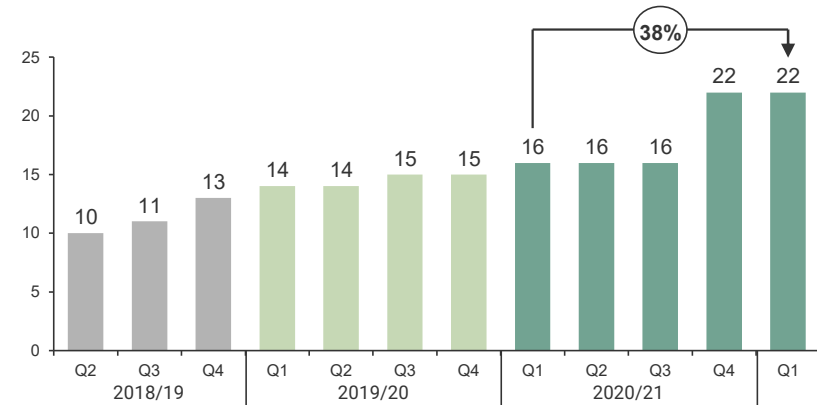


Figure 1. The company's product portfolio, i.e. marketed products, per quarter from fiscal year 2017/18 through the reporting period for the current fiscal year. The Y axis is the number of products marketed..

# 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 potential. 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.

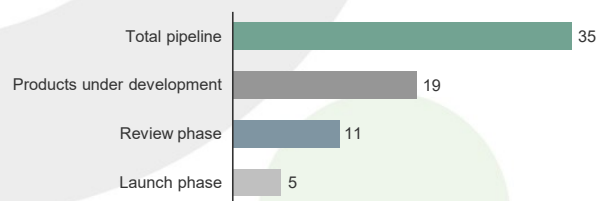


Figure 2. Total pipeline of products and how many products are in Review phase and Launch phase respectively.

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

## Products in the Launch phase

We currently have five products in the launch phase. Phenoxymethylpenicillin EQL oral suspension is expected to be launched in the first quarter of 2022/23. We will take over Palonosetron Qilu injection solution in Denmark during the fourth quarter of 2021/22. Colecalciferol EQL Pharma tablets and Gefitinib Qilu tablets are expected to be launched in the fourth quarter of 2021/22. The release date for Glucosparc (metformin) tablets has not yet been determined.

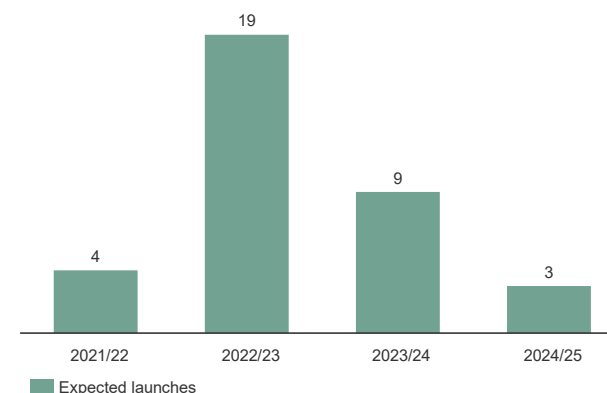


Figure 3. The company's product launches for the current fiscal year and expected product launches up to and including fiscal year 2024/25.

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 and operating profit

## Sales development

The first of 2021/22 was yet another quarter with very good growth for EQL Pharma. Our total sales amounted to 32,3 (22,4) MSEK, adjusted for non-recurring sales.

The sales growth of 44 percent was mainly driven by the launches that have been conducted in 2020/21 and Q1 2021/22. Sales is still positively impacted by the Corona pandemic.

