BLUEFISH PHARMACEUTICALS

ANNUAL REPORT 2018

CEO comments

Continued growth

For Bluefish Pharmaceuticals, 2018 was a year of continued growth and stability. We have a competent team that has delivered on the established goals as planned, while effectively managing the challenges we've faced. During the last year, Bluefish has conscientiously and strategically focused on developing the organisation. Stable processes are now in place that will make it easier for us to act on opportunities that are created in the marketplace. One of our success factors is the core group of employees that have been working in our business units for quite some time. Each and every one has contributed with hard work and dedicated efforts daily.

Profitability increased last year compared to the previous year, this is confirmation of the successful adjustments we've made to put the organisation on a path of stability and continued growth. We expect 2019 to be an even more stable and successful year, where we will create higher profitability for the company.

Progress during the year

In 2018, our third product, Anagrelid, obtained approval in most of the countries where we are planning to launch it and we have high expectations on sales in 2019. Hydroxyzine, which is one of our own developed formulations, was launched in 2017 and its sales increased during the year and it is now one of the company's ten largest products. It is quite satisfying to witness the excellent sales results for Bluefish's own developed products and we are optimistic that there will be additional growth in the year ahead.

In total, sales increased by 9 percent and the margin improved to more than 50 percent in 2018 due to our success in increasing the margins in several countries. We've kept overhead costs at a stable level, however selling expenses have increased in line with higher volumes, as expected. During the year, there was a positive impact from currency fluctuations as regards both revenue and expenses.

Sales growth in Sweden has made the country one of our largest markets, together with Germany, Spain and Poland. Strengthening of the sales organisation in both Poland and Sweden have contributed to higher sales. The initiatives that we focused on during the year demonstrate that we are building a successful model for continued growth. Our newly opened sales office in Ireland was up and running later than expected, which has impacted our earnings. However, during the last months of the year, sales in Ireland were in line with expectations, which makes us optimistic about achieving great results in 2019.

All in all, both sales and operating profit in 2018 were higher than the year before, which was also a year of realignment and change.

Bluefish portfolio and investments

During the year we have invested efforts in our product portfolio during the year and have identified new opportunities for growth. We also started up two new development projects at our own laboratory, with planned launch in 2021 and 2022. We are continuing to invest in own development and expect to launch Hydroxyzine in more markets during 2019. We also expect sales of Anagrelid to start taking off in the markets where we've already obtained approvals and further approvals are pending in more markets during 2019. There are further launch plans of additional products in selected markets during the year. There are continual strategic efforts underway to supplement and develop our product portfolio so that the company remains competitive in the future.

During the year, we continued making investments to meet the new legal requirements on serialisation in the pharmaceuticals sector, which is aimed at preventing falsified medicines from being sold and distributed in Europe. Bluefish has invested in both IT solutions and processes to ensure that all of our packaging is marked with the right codes, along with having the required tamper evidence on each pack.

Future outlook

We also started this year stronger than the one before and can already see a positive trend of even higher sales in Germany. We continue exploring ways to further supplement our portfolio, while simultaneously strengthening our market position in selected areas. We are striving to find new opportunities in existing markets and are well-prepared for the consequences of Brexit.

With all of this in mind, we are very confident about the year ahead and anticipate excellent prospects for the future.

Bluefish has established a successful model and we're very proud of what we've achieved. We all feel that we are well-equipped for continued growth and stability.

Stockholm, May 2019

Berit Lindholm
CEO

Management

Berit Lindholm, Anders Svensson, Vivekanand Sundaramurthy, Erik Ekman, Vlastimir Zeman, Astha Sehgal, Kim Kjornas.

Berit Lindholm

President and CEO since 2017
Member of the management group since 2015, employed since 2015
Born 1965

Professional experience:
Head of Planning, AstraZeneca Sweden Operations, Business Relationship Director Operations IT AstraZeneca, Director Global Project and Change Management AstraZeneca, Plant Manager Sterile Solutions Freeze dried products AstraZeneca AB, Manager CMC & Labelling QA/QC Pharmacia & Upjohn Pharma Mälardalen

Education:
BSc Pharm, Faculty of Pharmacy Uppsala University, Helsinki University Accounts and Economics Warwick Business School, UK, Uppsala University

Shareholding in Bluefish: –

Anders Svensson

Chief Financial Officer since 2017
Member of the management group since 2017, employed 2017, left the company in February 2019
Born 1963

Professional experience:
CEO, Aura Light US Ltd, CFO Aura Light Group AB, Group Controller, Aura Light International AB, Consulting Manager, Simple Concepts Scandinavia AB

Education:
Master of Business Administration (MBA), Australian Graduate School of Management, Sydney, Australia
Master of Laws, Lund University

Shareholding in Bluefish: –

Erik Ekman

Chief Operating Officer since 2017
Member of the management group since 2017, employed since 2017
Born 1972

Professional experience:
Erik has more than 15 years of experience from the Pharmaceutical Industry, and he has had various leadership roles in Manufacturing, IT, Change Management, and Process Governance at AstraZeneca and earlier Cambrex. Erik has a background as a Management Consultant from CapGemini Ernst&Young.

Education:
MSc in Industrial Engineering and Management, Institute of Technology at Linköping University, Sweden
Leadership training at Stockholm School of Economics, London Business School, and Warwick University

Shareholding in Bluefish: –

Vlastimir Zeman

Head of Business Development since 2017
Member of the management group since 2017, employed since 2017
Born 1969

Professional experience:
Vlastimir has more than 20 years' experience of leadership in pharmaceutical sales and marketing management for internationally known industry leaders. Areas of expertise include Business Strategy & Marketing Management, Business Development, Lifecycle & Portfolio Management and Commercial Excellence Polpharma S.A.

Education:
Doctor of Medicine (MD), Charles University Prague, Faculty of Medicine Plzen, Czech Republic

Shareholding in Bluefish: –

Kim Kjornas
VP Sales and Marketing since 2016
Member of the management group since 2016, employed as consultant since 2016
Born 1955

Professional experience:
Kim has more than 30 years' experience in the pharmaceutical/biotech industry, working with Sales and Marketing national (Nordic) as well as International (global),Business Development, Portfolio Management, Launch Management and Product Development.

Education:
M.Sc. Pharm. University of Copenhagen
Lean six-sigma (green belt)
Bachelor (HH) Accounting and Economics (Koebmandsskolen Copenhagen)
Statistics for experimenters (University of Copenhagen)

Shareholding in Bluefish: –

Vivekanand Sundaramurthy
Head of R&D since 2011
Member of the management group since 2017, employed since 2011
Born 1977

Professional experience:
Headed Formulation R&D team at Shasun Pharmaceuticals, Manager Technology Transfer operations at Dr. Reddy's Laboratories, Developed formulations for Regulated as well as RoW markets at Medreich Sterilab, Fourrts India

Education:
M.Pharm – Annamalai University
B.Pharm – Dr.M.G.R. Medical University
Project Management Professional (Certified PMP)
Ph.D. student in Pharmaceutics from Annamalai University

Shareholding in Bluefish: –

Astha Sehgal
Head of HR since 2016
Member of the management group since 2017, employed since 2016
Born 1984

Professional experience:
Astha has more than 10 years' experience in the field of Human Resources with industries like Direct Selling and Pharmaceuticals, working with the entire gamut of Human Resource activities in the life cycle of an employee. Officer-Human Resources, Avon Beauty Products; Executive-Human Resources, Avon Beauty Products; Assistant Manager-Human Resources, MSD Wellcome Trust Hilleman Laboratories.

Education:
MBA in Human Resources and Finance, Dayalbagh Educational Institute
BBA, Dayalbagh Educational Institute

Shareholding in Bluefish: –

Board of Directors

Gerald Engström
Chairman of the Board of Directors (since 2011)
Born 1948
Director (since 2010)

Education:
Technical college engineer, studies in economics, Stockholm University

Other Board assignments:
Chairman of the Board, Systemair AB Director, Färna Invest AB

Shareholding in Bluefish: 32,659,410[1)]

Erika Kjellberg Eriksson
Director since 2013
Born 1962
Partner, Nexttobe AB

Education:
MBA

Other Board assignments:
Chairman of the Board, Lokon Pharma AB
Director, Linum AB, Q-linea AB, Zetcity AB, Endovascular Development AB, Lumina Adhesives AB, Capilet Genetics AB, Tanea Medical AB

Shareholding in Bluefish: –

Karl Karlsson
Director (since 2005)
Born 1974
President and CEO (2005-2017)

Education:
Owner/President Management Program at Harvard Business School, Boston, USA
Marketing and Business Administration, George Mason University, Virginia, USA

Other Board assignments:

Shareholding in Bluefish: 3,796,427 [1)]

1) Private holding or holdings via the company as of 31 December 2018

List of shareholders as of 2018-12-31

Shareholder	A shares	B shares	Total no. shares	Total no. votes	Share of equity	Share of votes
Färna Invest AB	–	32,659,410	32,659,410	3,265,941	40.35%	40.35%
Nexttobe AB	–	26,539,930	26,539,930	2,653,993	32.80%	32.80%
Karl Karlsson/Newbury HealthCap	–	3,796,427	3,796,427	379,643	4.69%	4.69%
Varenne[2)]	–	3,147,020	3,147,020	314,702	3.90%	3.90%
Other	–	14,799,709	14,799,709	1,479,971	18.30%	18.30%
Total	**–**	**80,942,496**	**80,942,496**	**8,094,250**	**100.00%**	**100.00%**

2) Refers to shares held by Varenne AB (2,397,020 shares) and Varenne Invest I AB (750,000 shares).