Quarterly net sales and Rolling 12 months (R12)\*

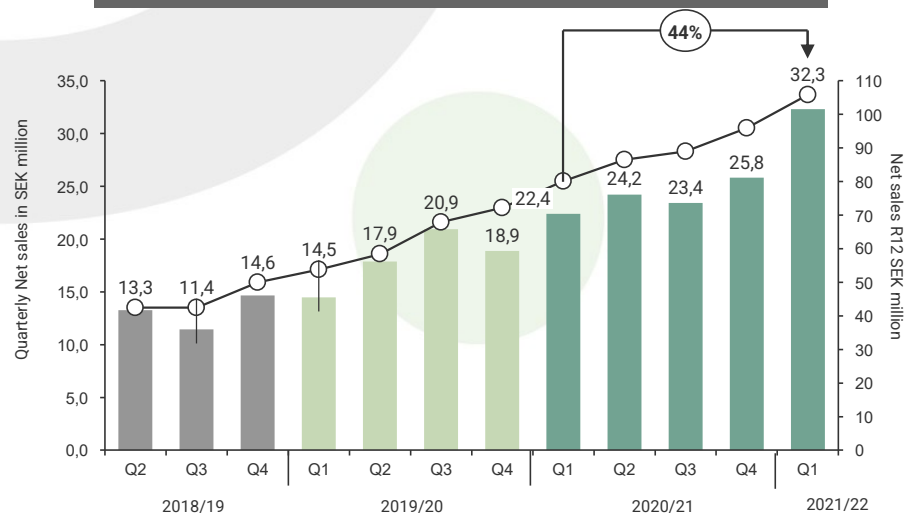


Figure 4. Net sales trend fiscal year 2018/19 through reporting period for the current fiscal year. Left Y-axis quarterly turnover in SEK million. Right Y-axis rolling 12-months sales expressed in SEK million.

\* Excluding extraordinary one-time items

## Profit performance

The operating profit for the quarter was SEK 3.0 (11.6) million, where the 11.6 million figure includes extensive PPE from 2020.

Personnel cost and other external costs have increased compared to the same quarter last year due the larger scope of the operations in the quarter. In addition, several OPEX costs of one-time character have been incurred in Q1 such as remaining costs from the NASDAQ listing, change of Pharmacovigilance and logistics supplier and preparations for GMP- GDP inspection by Swedish MPA Läkemedelsverket. EQL Pharma keeps investing heavily in the future and that is also reflected in the OPEX base.

Quarterly EBIT and EBIT Rolling 12 months (R12)

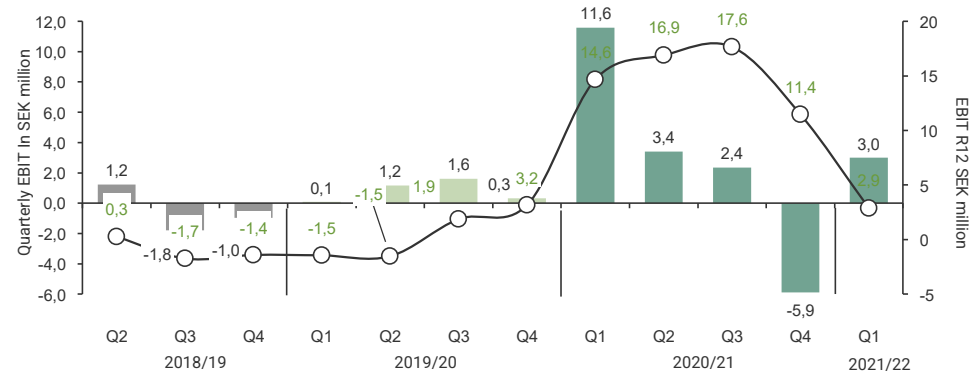


Figure 5. Operating profit trend (EBIT) for fiscal year 2017/18 through the reporting period for the current fiscal year, the bars are EBIT and the line is rolling 12-month EBIT. The left Y-axis EBIT per quarter expressed in SEK million and the right Y-axis is rolling 12-month EBIT expressed in SEK million.

# Additional information

## Parent company

EQL Pharma AB is the parent company of the EQL Pharma group. Net sales for the Parent Company during the first quarter amounted to SEK 36.3 (98.6) million. Operating profit amounted to SEK 2.6 (11.5) million for the quarter.

## Personnel

The number of full-time employees in the group is 11 (10), out of whom 6 (7) are women, 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 2021/2022 will be published:

Innevarande räkenskapsperiod:	
Annual General Meeting 2021, Lund	2021-08-17
Interim Report July-September (Q2)	2021-11-11
Interim Report October-December (Q3)	2022-02-16
Year-end report (Q4)	2022-05-13



## Additional information

### Accounting policies

This interim report (Q1-2021) is the Group's first financial report prepared in accordance with IFRS. All comparative figures for the period are recalculated in accordance with IFRS. The Group's accounting principles are found in Note 1 and the effects of translation to IFRS for the comparison period 2020 are presented in Note 5.

### Our financial goals

For the next four years, calculated from 2020/21 to 2024/25, we aim to grow by 40 percent on average per year. The growth is defined as sales that are not of a non-recurring nature and the starting figure for 2020/21 will thus be SEK 95 million. Furthermore, our goal is for the EBIT margin to be more than 25 percent by the end of the period. For the current financial year, 2021/22, we believe in a growth of around 40%, but significant uncertainties mean that this target may be revised during the financial year.

### 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:

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+46 705 609 000

### Board of Directors EQL Pharma

Lund, August 16<sup>th</sup>, 2021.

Anders Månsson,  
*Chairman*

Christer Fåhraeus,  
*CEO and member*

Lars Holmqvist,  
*Member*

Linda Neckmar,  
*Member*

Maria Bech,  
*Member*

Rajiv I Modi,  
*Member*

# The Group

## Consolidated profit and loss statement

All amounts in '000	April – June 2021	April - June 2020	April – March 2021
Net sales	37 290	99 505	179 141
Cost of goods sold	-21 297	-77 130	-128 135
<b>Gross profit</b>	<b>15 993</b>	<b>22 375</b>	<b>51 006</b>
<b>Gross margin</b>	<b>43%</b>	<b>22%</b>	<b>28%</b>
Sales and marketing expenses	-7 546	-5 597	-19 312
Administration expenses	-2 306	-2 031	-8 986
R&D expenses	-3 217	-3 272	-11 700
Other operating income	113	115	514
<b>Operating profit</b>	<b>3 038</b>	<b>11 590</b>	<b>11 522</b>
Other interest income	0	0	0
Interest expenses and similar expenses	-539	-388	-1 100
<b>Profit before tax</b>	<b>2 499</b>	<b>11 202</b>	<b>10 422</b>
Tax	0	0	-55
<b>Net profit for the period</b>	<b>2 499</b>	<b>11 202</b>	<b>10 367</b>
<b>Other comprehensive income::</b>			
<b>Components not to be reclassified to net profit:</b>			
<i>a) Translation difference</i>			
Translation difference in the group	0	2	1
<b>Sum of Components to be reclassified to net profit:</b>	<b>0</b>	<b>2</b>	<b>1</b>
Sum of other comprehensive income:	0	2	1
<b>Comprehensive result for the period</b>	<b>2 498</b>	<b>11 204</b>	<b>10 368</b>

# The Group

## Per share data

Per share data	April – June 2021	April – June 2020	April – March 2021
Earnings per share, before and after dilution, SEK */	0,09	0,39	0,36
Equity per share, SEK	7,40	5,73	7,00
Number of shares outstanding	29 063 610	29 063 610	29 063 610
Average number of shares outstanding	29 063 610	29 063 610	29 063 610
Stock exchange rate, SEK	35,4	19,4	35,1
Dividend per share	0	0	0

\* Based on the profit/loss for the period divided by the average number of shares in issue

## Quarterly earnings trend

All amounts in '000	April – June 2021	April – June 2020	April – March 2021
Net sales	37 290	99 505	179 141
Sales growth	-63%	588%	149%
Gross profit	15 993	22 375	51 006
Gross margin, %	43%	22%	28%
Operating profit	3 038	11 590	11 522
Operating margin, %	8%	12%	6%
Net profit	2 499	11 202	10 367
Cash flow	-15 361	54 488	16 269