Directors' report

The Board of Directors and CEO of Bluefish Pharmaceuticals AB (publ), registration number 556673-9164, hereby submit the following annual report and consolidated financial statements for the 2018 financial year. Unless otherwise stated, all figures pertain to the Group for the 2018 financial year. Comparison figures are for the 2017 financial year, unless otherwise stated.

As of 31 December 2018, the Group consists of 11 (12) companies. The Parent Company for the Group is Bluefish Pharmaceuticals AB. Bluefish Pharma Fz-LLC in Dubai has now been formally discontinued.

Bluefish operations

Bluefish strives to make quality pharmaceuticals available to more people. We create value throughout the entire pharmaceuticals value chain, i.e. from product development to manufacturing and marketing of generic pharmaceuticals. We offer a product portfolio that consists of a wide range of high quality generic pharmaceuticals. Part of our long-term strategy is to maintain the product range of patent-free volume products. However, we are also constantly striving to offer a wider selection of niche products in more specific therapeutical areas. Bluefish products originate from a generic substance with well-documented safety and efficacy. Our strategy of developing products based on well-known substances gives us a product range with substantial market potential.

Bluefish has established an effective marketing organisation that is based on extensive knowledge of the local conditions and market so that we can optimise business opportunities and growth in each market.

Bluefish is established in 13 European countries, along with some export activities to countries outside Europe. We also have a subsidiary in India, with focus on maintaining and developing the Group's product portfolio.

Bluefish is constantly striving to identify new growth opportunities in both specific, selected market segments as well as in some new markets. In 2018, the company strengthened its sales organisation so that it can optimise the higher potential we identified in our product portfolio. In line with that, we started selling from our own office in Ireland as of last May. New products have been introduced and the expectations on 2019 sales are higher than what was achieved in 2018. The delayed start in Ireland unfortunately had a negative impact on performance in 2018 with high inventory levels due to lower sales. We also registered our own product, Hydroxyzine, in several markets and it has continued to be a sales success. Anagrelid was launched in Sweden during the last few months of the year and now when approval has been obtained, we will start selling the product in several new markets during 2019.

In 2019, we expect to continue strengthening the sales organisation.

Group earnings and financial position

Net sales and earnings

Net sales for the full year 2018 were SEK 357.2 (329.2) million representing an increase of 9% as compared to the same period in 2017. With input costs of SEK 175.9 (182.7) million, the gross profit amounted to SEK 181.3 (146.6) million, corresponding to a gross margin of 50.7 (44.5)% for the period. Throughout the 2018 financial year, currency fluctuations have had a positive effect on net sales equal to SEK 0.5 (0.5) million.

Operating costs for the year amounted to SEK 181.1 (175.5) million, of which SEK 27.9 (32.1) million was amortisation, depreciation and impairment losses. EBITDA for 2018 was SEK 28.0 (3.1) million. During 2018, currency fluctuations had an effect on EBITDA equal to SEK 2.8 (–4.3) million. The net loss for the period was SEK –17.1 (–42.4) million, which includes currency effects of SEK 3.9 (–3.9) million.

Cash & cash equivalents and financing

At the end of the period, cash and cash equivalents amounted to SEK 51.9 million, compared with SEK 44.7 million at the beginning of the year. Cash flow from operating activities amounted to SEK –17.9 (–59.6) million in 2018, of which SEK 30.5 (–50.8) million was the change in working capital. The change in working capital is primarily attributable to lower inventory levels, which is in line with the company's established targets. Cash flow from investing activities was SEK –13.9 (–21.2) million in 2018, of which investments in intangible assets, such as product development, licenses and market approval, amounted to SEK –14.3 (–20.2) million.

In 2018, cash flow from financing activities amounted to SEK 1.8 (91.2) million, which is a net effect of not having added any new convertible debt. As of 31 December 2018, utilised bank credit was SEK 101.6 million, compared with SEK 99.4 million at the beginning of the year. Total available bank credit was SEK 112.8 million (SEK 72 million + EUR 3 million).

Net financial income/expense amounted to SEK –13.8 (–10.9) million for the year, which includes interest expense on the convertible debt and bank overdraft.

Shareholders' equity and equity ratio

At the end of the period, equity was SEK 25.3 million compared to SEK 42.0 million at the beginning of the year. That corresponds to SEK 0.31 (0.52) per share. At the end of the period, the equity ratio was 6.1%, compared to 10.0% at the beginning of the year.

Multi-year review 2014-2018

SEK million	2018	2017	2016	2015	2014
Net sales	357.2	329.2	311.6	283.2	187.7
Gross profit/loss	181.3	146.6	158.7	132.5	70.4
Gross margin	50.7%	44.5%	50.9%	46.8%	37.5%
EBITDA	28.0	3.1	29.1	12.8	–34.1
Profit (loss) before tax	–13.6	–39.9	–1.3	–19.9	–61.4
Cash flow from operating activities	17.9	–59.6	–33.1	48.5	–25.6
Cash flow from investing activities	–13.9	–21.2	–21.8	–22.6	–19.8
Earnings per share, SEK	–0.21	–0.52	–0.04	–0.27	–0.82
Equity per share, SEK	0.31	0.52	0.95	0.98	1.23
Equity ratio	6.1%	10.0%	20.6%	19.8%	26.8%
Number of employees at end of period	116	119	108	94	90

The work of the Board

During the year, the Board held eight (8) meetings. An annual general meeting was held during the year, at which time the Chairman of the Board was re-elected, along with all of the Directors. However, after the AGM, Nivedan Bharadwaj resigned from the Board and has not been replaced. The Board thus now consists of the Chairman of the Board and two Directors.

Significant events after year-end

Extended loan financing

The shareholder loan maturing on 2019-03-31 was extended at the beginning of the year. The new maturity date is 2020-03-31. The Board of Directors has prepared a balance sheet for liquidation purposes as of 2019-01-31 for the Parent Company, which shows that equity had fallen below 50% of the registered share capital. Compared to budget, high amounts for depreciation/amortisation and impairment losses have been recorded. Furthermore, in accordance with the transfer rules, the Parent Company is obligated to absorb any losses of the subsidiaries and this has put the Parent Company in a situation where it has been required to prepare a balance sheet for liquidation purposes. The assets in the balance sheet for liquidation purposes have been measured at net realisable value. In 2018, the subsidiary in Ireland reported a loss due to the fact that sales were delayed, along with its high inventory level prior to starting up operations. All of it has been capital-intensive and resulted in a loss for the Parent Company. The senior executives and Board of Directors have been monitoring the Parent Company's equity, concluding that more than 50% of share capital was utilised as of the 31 January 2019. The Board has made a decision to increase the company's share capital by, at most, SEK 60 million by issuing at most 30 million shares with preferential rights to shareholders, pending approval by the AGM. The full terms of the issue will be presented no later then two weeks prior to the AGM 2019.

Loan terms

SEB's covenant review at 2019-03-31 revealed that the company had deviated from the loan agreement. Subsequent to the issue of new shares explained in the previous paragraph, the bank adjusted the terms and approved a deviation from the loan agreement until 2019-06-30.

Product development

The company's product development efforts revolve around new generic formulations. The company's product portfolio is essential in order to ensure an adequate level of continued growth in net sales and profitability. Development resources are focused on products that the company believes will create value long term. In 2018, Bluefish invested SEK 5.1 (1.5) million in product development, not including the costs for registration, pharmacovigilance management and quality assurance. The investment in a project is highest during the final phase. Investments were lower in 2018 compared to the prior year since two of the company's products were in the final stage (which requires less capital) and one product was approved during the year.

Environmental efforts and work environment

Bluefish strives to comply with all work environment rules and regulations and minimise any negative environmental impact of our operations. We provide a good work environment to all of our employees. The company is not involved in any environmental disputes. Contract manufacturers are used for all of our pharmaceutical production. Factories are located in Spain, Greece, Portugal, Germany, Austria, Turkey, India and at other locations. All facilities are inspected at regular intervals by the company's quality department to ensure compliance with GMP (Good Manufacturing Practice), as well as compliance with local regulations and regulatory requirements pertaining environmental requirements.