# The Group

## Consolidated balance sheet

All amounts in '000	June 2021	June 2020	March 2021
Intangible assets	107 049	47 662	100 378
Tangible fixed assets	5 275	5 574	5 013
Deferred tax assets	296	296	296
Inventory	54 555	29 863	42 357
Trade receivables	31 826	15 031	21 824
Other receivables	4 872	3 398	7 064
Cash and bank	11 218	64 798	26 579
<b>Total assets</b>	<b>215 092</b>	<b>166 624</b>	<b>203 511</b>
Equity	93 719	92 059	91 221
Long-term debt, interest-bearing	11 232	5 055	11 493
Short-term debt, interest-bearing	6 446	235	5 866
Short-term debt, non interest-bearing	85 702	59 430	75 902
Trade payables	17 993	9 845	19 029
<b>Total equity and liabilities</b>	<b>215 092</b>	<b>166 624</b>	<b>203 511</b>

## Consolidated changes in equity

All amounts in '000	April – June 2021	April – June 2020	April – March 2021
<b>Balance at beginning of period</b>	23 854	13 478	13 475
Translation differences	2 506	11 209	10 385
Profit for the period	4	-6	-6
<b>Balance at end of period</b>	<b>26 365</b>	<b>24 680</b>	<b>23 854</b>

# The Group

## Cash flow

All amounts in '000	April – June 2021	April – June 2020	April – March 2021
Result before taxes	2 499	11 202	10 422
Adjustment for items not included in cash flow	351	16 387	18 407
Taxes	-55		-55
<b>Cash flow from operations before changes in working capital</b>	<b>2 795</b>	<b>27 589</b>	<b>28 774</b>
Changes in inventory	-12 199	-1 501	-13 995
Changes in current receivables	-7 810	4 190	-6 268
Changes in current liabilities	8 764	25 881	51 536
<b>Sum changes in working capital</b>	<b>-11 244</b>	<b>28 570</b>	<b>31 273</b>
<b>Cash flow from operations</b>	<b>-8 449</b>	<b>56 159</b>	<b>60 047</b>
Capitalization of development costs			
Acquisitions of intangible non-current assets	-6 633	-1 400	-55 170
Acquisitions of tangible non-current assets	-602	0	-406
<b>Cash flow from investment activities</b>	<b>-7 236</b>	<b>-1 400</b>	<b>-55 577</b>
Acquired loans			12 600
Amortization of loans			
New share issue			
Share issue costs			
Translation difference	4	-6	-6
Leasing debts	602	0	280
Amortization of leasing debts	-283	-265	-1 076
<b>Cash flow from financing activities</b>	<b>324</b>	<b>-271</b>	<b>11 799</b>
<b>Total cash flow during period</b>	<b>-15 361</b>	<b>54 488</b>	<b>16 269</b>
Cash / cash equivalents at beginning of period	26 579	10 310	10 310
<b>Cash / cash equivalents at end of period</b>	<b>11 218</b>	<b>64 798</b>	<b>26 579</b>

# Parent company

## Profit and loss statement

All amounts in i '000	April – June 2021	April – June 2020	April – March 2021
Net sales	36 294	98 632	173 944
Cost of goods sold	-20 912	-76 608	-124 378
<b>Gross profit</b>	<b>15 382</b>	<b>22 024</b>	<b>49 567</b>
<b>Gross margin</b>	<b>42%</b>	<b>22%</b>	<b>28%</b>
Sales and marketing expenses	-7 433	-5 413	-18 577
Administration expenses	-2 270	-1 984	-8 839
R&D expenses	-3 167	-3 247	-11 633
Other operating income	113	115	514
<b>Operating profit</b>	<b>2 625</b>	<b>11 494</b>	<b>11 031</b>
Other interest income	0	0	0
Interest expenses and similar expenses	-539	-388	-1 100
<b>Profit before tax</b>	<b>2 086</b>	<b>11 106</b>	<b>9 931</b>
Tax	0	0	0
<b>Net profit for the period</b>	<b>2 086</b>	<b>11 106</b>	<b>9 931</b>

# Parent company

## Balance sheet

All amounts in '000	June 2021	June 2020	March 2021
Intangible assets	106 732	47 225	100 050
Tangible fixed assets	5 275	5 574	5 013
Financial assets	391	391	391
Inventory	53 000	28 567	40 771
Trade receivables	31 405	14 339	21 322
Other receivables	7 212	5 352	9 351
Cash and bank	9 334	64 343	25 220
<b>Total assets</b>	<b>213 349</b>	<b>165 792</b>	<b>202 117</b>
Equity	92 474	91 564	90 388
Long-term debt, interest-bearing	11 232	5 055	11 493
Short-term debt, interest-bearing	6 446	235	5 866
Short-term debt, non interest-bearing	85 433	59 224	75 644
Trade payables	17 764	9 715	18 726
<b>Total equity and liabilities</b>	<b>213 349</b>	<b>165 792</b>	<b>202 117</b>

# Notes

## Note 1 Accounting policies

The Group applies International Financial Reporting Standards (IFRS), as adopted by the EU. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting, the Annual Accounts Act and the Nasdaq Stockholm Rule Book for Issuers. Disclosures in accordance with IAS 34 p. 16A appear not only in the financial statements and their accompanying notes but also in other parts of the interim report. The parent company applies the Annual Accounts Act and the Swedish Financial Reporting Board recommendation RFR 2 Accounting for Legal Entities.

## Note 2 Segment reporting

EQL Pharma's operations only comprise one operating segment; generics for prescription pharmacy sales and hospital sales, and therefore reference is made to the income statement and balance sheet regarding operating segment reporting.

## Note 3 Allocation of sales

Net sales dividend in geographical markets.

	Apr-Jun 2021			Apr-Jun 2020		
	Pharmaceuticals	Non-recurring	Other	Pharmaceuticals	Non-recurring	Other
All amounts in '000						
Skandinavia	32 290	5 000	0	22 395	77 110	0
Other Europe	0	0	0	0	0	0
<b>Total</b>	<b>32 290</b>	<b>5 000</b>	<b>0</b>	<b>22 395</b>	<b>77 110</b>	<b>0</b>

	Apr 2020 - Mar 2021			Apr 2019 - Mar 2020		
	Pharmaceuticals	Non-recurring	Other	Pharmaceuticals	Non-recurring	Other
All amounts in '000						
Skandinavia	95 841	83 300	0	67 788	0	0
Other Europe	0	0	0	0	0	0
<b>Total</b>	<b>95 841</b>	<b>83 300</b>	<b>0</b>	<b>67 788</b>	<b>0</b>	<b>0</b>

## Note 4 Tangible fixed assets

All amounts in '000	2021-06-30	2020-06-30
<b>Right of use assets</b>		
Land and buildings	3 955	4 994
Inventories	1 145	252
<b>Total right of use assets</b>	<b>5 100</b>	<b>5 246</b>
<b>Tangible fixed assets that are not right of use assets</b>		
Land and buildings	0	0
Inventories	176	328
<b>Total tangible fixed assets that are not right of use assets</b>	<b>176</b>	<b>328</b>

The tangible fixed assets amounted to SEK 5.2 million on the balance sheet date. The majority of the right of use assets consists of leases for office premises. For all leases for which the Group is lessee (which are not short-term leases or low value assets), the Group recognizes a right of use asset and a corresponding lease liability.

When valuating the right of use asset, the acquisition method is used, i.e the right of use asset is calculated at acquisition cost, adjusted for any revaluation of the lease liability less depreciation. The right of use asset is reported as a tangible fixed asset, while leasing liability is reported separately in the Group's statement of financial position as long-term debt, interest-bearing and short-term debt, interest-bearing.



# Notes

## Not 5 Effects on transition to IFRS

The following are the effects on the Interim Report April 1, 2020 - June 30, 2020, as previously announced, according to previously applied principles K3. As of 1 April 2121, IFRS is applied in the preparation of consolidated accounts and RFR 2 in the preparation of the parent company's accounts. The effects regarding 2020-03-31 have been included as a reference.