Parent Company

Bluefish Pharmaceuticals AB is the Parent Company for the Bluefish Pharmaceuticals Group. For 2018, net sales were SEK 339.5 (308.8) million, of which SEK 211.2 (193.4) million was intra-Group sales. Operating profit (loss) amounted to SEK –8.7 (–43.8) million and net financial income/expense amounted to SEK –15.0 (–15.3) million. As of 31 December 2018, cash and cash equivalents amounted to SEK 18.1 million, compared with SEK 14.6 million at the beginning of the year. The Parent Company's equity as of 31 December 2018 amounted to SEK -8.0 (15.7) million. The Board of Directors prepared as balance sheet for liquidation purposes as of 2018-12-31. The assets in the balance sheet for liquidation purposes have been measured at net realisable value. The balance sheet for liquidation purposes as of 2018-12-31 showed that equity had not fallen below 50% of the registered share capital.

Future outlook

In 2019, the company expects that its growth in sales will be higher than the previous year. Sales growth will primarily be fuelled by the investments that were made in the current year, along with the impact from sales of newly launched products during the year. It is also expected that sales growth will contribute to higher profitability compared to the 2018 financial year, but the full effect is expected to occur during the next period.

Risks and uncertainties

Bluefish faces many risks and uncertainties that could have a negative impact on the business. The main business risks and financial risks that could have a significant negative impact on the business or its earnings are described below.

Changes in market conditions

There is very tough price competition in several of the markets where Bluefish operates. With a change in market conditions compared to what was assumed when a business opportunity was evaluated, there is a risk that sales will not be on competitive terms. There is thus a risk of impairment losses on the investment and inventories. In order to manage changed market conditions, it is advantageous to have a flexible organisation that can quickly make decisions.

Bluefish also collaborates with a number of partners. We cannot, however, guarantee that we can maintain and develop these collaborations. A discontinued collaboration could cause delays or lost sales.

Development of generic pharmaceuticals is a complicated, risky, and time-consuming process. Any project could fail or incur a delay at any stage in the process due to a variety of factors. During development, there is a risk that competitors develop the same product or that the market conditions change in some other way. If that happens, it may not be possible to recover the development costs.

Supply chain

Bluefish does not have any own manufacturing, which is why the company collaborates with contract manufacturers for its pharmaceutical production. During the manufacturing process of pharmaceuticals, there could be shortages or delivery delays resulting from changed conditions pertaining to raw material deliveries, resource shortages, priorities etc. or force majeure. Delivery delays could cause a delay or loss in sales, penalty fees for delayed delivery or impairment losses on inventories.

Changes to regulatory decisions

It cannot be ruled out that the regulatory approval process at the government level could change with respect to requirements regarding the details, scope of documentation or other items. Such regulatory decisions could lead to higher costs, project delays or even termination of a project. Bluefish is also exposed to regulatory decisions pertaining to the required permits for commercialisation of pharmaceuticals and changes in the rules on pricing and reimbursement of pharmaceuticals, along with changed conditions having to do with the prescription of a particular drug. Changed regulatory decisions could impact the established plans for distribution and cause delays or even lost sales. Bluefish employees are well acquainted with the regulations and to prevent any surprises having to do with regulatory changes, Bluefish employees are proactive in collecting information on updates to ongoing investigations by the authorities.

Legislation and regulations

Failure to comply with applicable laws and regulations can lead to civil and/or criminal proceedings and sanctions. Primarily, Bluefish has responsibility for product liability as regards quality and safety, competition legislation, environmental issues, employment, work environment/health & safety and tax issues. A negative outcome on disputes and/or government investigations could lead to significant liability claims. To counteract negligence, the company has created a strong culture for ethics and compliance. All employees attend training when they first join the company, which includes knowledge of laws and regulations. All staff participate in regular training to keep their knowledge up to date.

The risk of product liability claims is limited in part through product liability insurance. However, it can never entirely be eliminated since the insurance cover and amount of compensation are limited.

Dependence on key employees

Bluefish is highly dependent on key employees. There is a risk that the company's projects become delayed or that they cannot be completed if these individuals were to leave the company or, for some other reason, were unable to fulfil their duties. The ability to recruit and retain qualified employees is of utmost importance to ensure that the company has the necessary level of expertise.

Financial risks

Bluefish regularly provides information on future financial expectations. All such statements are forward-looking and they are based on assumptions and assessments. If we are unable to successfully implement our business strategy, it could prevent us from achieving our financial goals and meeting expectations. That, in turn, could have a negative impact on the business, earnings or financial position, including the ability to raise funds and retain existing credit.

For an in-depth account of financial risks, along with currency risk, interest rate risk, credit risk, liquidity risk and capital risk, please see Note 3.

Proposed appropriation of the company's earnings

The following earnings are at the disposal of the annual general meeting:

SEK	
Share premium reserve	338,721,450
Retained earnings	–348,223,461
Profit (loss) for the year	–23,693,000
Total	**–33,195,011**

The Board of Directors and the CEO propose that the unappropriated earnings (loss) of SEK –33,195,011, are carried forward.

The Board proposes that no dividends are issued for the 2018 financial year.

Regarding the results and financial position of the Group and the Parent Company at the end of the financial year, as well as financing and use of capital during the financial year, reference is made to the following income statements and balance sheets, specifications and changes in equity, cash flow statements, accounting and valuation principles, and notes. Unless otherwise stated, amounts set forth in the annual report and consolidated financial statements are presented in SEK thousands.

Income statement
Group

SEK thousands	Note	2018	2017
Net sales	2, 4, 5	357,233	329,208
Cost of goods sold		–175,944	–182,651
Gross profit/loss		**181,289**	**146,557**
Selling expenses		–92,125	–77,523
Administration costs		–23,035	–24,469
Development costs		–66,458	–73,945
Other revenue		511	417
Operating profit (loss)	6-12	**182**	**–28,963**
Financial income	13	4,524	600
Financial expenses	14	–18,308	–11,502
Financial items – net		**–13,784**	**–10,902**
Profit (loss) before tax		**–13,602**	**–39,865**
Income tax	15	–3,519	–2,530
Net loss for the year, attributable to shareholders of the Parent Company		**–17,121**	**–42,395**
EARNINGS PER SHARE			
Basic earnings per share (SEK)	16	–0.21	–0.52
Diluted earnings per share (SEK)	16	–0.21	–0.52

Statement of comprehensive income

SEK thousands	2018	2017
Profit (loss) for the year	–17,121	–42,395
Other comprehensive income		
Items that may be reclassified to profit or loss		
Translations difference	418	261
Total other comprehensive income	**418**	**261**
Total comprehensive income for the year	**–16,703**	**–42,134**

Of the total comprehensive income for the year, the entire amount is attributable to the Parent Company's shareholders.

Balance sheet
Group

SEK thousands	Note	2018-12-31	2017-12-31
	29		
ASSETS	2, 22		
Non-current assets			
Intangible assets	10, 17	138,091	153,866
Property, plant and equipment	10.18	5,169	8,283
Financial assets	20	1,465	1,840
Total non-current assets		**144,725**	**163,989**
Current assets			
Inventories	21	125,754	125,371
Accounts receivable	23	71,843	80,011
Tax receivables	23	754	654
Other receivables	23	14,783	3,907
Prepaid expenses and accrued income		5,639	3,087
Cash and cash equivalents	29	51,898	44,675
Total current assets		**270,671**	**257,705**
TOTAL ASSETS		**415,396**	**421,694**
EQUITY AND LIABILITIES	2, 3, 22		
Equity			
Share capital	24	16,188	16,188
Other contributed capital		351,138	351,093
Reserves		2,129	1,711
Retained earnings including loss for the year		–344,144	–327,023
Total equity		**25,311**	**41,969**
Non-current liabilities			
Borrowings	25	93,697	89,870
Other non-current liabilities	26	796	3,647
Total non-current liabilities		**94,493**	**93,517**
Current liabilities			
Accounts payable		62,013	54,636
Current tax liabilities		757	897
Borrowings	25	116,631	114,346
Other current liabilities	26	9,935	10,661
Current provisions	27	82,801	73,890
Accrued expenses and deferred income	28	23,455	31,778
Total current liabilities and provisions		**295,592**	**286,208**
TOTAL EQUITY AND LIABILITIES		**415,396**	**421,694**

Consolidated statement of changes in equity

	SHAREHOLDERS OF THE PARENT COMPANY				
SEK thousands	Share capital	Other contributed capital	Reserves [1]	Retained earnings	Total equity
Opening equity, 1 January 2017	**16,188**	**343,991**	**1,450**	**–284,628**	**77,001**
Profit (loss) for the year	–	–	–	**–42,395**	**–42,395**
Translations difference	–	–	261	–	261
Total other comprehensive income, net after tax	**–**	**–**	**261**	**–**	**261**
Total comprehensive income		**–**	**1,711**	**–42,395**	**–42,134**
Transactions with shareholders					
Equity portion of convertible debt (25)	–	7,466	–	–	7,466
Issue costs for convertible debt	–	–363	–	–	–363
Total transactions with shareholders	**–**	**7,102**	**–**	**–**	**7,102**
Closing equity, 31 December 2017	**16,188**	**351,093**	**1,711**	**–327,023**	**41,969**
Opening equity, 1 January 2018	**16,188**	**351,093**	**1,711**	**–327,023**	**41,969**
Profit (loss) for the year	**–**	**–**	–	**–17,121**	**–17,121**
Translations difference	–	–	418	–	418
Total other comprehensive income, net after tax	**–**	**–**	**418**	–	**418**
Total comprehensive income	**–**	**–**	**418**	**–17,121**	**–16,703**
Transactions with shareholders					
Premium for warrants (8)	–	45	–	–	45
Equity portion of convertible debt (25)	–	–	–	–	–
Issue costs for convertible debt	–	–	–	–	–
Total transactions with shareholders	**–**	**45**	**–**	**–**	**45**
Closing equity, 31 December 2018	**16,188**	**351,138**	**2,129**	**–344,144**	**25,311**