All amounts in '000	Note	June 2021	June 2020	March 2021	March 2020
<b>Equity in accordance with previously applied accounting principles</b>		93 800	92 121	91 295	80 918
Effects of accounting right of use assets	A	-81	-62	-74	-55
<b>Total adjustments</b>		<b>-81</b>	<b>-62</b>	<b>-74</b>	<b>-55</b>
<b>Total adjustments in Equity</b>		<b>-81</b>	<b>-62</b>	<b>-74</b>	<b>-55</b>
<b>Equity in accordance with IFRS</b>		<b>93 719</b>	<b>92 059</b>	<b>91 221</b>	<b>80 863</b>

The main effects on the financial position are:

### A. Effects of accounting right of use assets

The Group holds leasing agreements for premises in which operations are conducted and two company cars. In previously published accounts, the leasing fees have been reported as another external cost. According to the current principle, a right of use asset is instead reported in the balance sheet with a corresponding liability to the leasing company. The asset is charged to the income statement with depreciation and the liability is charged to the income statement with interest expenses. In addition, the cash flow analysis is affected by higher cash flow from operating activities (positive effect) and lower cash flow from financing activities through amortization of liabilities attributable to right of use assets (negative effect)

## Reconciliation tables KPIs, non-IFRS measures

The company presents certain financial measures in the interim report which are not defined according to IFRS. The company considers these measures to provide valuable supplementary information for investors and the company's management as they enable the assessment of relevant trends. EQL Pharma's definitions of these measures may differ from other companies' definitions of the same terms. These financial measures should therefore be seen as a supplement rather than as a replacement for measures defined according to IFRS. Definitions of measures which are not defined according to IFRS and which are not mentioned elsewhere in the interim report are presented below. Reconciliation of these measures is shown in the tables below.

### Key performance indicators not defined according to IFRS

Key performance indicators	Definition
<b>Sales growth</b>	Net sales divided by net sales corresponding to the period last year.
<b>Gross profit</b>	Net sales less cost of goods sold.
<b>Gross margin</b>	Gross profit as a percentage of net sales.
<b>Operating profit (EBIT).</b>	Earnings before interest and tax
<b>Operating margin (EBIT), %.</b>	Operating profit (EBIT) as a percentage of net sales for the period.
<b>Shareholders' equity per share</b>	Shareholders' equity attributable to Parent Company shareholders divided by the number of outstanding shares at the end of the period.
<b>Equity/assets ratio</b>	Shareholders' equity including non-controlling interests as a percentage of total assets.

<b>Sales growth</b>		<b>April - June 2021</b>	<b>April – June 2020</b>	<b>March – April 2021</b>
A	Net sales current period, KSEK	37 290	99 505	179 141
B	Net sales last period, KSEK	99 505	14 459	72 083
<b>(A-B)/B</b>	Sales growth, %	-63%	588%	149%
<b>Gross profit / Gross margin</b>		<b>April - June 2021</b>	<b>April – June 2020</b>	<b>March – April 2021</b>
A	Net sales, KSEK	37 290	99 505	179 141
B	Cost of goods sold, KSEK	-21 297	-77 130	-128 135
<b>A-B</b>	Gross profit, KSEK	15 993	22 375	51 006
<b>(A-B)/A</b>	Gross margin, %	43%	22%	28%

## Reconciliation tables KPIs, non-IFRS measures, cont.

<b>Operating profit / Operating margin</b>		<b>April - June 2021</b>	<b>April – June 2020</b>	<b>March – April 2021</b>
A	Net sales, KSEK	3 038	11 590	11 522
B	Operating profit, KSEK	37 290	99 505	179 141
<b>A/B</b>	<b>Operating margin, %</b>	<b>8%</b>	<b>12%</b>	<b>6%</b>
<b>Shareholders' equity per share</b>		<b>April - June 2021</b>	<b>April – June 2020</b>	<b>March – April 2021</b>
A	Profit/loss for the period, KSEK	2 499	11 202	10 367
B	Number of shares	92 547	86 520	85 653
<b>A/B</b>	<b>Net earnings per share, %</b>	<b>3%</b>	<b>13%</b>	<b>12%</b>
<b>Equity-asset ratio</b>		<b>April - June 2021</b>	<b>April – June 2020</b>	<b>March – April 2021</b>
A	Equity, KSEK	93 719	92 059	91 221
B	Balance sheet total, KSEK	215 092	166 624	203 511
<b>A/B</b>	<b>Equity ratio, %</b>	<b>44%</b>	<b>55%</b>	<b>45%</b>