Consolidated cash flow statement

SEK thousands	Note	2018	2017
Operating activities			
Operating profit (loss)		182	–28,963
Interest paid		–13,189	–11,601
Interest received		943	600
Taxes paid		–3,755	–2,369
Adjustment for items not included in cash flow, etc.	30	64,750	55,633
Cash flow from operating activities before changes in working capital		**48,348**	**13,300**
Cash flow from changes in working capital			
Inventories		–12,779	–43,572
Operating receivables		–6,224	–14,617
Operating liabilities		–11,479	–14,747
Cash flow from operating activities		**17,872**	**–59,636**
Investing activities			
Acquisition of intangible assets	17	–14,279	–20,152
Acquisition of property, plant and equipment	18	–217	–1,037
Cash flow from investing activities		**–14,488**	**–21,189**
Financing activities			
New convertible debt	25	–	96,972
Repaid convertible debt	25	–	–21,601
Other non-current liabilities	26	–55	55
Increase of bank overdraft facility	25	–3,344	9,531
Increase of invoice discounting	25	5,231	6,236
Cash flow from financing activities		**1,832**	**91,193**
Cash flow for the year		**5,797**	**10,368**
Cash and cash equivalents at beginning of year		44,675	33,607
Exchange rate differences in cash and cash equivalents		1,426	700
Cash and cash equivalents at year-end		**51,898**	**44,675**

Income statement
Parent Company

SEK thousands	Note	2018	2017
Net sales	2, 5	339,470	308,781
Cost of goods sold		–177,453	–180,629
Gross profit/loss		**162,017**	**128,152**
Selling expenses		–84,058	–67,980
Administration costs		–21,403	–31,856
Development costs		–65,743	–72,516
Other revenue		511	417
Operating profit (loss)	6-12	**–8,676**	**–43,783**
Financial income	13	3,960	106
Financial expenses	14	–18,977	–15,428
Financial items – net		**–15,017**	**–15,322**
Profit (loss) before tax		**–23,693**	**–59,106**
Income tax	15	–	–
Profit (loss) for the year		**–23,693**	**–59,106**

Statement of comprehensive income

SEK thousands	2018	2017
Profit (loss) for the year	–23,693	–59,106
Other comprehensive income		
Items that may be reclassified to profit or loss	–	–
Total other comprehensive income	**–**	**–**
Total comprehensive income for the year	**–23,693**	**–59,106**

Balance sheet
Parent Company

SEK thousands	Note	2018-12-31	2017-12-31
	29		
ASSETS	2		
Non-current assets			
Intangible assets	10, 17	136,064	152,246
Property, plant and equipment	10, 18	1,012	1,622
Participations in Group companies	19	15,648	15,742
Other non-current liabilities	20	94	94
Total non-current assets		**152,818**	**169,705**
Current assets			
Inventories	21	125,754	125,371
Accounts receivable	23	31,362	30,307
Receivables from Group companies	23	25,877	23,043
Tax receivables	23	754	286
Other receivables	23	1,399	1,735
Prepaid expenses and accrued income		3,354	2,193
Cash and bank	29	18,118	14,647
Total current assets		**206,618**	**197,582**
TOTAL ASSETS		**359,436**	**367,287**
EQUITY AND LIABILITIES	2, 3		
Equity			
Restricted equity			
Share capital	24	16,188	16,188
Fund for development expenditures		9,008	9,709
Total restricted equity		**25,196**	**25,897**
Non-restricted equity	33		
Share premium reserve		338,721	338,021
Retained earnings		–348,223	–289,118
Profit (loss) for the year		–23,693	–59,106
Total non-restricted equity		**–33,195**	**–10,203**
Total equity		**–7,999**	**15,694**
Non-current liabilities			
Borrowings	25	93,697	89,870
Other non-current liabilities	26	796	3,592
Total non-current liabilities		**94,493**	**93,461**
Current liabilities			
Accounts payable		31,515	41,354
Liabilities to Group companies		104,724	78,646
Borrowings	25	109,839	105,031
Other current liabilities	26	9,108	8,960
Accrued expenses and deferred income	28	17,756	24,141
Total current liabilities		**272,942**	**258,131**
TOTAL EQUITY AND LIABILITIES		**359,436**	**367,287**

Statement of changes in equity
Parent Company

	RESTRICTED EQUITY		NON-RESTRICTED EQUITY		
SEK thousands	Share capital	Fund for development projects	Share premium reserve	Retained earnings	Total equity
Opening equity, 1 January 2017	**16,188**	**3,500**	**337,127**	**–289,118**	**67,697**
Profit (loss) for the year	**–**	**–**	**–**	**–59,106**	**–59,106**
Total other comprehensive income, net after tax	**–**	**–**	**–**	**–59,106**	**–59,106**
Total comprehensive income	**–**	**–**	**–**	**–59,106**	**–59,106**
Transactions with shareholders					
Transfer of fund for development projects	–	6,209	–6,209	–	–
Equity portion of convertible debt (note 25)	–	–	7,465	–	7,465
Issue costs for convertible debt	–	–	–363	–	–363
Total transactions with shareholders	**–**	**–**	**893**	**–**	**7,102**
Closing equity, 31 December 2017	**16,188**	**9,709**	**338,020**	**–348,224**	**15,694**
Opening equity, 1 January 2018	**16,188**	**9,709**	**338,020**	**–348,224**	**15,694**
Profit (loss) for the year	**–**	**–**	**–**	**–23,693**	**–23,693**
Total other comprehensive income, net after tax	**–**	**–**	**–**	**–23,693**	**–23,693**
Total comprehensive income	**–**	**–**	**–**	**–23,693**	**–23,693**
Transactions with shareholders					
Transfer of fund for development projects		–701	701		0
Equity portion of convertible debt (note 25)					0
Issue costs for convertible debt					0
Total transactions with shareholders	**0**	**–701**	**701**	**0**	**0**
Closing equity, 31 December 2018	**16,188**	**9,008**	**338,721**	**–371,917**	**–7,999**

Cash flow statement
Parent Company

SEK thousands	Note	2018	2017
Operating activities			
Operating profit (loss)		–8,676	–43,783
Interest paid		–11,951	–8,629
Interest received		378	106
Taxes paid		–468	17
Adjustment for items not included in cash flow	30	52,026	57,357
Cash flow from operating activities before changes in working capital		**31,309**	**5,068**
Cash flow from changes in working capital			
Inventories		–12,779	–43,475
Operating receivables		–7,283	–24,679
Operating liabilities		765	13,940
Cash flow from operating activities		**12,012**	**–49,146**
Investing activities			
Acquisition of intangible assets	17	–13,614	–20,766
Acquisition of property, plant and equipment	18	–13	–463
Other financial assets		–	–42
Cash flow from investing activities		**–13,627**	**–21,271**
Financing activities			
Increase of bank overdraft facility	25	–3,344	2,530
Increase of invoice discounting	25	8,152	3,921
New convertible debt	25	–	89,870
Repaid convertible debt	25	–	–21,601
Cash flow from financing activities		**4,808**	**74,719**
Cash flow for the year		**3,193**	**4,302**
Cash and cash equivalents at beginning of year		14,647	10,246
Exchange rate differences in cash and cash equivalents		278	99
Cash and cash equivalents at year-end		18,118	14,647

Note 1 Accounting policies

General information

Bluefish Pharmaceuticals AB (the Parent Company) and its subsidiaries (together, "the Group") develop products and market generic pharmaceuticals via a network of independent wholesalers and pharmacies. The Parent Company is a limited company registered and domiciled in Sweden. The headquarters are located at Gävlegatan 22, 113 30 Stockholm. On 30 April 2019, the Board of Directors approved these consolidated financial statements for publication.

Basis of preparation for the financial statements

The consolidated financial statements of the Bluefish Pharmaceuticals Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU. In addition, the standard RFR 1 issued by the Swedish Financial Reporting Board and the Swedish Annual Accounts Act have been applied. Unless otherwise stated, the consolidated financial statements have been prepared in accordance with the cost method. The financial statements of the Parent Company have been prepared in accordance with the same accounting principles as for the Group, subject to the exceptions described in the section entitled "Parent Company's accounting principles".

Prerequisites for preparation of the financial statements

The Parent Company's functional currency is SEK, which is also the reporting currency for the Parent Company and the Group. Consequently, the financial statements are presented in SEK. Unless otherwise stated, all amounts are rounded off to the nearest thousand.

Non-current assets and non-current liabilities primarily consist of amounts that are expected to be recovered or paid more than 12 months after the balance sheet date.

The preparation of financial statements in accordance with IFRS requires that group management makes a number of important assessments, estimations and assumptions which affect the application of the accounting principles and of the reported amounts of assets, liabilities, revenues and expenses. The areas which include a high degree of assessment, which are complex, or such areas where assumptions and estimations are of material significance for the consolidated financial statements are described in Note 2. Estimations and assessments are reviewed regularly. Changes in estimations are reported in the period in which the change is made if the change only effects that period, or in the period in which the changes are made and future periods, if the change affects both the current period and future periods.

Unless otherwise stated below, the accounting principles below have been applied consistently in all presented years. The Group's accounting principles have been applied consistently to the reporting and consolidation of subsidiaries.

Certain comparison figures have been reclassified to conform with the presentation in the current year's financial statements. Where the reclassification relates to significant amounts, separate information thereon is provided.

New or amended reporting standards during the 2018 financial year.

A number of new or updated accounting recommendations and interpretations enter into force for fiscal years commencing 1 January 2018. As of the financial year starting on 1 January 2018, the following standards have been applied: IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. The new standards have not had any significant impact on the Group's or the Parent Company's earnings or position.

IFRS 15 Revenue from Contracts with Customers replaces prior issued standards and interpretations on revenue with a single model for revenue recognition. The standard is based on the principle that revenue should be recognised when the promised good or service has been transferred to the customer, i.e. when the customer has obtained control over it, which could occur over time, or at a specific point in time. Revenue shall consist of the amount that the company expects to be reimbursed for in exchange for the delivered goods or services. It has been applied using the retrospective approach by the Group and Parent Company as of 1 January 2019. The standard has not had any significant impact on the Group's or the Parent Company's financial statements, other than additional disclosure requirements.

IFRS 9 Financial instruments covers accounting for financial assets and liabilities. It replaces IAS 39. Similar to IAS 39, financial assets are classified in different categories, some of which are measured at amortised cost and others at fair value. To assess how a financial instrument should be reported in accordance with IFRS 9, a company must look at the contractual cash flows along with the business model under which the instrument is held. IFRS 9 also introduces a new model for impairment of financial assets. The objective of the new model is to, among others, ensure that credit losses are reported earlier than they were under IAS 39. For financial liabilities, IFRS 9 is essentially the same as IAS 39. Changed criteria for hedge accounting can result in more financial hedging strategies meeting the requirements for hedge accounting under IFRS 9 than in IAS 39.

IFRS 9 has been applied by the Group and Parent Company as of 1 January 2018. IFRS 9 has different classification categories compared to IAS 39. The changed classification has not resulted in any change to the carrying amounts with the transition to IFRS 9, since all of the Group's and Parent Company's financial instruments still meet the requirements for being reported at amortised cost. According to IFRS 9, a provision must be made for expected credit losses since credit exposure exists, typically at initial recognition. This change does not, however, result in any significant transition effect, which is why a recognition of such has not been reported in equity either. The Group does not apply hedge accounting and as such, the change in criteria has not had any transition effect.

New and revised accounting standards that are not yet effective and have not been early adopted by the Group

A number of new and amended IFRS have not yet entered into force and have not been early adopted when preparing the financial statements for the Group and Parent Company. Below is a description of the IFRS that could impact the Group's or the Parent Company's financial statements. Other new or amended standards or interpretations published by the IASB are not expected to affect the Group or Parent Company's financial statements.

IFRS 16 Leases will replace IAS 17. According to the new standard, the lessee must report the obligation to pay lease fees as a lease liability in the balance sheet. The right to use the leased asset during the lease period is reported as an asset. Depreciation of the asset is reported in the income statement, along with interest on the lease liability. Paid lease fees are reported in part as interest payment and in part as amortisation of the lease liability. The standard allows an exemption whereby lease agreements with a duration of less than 12 months (short-term leases) and leases of assets with a low value do not need to be reported. For the lessor, the standard does not result in any significant changes. IFRS 16 entered into force for financial years starting on 1 January 2019 or later and the Group applies the standard as of 1 January 2019.

In accordance with the standard, most of the rental agreements are reported as operating leases in these financial statements and they will be recognised as assets and liabilities in the balance sheet. Furthermore, the costs associated with these leases will be recognised as amortisation and interest expense. The Parent Company will apply the RFR exception for lease agreements. It means that the Parent Company's principles for reporting leases will be unchanged. The Group applies the simplified approach to transition, which means that right-of-use assets and the associated financial liability will increase by SEK 17,923 thousand as of 1 January 2019. The liability amount is made up of a non-current liability of SEK 12,753 thousand and a current liability of SEK 5,170 thousand.

Non-applicable standards

As allowed by IFRIC in respect of unlisted companies, Bluefish does not apply IFRIC 8, Operating Segments.

Consolidation principles

Subsidiaries are companies in which Bluefish Pharmaceuticals AB has a controlling influence. 'Controlling influence' entails a right, directly or indirectly, to determine a company's financial and operational strategies, which normally means that the Parent Company owns more than 50 % of the voting rights for all shares and participating interests. When determining whether a controlling influence exists, consideration must be given to whether there are any potential voting shares which are currently possible to utilise or convert. Subsidiaries are included in the consolidated financial statements as of the date on which the Group obtains control. They are excluded from the consolidated financial statements as of the date on which the controlling influence ceases.

The acquisition method is applied to the reporting of the Group's business acquisitions. Consideration for the acquisition of a subsidiary is comprised of the fair value of the transferred assets and liabilities for which the Group has an obligation to the prior owners of the acquired company. Consideration also includes the fair value of all assets or liabilities resulting from an agreement regarding a contingent consideration. Identifiable acquired assets and assumed liabilities in a business acquisition are initially valued at fair value on the acquisition date. Acquisition-related costs are expensed as incurred.

Goodwill is initially valued at the amount by which the total consideration and fair value for non-controlling interests exceeds the fair value of identifiable assets acquired and liabilities assumed. If the consideration is lower than the fair value of the acquired company's net assets, the difference is reported directly in profit or loss.

Intra-Group receivables and liabilities, revenues and expenses, together with unrealised profits or losses arising from transactions between Group companies, are eliminated in their entirety when preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised profits, but only to the extent that there is no need for impairment.

Translation of foreign currency

Transactions in foreign currency have been translated to the functional currency at the exchange rate applicable on the date of the transaction. Monetary assets and liabilities in foreign currency have been valued at the closing day rate. Exchange rate differences which arise are reported in the income statement for the period. The consolidated financial statements are prepared in Swedish kronor (SEK), which is the functional currency and presentation currency of the Parent Company.

The balance sheets of foreign subsidiaries have been translated to SEK at the closing day rate. The income statements have been translated at the average rate for the year. The translation difference arising in connection with currency translation is recognised in other comprehensive income.

Non-monetary assets are reported in the functional currency of the business in which they were originally reported. This applies even if the asset is, later on, transferred to a business within the Group that has a different functional currency. Translation to the reporting currency occurs in the corresponding way as for foreign subsidiaries.

Applied exchange rates relative to the Group's reporting currency (SEK):

		Average rate		Closing day rate	
Country	Currency	2018	2017	2018	2017
Denmark	DKK	1.3762	1.2949	1.3760	1.3229
EUR countries	EUR	10.2567	9.6326	10.2753	9.8497
India	INR	0.1271	0.1312	0.1282	0.1286
Norway	NOK	1.0687	1.0330	1.0245	1.0011
Poland	PLN	2.4076	2.2626	2.3904	2.3606
United Arab Emirates	USD	8.6921	8.5380	8.9710	8.2322

Upon the full or partial divestment of foreign operations, the exchange rate differences which were previously reported in other comprehensive income are recognised in profit or loss for the period as part of the gain or loss on disposal.

Net sales

Net sales comprise the fair value of what is received or will be received for goods and services sold in the course of the Group's business operations. Net sales is reported excluding VAT, returns and discounts, and after the elimination of intra-Group sales. The Group reports net sales when the amount can be measured in a reliable manner, when it is probable that future economic benefits will accrue to the Company, and when special criteria have been fulfilled for each of the Group's operations as described below. Revenue amounts cannot be measured in a reliable manner until all obligations in respect of the sale have been fulfilled or expired. An assessment as to whether any provision is necessary is made for each individual transaction. The Group bases its assessments on historical outcome, and thus takes into account the type of customer, type of transaction and special circumstances in each individual case.

The Group markets and sells a selection of generic pharmaceutical preparations, primarily on the wholesale market. Revenue is recognised upon the sale of goods when a Group company has delivered products to a wholesaler, the wholesaler can exercise its discretion to select a sales channel and price for the product, and there are no unfulfilled obligations which could affect the wholesaler's approval of the products. Delivery does not occur until the products have been sent to the designated location, the risks of obsolescence and loss have passed to the wholesaler, and either the wholesaler has approved the products in accordance with the sales agreement, the conditions for approval have expired, or the Group has objective proof that all criteria for approval have been met.

Pharmaceutical preparations with quantity discounts are often sold on the wholesale market, and the customers are entitled to return products. Sales revenue is recognised on the basis of the price set forth in the sale agreement, net after estimated quantity discounts and returns on the date of sale. Accumulated experience is used to assess and make provisions for discounts, price adjustments and returns. No financing component is considered to exist, because sales are made with a maximum credit period of 60 days, which conforms to market practice.

See also Note 2, Estimates and Assessments.

Taxes

The Group's total income tax includes tax which is to be paid or received for the current year, adjustments to previous years' taxes and changes in deferred tax.

The current tax expense is calculated on the basis of the tax rules which, on the balance sheet date, have been issued or in practice have been decided upon in those countries where the Parent Company's subsidiaries operate and generate taxable revenue.

For items which are reported in the income statement, associated tax effects are also reported in the income statement. Tax effects of items recognised directly in equity is recognised in equity.

Deferred tax is calculated based on temporary differences which arise between the carrying amount and tax base of assets and liabilities.

The valuation of deferred tax is based on the manner in which underlying assets or liabilities are expected to be realised or settled. Deferred tax is calculated applying the tax rates and tax rules decided upon as of the balance sheet date. If the calculation gives rise to a deferred tax asset, such asset is reported only to the extent it is likely that it will be realised.

Derivative instruments and hedging measures

Derivative instruments are reported in the balance sheet on the contract day and valued at fair value, both initially and in conjunction with subsequent revaluations. The method for reporting the profit or loss which arises in conjunction with revaluation depends upon whether the derivative is identified as a hedging instrument and, where this is the case, the nature of the item to be hedged. Forecast sales in foreign currency that are hedged with currency forward contracts are deemed to be very probable and they are classified as cash flow hedges.

Disclosures on fair value for various derivatives used for hedging purposes are provided in Note 15. Changes in the hedging reserve in equity are shown in the Report of changes in equity. The entire fair value of a derivative hedging instrument is classified as a non-current asset or non-current liability when the remaining term of the hedged item is greater than 12 months and. It is classified as a current asset or current liability when the remaining term of the hedged item is less than 12 months.

The effective portion of the change in fair value of the derivatives identified as cash flow hedges and which qualifies for hedge accounting is recognised in other comprehensive income. Accumulated amounts in equity are reversed and reported in the income statement in those periods during which the hedged item affects earnings, for example when the forecasted sales which are hedged take place. The profit or loss related to the ineffective part is immediately recognised in profit or loss under the item Other gains/losses – net.

Intangible assets

Development costs

Expenditures incurred in development projects relating to in-house development of generic products are reported as intangible assets, provided that the likelihood of future economic benefit and useful life is considered to be high. An intangible asset is reported only to the extent the product can be sold on existing markets and resources exist to complete the development. Only those expenses which relate directly to the development of the new product are capitalised.

Other development expenditures which do not satisfy these conditions are recognised as expenses when incurred. Development expenditures which have previously been reported as an expense are not reported as an asset in a subsequent period. Capitalised development costs are amortised according to plan over the useful life.

Licences and market approvals

Acquired licenses and related market approvals are capitalised. Market approvals consist of fees for registration of licences with authorities and directly related expenditures. Licences and expenses associated with obtaining market approval are reported at cost less accumulated amortisation.

Licences and market approvals have a determinable useful life and are depreciated on a straight line basis over that period, which is calculated to be 10-15 years. As of 1 January 2011, the assessment of the useful life changed from 10 years to 10-15 years, in respect of existing licences and market approvals.

Software and trademarks

Acquired software licences are capitalised based on acquisition and implementation fees. The fees are amortised on a straight line basis over the useful life, which is 4-10 years.

Impairment of intangible assets

Intangible assets are tested for impairment at least once per year or whenever events or changes in circumstances indicate that the carrying amount is not recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the fair value of the asset less selling expenses, or its value-in-use, whichever is higher.

When assessing impairment, assets are grouped at the lowest levels where there are separate, identifiable cash flows (cash-generating units).

Property, plant and equipment

Property, plant and equipment is mainly comprised of equipment and computers, which are reported at cost less accumulated depreciation. Cost includes expenditures which can be directly attributed to the acquisition of the asset.

Additional expenditures for improvements in the performance of the assets in excess of original level increase the asset's carrying amount. All other forms of repairs and maintenance are recognised as expenses in profit or loss during the period in which they are incurred.

Property, plant and equipment are depreciated on a straight line basis over the assessed useful life of the assets, which is 3-5 years.

Impairment of non-current assets

On each balance sheet date, the Group assesses whether there are any indications that a non-current asset has diminished in value. If such is the case, the Group makes an assessment regarding the recoverable amount of the asset. Recoverable amount is the fair value of an asset, less any sales costs, or its value-in-use, whichever is higher. The value-in-use is the current value of the assessed future cash flow attributable to the asset. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds the recoverable amount. Discounting rates reflect the capital cost and other financial parameters in the country or region in which the asset is used.

Leasing

A finance lease is a leasing agreement in which the economic risks and advantages associated with ownership of an asset are in all essential respects transferred from the lessor to the lessee. Title may, but need not, ultimately pass to the lessee. Operating leases are all leasing arrangements other than finance leases.

Assets held under finance leases are reported in the balance sheet at the fair value of the leasing object or the present value of minimum leasing fees, whichever is lower, and future leasing fees are reported as a loan. Expenses for the period are comprised of depreciation on the leased asset and interest expenses for the loan.

Non-current assets held under finance leases are depreciated over the useful life of the asset or the leasing period, whichever is shorter.

For operating leases, payments made during the leasing period are expensed in the income statement on a straight-line basis over the leasing period.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is calculated using the weighted average method and it includes expenses associated with the acquisition, along with transport of inventory assets.

The net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Inventory impairment occurs within the scope of normal business operations and is recognised in costs of goods sold.

See also Note 2, Estimates and Assessments.

Financial instruments

Financial instruments are recognised in the balance sheet when the Group becomes party to the instrument's contractual terms. A receivable/claim is reported when the company has performed and a contractual obligation to pay exists for the counterparty. A liability is reported when the counterparty has performed and a contractual obligation to pay exists for the company. The business model upon which the financial asset or liability was obtained, along with the nature of the contractual cash flows are what determines classification. The Group has financial assets and liabilities classified in the categories below:

- Financial assets at amortised cost
- Financial liabilities at amortised cost

Purchases and sales of financial assets are recognised on the trade date, which is the date on which the Group commits to purchase or sell the asset. Financial assets are removed from the balance sheet when the right to receive the cash flows generated by the instrument has expired or been transferred and the Group has transferred essentially all of the risks and rewards associated with ownership.

During the financial year and comparison year, the Group did not have any financial instruments measured at fair value either through profit or loss or through other comprehensive income. During the comparison year, the Group had financial assets classified as loans and receivables in accordance with IAS 39. They have, in all material respects, been reported in the same way as financial assets at amortised cost in accordance with IFRS 9.

a) Financial assets measured at amortised cost

Financial assets classified at amortised cost are initially recognised at fair value plus transaction costs. After initial recognition, the assets are measured in accordance with the effective interest method. Assets measured at amortised cost are held in accordance with the business model for the purpose of collecting contractual cash flows that are only comprised of payments of principal and interest on the outstanding amount of capital. Assets in this category are classified as current assets if settlement is expected within twelve months. Otherwise they are classified as non-current assets.

For financial assets measured at amortised cost, a provision is made for expected credit losses. Recognition of bad debt losses is forward-looking and a provision for expected credit losses is made when there is exposure to credit risk, typically upon initial recognition. Expected credit losses reflect the present value of all reductions to anticipated cash flows resulting from default in the next 12 months or during the expected remaining term for the financial instrument, depending on the asset class and deterioration of creditworthiness since initial recognition.

b) Financial liabilities measured at amortised cost

Financial liabilities at amortised cost are initially recognised at fair value plus transaction costs. After initial recognition, they are measured at amortised cost in accordance with the effective interest method. Financial liabilities must be divided into current and non-current liabilities. A financial liability must be classified as current if the following apply:

a) it falls due for payment within 12 months of the closing date, or

b) it is expected to be paid within the normal term of the company's operating cycle. All other financial liabilities must be classified as non-current..

Cash and cash equivalents

Cash and cash equivalents include cash, bank balances and other short-term investments maturing within three months from the date of acquisition.

Bank guarantees are restricted cash included in cash and cash equivalents.

Share capital

Ordinary shares are classified as equity. Transaction expenses which are directly attributable to an issue of new shares or options are reported, net after tax, in equity as a deduction from the issue proceeds.

Accounts payable

Accounts payables are obligations to pay for goods or services which have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if they fall due for payment within one year or earlier. If not, they are reported as non-current liabilities.

Accounts payables are initially recognised at fair value and subsequently at amortised cost applying the effective interest method.

Borrowings

Borrowing are initially recognised at fair value net after transaction costs. Afterwards, borrowing costs are reported at amortised cost and any difference between received amount (net after transaction costs) and the repayment amount is reported in profit or loss allocated over the loan period, applying the effective interest method.

The fair value of the liability component of convertible debt instruments is determined using the market rate for a equivalent non-convertible debt instrument. This amount is recognised as a liability at amortised cost until the debt ceases through conversion or redemption. The remaining part of the amount received is attributed to the option component. This is reported in shareholders' equity, net after tax.

Bank overdraft and invoice discounting are reported as borrowings among non-current liabilities in the balance sheet.

Other liabilities

Other liabilities are classified as current liabilities if they fall due for payment within one year or earlier. If not, they are reported as non-current liabilities.

Other liabilities consist primarily of liabilities incurred in connection with purchases of licences. Payment in respect of licences takes place upon agreed milestones, usually depending on the market approval procedure.

Other liabilities are reported initially at fair value and thereafter at amortised cost applying the effective interest method.

Parent Company

The Parent Company has compiled its Annual Report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's Recommendation RFR 2, Accounting for Legal Entities. RFR 2 entails that the Parent Company, in its annual report of a legal entity, shall apply all of IFRS and interpretations approved by the EU to the extent possible, within the framework of the Swedish Annual Accounts Act, and taking into account the connection between accounting and taxation. The Recommendation sets out the exceptions and additions to be made from/to IFRS. The difference between the Group's and the Parent Company's accounting principles are set forth below.

The stated accounting principles of the Parent Company set forth below have been applied consistently in all periods presented in the Parent Company's financial statements.

Subsidiaries

Shares and participations in subsidiaries are reported at cost less any impairment. Cost includes any acquisition-related costs and any additional consideration. Received dividends are reported as financial income.

The recoverable amount is calculated when there are indications that shares and participations in subsidiaries have diminished in value. An impairment loss is recognised whenever the recoverable amount is less than the carrying amount. Impairment losses are reported in the items Profit (loss) from participations in Group companies.

Group contributions and shareholder contributions

Group contributions made or received by the Parent Company, with the aim of minimising the Group's total tax, are reported as appropriations in accordance with the alternative rule. Shareholder contributions provided by the Parent Company are reported in shares and participations and tested for impairment as set forth above.

Property, plant and equipment

Property, plant and equipment in the Parent Company are reported at cost less accumulated depreciation and any impairment in the same way as for the Group, but with the addition of any revaluations.

For leased assets, all leasing agreements in the Parent Company are reported in accordance with the rules for operating leases.

Fund for development expenditures

Companies that capitalise development expenditures in the balance sheet must reserve the corresponding amount in a restricted fund that is a component of equity. The fund is then gradually dissolved at the rate that the company amortises or recognises impairment on the capitalised development expenditures. The fund is also dissolved in conjunction with disposal of the asset.

Presentation in the annual report

The income statement and balance sheet in the Parent Company's annual report have been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's Recommendation, RFR 2.

Note 2 Estimates and judgements

The preparation of annual accounts in accordance with generally accepted accounting principles requires that management make assumptions and assessments which affect the reported assets and liabilities at the time of the preparation of the annual accounts and the reported revenues and expenses during the reporting period. Given the uncertainty associated with these estimates, the actual results may deviate from such assumptions and assessments, which can affect the Group's consolidated financial statements.

In the description of accounting principles, the areas where assessments and calculations need to be made are stated. In light of the Group's business operations, the management of Bluefish Pharmaceuticals believes that the most important of these are revenue recognition, accounting for inventories and assessing impairment of intangible assets.

Net sales

The company's gross sales consist of the number of packaging units delivered during a specific period at the price prevailing on the relevant market.

According to the practice within the pharmaceuticals industry, gross sales are affected by various deductions, which include discounts and deductions for public authorities, wholesalers, and health insurance companies, as well as returns. These deductions represent assessments of the related obligations which, in turn, require the company to make estimates regarding the effect on sales for particular reporting period. Consequently, when reporting net sales, a deduction from gross sales is made for these estimates. The assessment of the need for such deductions is made in conjunction with each individual transaction.

Normally, there is a time delay of several months from the point in time at which the estimate of the deduction is made and the final reporting of the obligation. Net sales represents, in turn, our best estimate of the revenue that will be received.

Deductions for discounts, price adjustments and returns

Discounts arise when the Group has an agreement with an indirect customer, such as a purchasing organisation or health insurance company, to sell products at a price which is lower than the price invoiced to the wholesaler. The discount represents the difference between the invoiced price to the wholesaler and the contracted price to the indirect customer. The company reports such discounts by reducing gross sales by an amount which corresponds to our estimate of the discount which is related to a particular sale. Reserves for estimated discounts are calculated by using a combination of factors, including the terms and conditions of each individual contract, historical experience, and expected product growth.

When reducing the price of a product, we offer the customer compensation for the difference in price for the customer's existing inventory for the product in question. The estimate of such compensation is determined at the time of the price change and is based on estimated inventory levels for the product.

When a product is sold on the wholesale market where the customer is entitled to return products, a reserve is booked for estimated returns which is based on anticipated changes in market conditions and the remaining time until the product's expiration date.

On certain markets, the company offers cash discounts in order to encourage customers to pay on time. Reserves are made for cash discounts at the time of invoicing and a corresponding deduction is made from gross sales.

The company adjusts the reserves for deductions from gross sales on a regular basis in order to reflect the fair values. In order to evaluate the sufficiency of the reserves, the company uses internal and external estimates of inventory levels, actual discount factors received, and the time delay from sales of goods to the time such discount invoices are received.

Inventory obsolescence

The company's purchases of new goods are based on anticipated sales volumes and prices. On most markets, the wholesalers require a remaining time until the expiration date of at least six months for all deliveries. Based on historical sales and forecast volumes, the company makes continuous assessment of whether there is a risk of impairment due to short shelf life of the product, or in cases where the market price has changed and the product can no longer be sold at a profit. Such estimates of obsolescence are reported as cost of goods sold. Reconciliation against actual destruction of inventories is carried out on a regular basis.

Intangible assets

The Group's intangible assets consist primarily of licensing rights, market approvals, and products under development.

All intangible assets are continuously assessed for impairment. The Group considers in this context whether there is any indication that an asset has decreased in value. Assessment of whether there is an indication of impairment is also based on the asset's forecasted contribution to earnings. It the asset's contribution to earnings is low, the Group makes an assessment regarding the recoverable amount of the asset. Recoverable amount is the fair value of an asset, less any sales costs, or its value-in-use, whichever is higher. In most cases, the market information needed to estimate the fair value of the asset is lacking. Consequently, the value-in-use is used in order to assess the asset's value. This consists of the present value of the estimated future cash flows attributable to the asset. The estimated value-in-use reflects assumptions about market trends, forecast sales and margins, future tax rates, and the discount rate. The discount rate used in the present value calculation of the expected future cash flows is the Group's current WACC (weighted average cost of capital). Given these extensive assumptions, actual cash flows can deviate significantly from the values obtained from the projected cash flows.

In those cases where the carrying amount of the asset exceeds the recoverable amount, an impairment loss is recognised for the corresponding amount. All impairment losses are immediately recognised in profit or loss. Intangible assets associated with the company's development projects for which development has been discontinued are assessed for impairment at that time and written down to their fair value (which is normally zero).

Income taxes

Deferred tax assets are calculated on the basis of future utilisation of accumulated Group loss carry-forwards. For the time being, deferred tax assets for loss carry-forwards are not recognised as assets.

Note 3 Financial risk management

In running the business, the Group is exposed to a variety of financial risks: currency risk, interest rate risk in cash flow and fair value, credit risk, liquidity risk and capital risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and it attempts to minimise potential unfavourable effects on the Group's financial results.

Risk management is conducted by a central treasury department in accordance with policies established by the Board. The treasury function identifies, evaluates and hedges financial risks in close co-operation with the Group's operational units. The Board prepares written policies, both for general risk management and for specific areas, such as currency risk, interest rate risk, credit risk, use of derivatives and non-derivative financial instruments and investment of surplus liquidity.

Currency risk

The Group operates internationally and is exposed to currency risks which arise from various currency exposures, primarily against the EUR. Currency risk arises through future commercial transactions, reported assets and liabilities and net investments in foreign operations.

Had the SEK weakened/strengthened by 10 % in relation to the EUR, with all other variables held constant, the effect on the carrying amount of assets and liabilities as of 31 December 2018 would have been SEK 693 (3,621) thousand higher/lower, mainly as a result of gains/losses upon translation of receivables and liabilities in EUR.

As of the balance sheet date, unrealised currency losses of SEK 11,986 (2,835) thousand had been recognised.

Interest rate risk in cash flows and fair values

Because the Group has no substantial interest-bearing assets, the Group's revenues and cash flow from operating activities are, in all essential respects, independent of changes in market interest rates.

The Group's interest rate risk arises through long-term borrowing. Borrowing which takes place at variable interest rates exposes the Group to interest rate risk as regards cash flow. Borrowing at fixed interest rates exposes the Group to interest rate risk in respect of fair value.

Credit risk

Credit risk is managed at the Group level. Credit risk arises through balances at banks and financial institutions, as well as credit exposure vis-á-vis wholesalers, including outstanding receivables and contracted transactions. Only banks and financial institutions with a credit rating of at least AAA from an independent rating agency are accepted. The Group's main bank is Skandinaviska Enskilda Banken AB (publ). As of 31 December 2018, the Group's balances with SEB amounted to SEK 31,120 (29,839) thousand out of its total bank balances of SEK 51,898 (44,675) thousand. For wholesalers, the Group uses credit ratings from independent rating agencies whenever such are available. If there is no independent credit rating, a risk assessment is made of the customer's creditworthiness in which its financial position is taken into account, together with previous experience and other factors. Individual risk limits are set based on internal or external credit assessments in accordance with the limits which are established by the Board. Use of credit limits is monitored regularly.

Bluefish entered into an agreement with SEB regarding working capital credit designed to meet the company's increased need for working capital. As of 31 December 2018, working capital credit includes SEK 72 million, for which the Nordic inventories have been used as collateral, and an additional SEK 10 million for invoice discounting. The SEB credit is conditional on the Group maintaining a net gearing ratio under 1.2 and available liquidity of at least SEK 5 million. In addition to this, Bluefish GmbH also has a factoring agreement in place with SEB Germany, where the credit limit is EUR 3 million.

Liquidity risk

Cash flow forecasts are prepared regularly. The Group's central finance department carefully monitors rolling forecasts regarding the Group's liquidity reserve in order to ensure that the Group has sufficient cash on hand for operating activities, along with maintaining adequate available amounts from its unused credit facilities.

The table below analyses the Group's financial liabilities broken down by the time remaining from the balance sheet date until the contractual due date. The amounts stated in the table are the contracted, undiscounted cash flows regarding all amounts except convertible debt, which has been discounted. These amounts correspond to book values, since the discounting effect is negligible.

Inventory credit and invoice discounting do not take interest rate into consideration, because interest is difficult to assess due to fluctuations in the size of the liability from month to month. The working capital credit with SEB is a running agreement (with a 3-month notice of termination required from each side) that remains in force as long as inventory is held in the Nordic region and there are Nordic accounts receivable that can be pledged. According to the agreement with SEB, the Nordic inventory may be pledged for an amount equal to 65% of AIP (Pharmacy Purchase Price) and Nordic accounts receivable may be pledged for up to 80% of the total invoice amount.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
As of 31 December 2018				
Convertible debt	–	93,697	–	–
Inventory credit	71,645	–	–	–
Invoice discounting	14,987	–	–	–
Liabilities to credit institutions	15,155	–	–	–
Shareholder loan	15,300	–	–	–
Accounts payable and other liabilities	72,705	796	–	–
As of 31 December 2017		–		
Convertible debt	–	–	89,870	–
Inventory credit	67,987	–	–	–
Invoice discounting	16,359	–	–	–
Liabilities to credit institutions	15,152	–	–	–
Shareholder loan	–	16,200	–	–
Accounts payable and other liabilities	66,195	3,647	–	–

The Board of Directors and CEO continually monitor the company's forecasts and have concluded that the company's forecasted cash flows for the next 12 months meet the liquidity needs and allow the company to pursue its business plan.

Capital risk

For capital structure, the goal is to secure the Group's capacity to continue its activities, so that it can keep generating a return for shareholders and benefits other stakeholders, and to maintain an optimal capital structure in order to keep capital costs down.

In order to maintain or adjust the capital structure, the Group can issue new shares or sell assets to reduce liabilities.

Similarly to other companies in the industry, the Group assesses capital on the basis of the debt/equity ratio. This key ratio is calculated as a net debt divided by shareholders' equity. Net debt is calculated as total borrowing (including the items Current Borrowings and Non-current Borrowings in the consolidated balance sheet) less cash and cash equivalents.

Debt/equity ratio as of 31 December was as follows:

	2018	2017
Total borrowings	210,328	204,216
Less cash and cash equivalents	–51,898	–44,675
Net debt	158,430	159,541
Total equity	25,311	41,969
Debt/equity ratio	626%	380%

Note 4 Revenue from contracts with customers

Net sales are distributed across geographic markets as follows:

2018	Goods for the period	Tenders		Direct sales to customers				Traditional sales		Total revenue
	Nordic region	Northern Europe	Southern Europe	Nordic region	Northern Europe	Southern Europe	Rest of the world	Northern Europe	Southern Europe	
Revenue per geographic market	65,931	56,406	99,099	13,859	28,533	972	4,549	82,962	4,922	357,233
Revenue from external customers	**65,931**	**56,406**	**99,099**	**13,859**	**28,533**	**972**	**4,549**	**82,962**	**4,922**	**357,233**
When revenue is recognised										
At one point in time	65,931	56,406	99,099	13,859	28,533	972	4,549	82,962	4,922	357,233
Over time	–	–	–	–	–	–	–	–	–	–
	65,931	**56,406**	**99,099**	**13,859**	**28,533**	**972**	**4,549**	**82,962**	**4,922**	**357,233**

2017	Goods for the period	Tenders		Direct sales to customers				Traditional sales		Total revenue
	Nordic region	Northern Europe	Southern Europe	Nordic region	Northern Europe	Southern Europe	Rest of the world	Northern Europe	Southern Europe	
Revenue per geographic market	60,499	49,308	105,442	9,965	25,786	3,384	3,365	62,871	8,588	329,208
Revenue from external customers	**60,499**	**49,308**	**105,442**	**9,965**	**25,786**	**3,384**	**3,365**	**62,871**	**8,588**	**329,208**
When revenue is recognised										–
At one point in time	60,499	49,308	105,442	9,965	25,786	3,384	3,365	62,871	8,588	329,208
Over time	–	–	–	–	–	–	–	–	–	–
	60,499	**49,308**	**105,442**	**9,965**	**25,786**	**3,384**	**3,365**	**62,871**	**8,588**	**329,208**

Parent Company

2018	Goods for the period	Tenders		Direct sales to customers				Traditional sales		Total revenue
	Nordic region	Northern Europe	Southern Europe	Nordic region	Northern Europe	Southern Europe	Rest of the world	Northern Europe	Southern Europe	
Revenue per geographic market	65,931	53,644	85,567	13,859	28,533	972	4,549	67,428	4,515	324,997
Revenue from external customers	**65,931**	**53,644**	**85,567**	**13,859**	**28,533**	**972**	**4,549**	**67,428**	**4,515**	**324,997**
When revenue is recognised										–
At one point in time	65,931	53,644	85,567	13,859	28,533	972	4,549	67,428	4,515	324,997
Over time	–	–	–	–	–	–	–	–	–	–
	65,931	**53,644**	**85,567**	**13,859**	**28,533**	**972**	**4,549**	**67,428**	**4,515**	**324,997**

2017	Goods for the period	Tenders		Direct sales to customers				Traditional sales		Total revenue
	Nordic region	Northern Europe	Southern Europe	Nordic region	Northern Europe	Southern Europe	Rest of the world	Northern Europe	Southern Europe	
Revenue per geographic market	60,499	43,763	96,438	9,965	25,786	3,384	865	60,382	7,700	308,781
Revenue from external customers	**60,499**	**43,763**	**96,438**	**9,965**	**25,786**	**3,384**	**865**	**60,382**	**7,700**	**308,781**
When revenue is recognised										
At one point in time	60,499	43,763	96,438	9,965	25,786	3,384	865	60,382	7,700	308,781
Over time	–	–	–	–	–	–	–	–	–	–
	60,499	**43,763**	**96,438**	**9,965**	**25,786**	**3,384**	**865**	**60,382**	**7,700**	**308,781**

Significant estimates and assessments

Bluefish Pharmaceutical obtains its revenue via the sale of goods in a particular period, tenders, direct sales to customers or through traditional sales.

The company's gross sales consist of the number of packaging units delivered during a specific period at the price prevailing on the relevant market.

According to the practice within the pharmaceuticals industry, gross sales are affected by various deductions, which include discounts and deductions for public authorities, wholesalers, and health insurance companies, as well as returns. These deductions represent assessments of the related obligations which, in turn, require the company to make estimates regarding the effect on sales for particular reporting period. Consequently, when reporting net sales, a deduction from gross sales is made for these estimates. The assessment of the need for such deductions is made in conjunction with each individual transaction.

Normally, there is a time delay of several months from the point in time at which the estimate of the deduction is made and the final reporting of the obligation. Net sales represents, in turn, our best estimate of the revenue that will be received.

Note 4 Revenue from contracts with customers (cont.)

Deductions for discounts, price adjustments and returns

Discounts arise when the Group has an agreement with an indirect customer, such as a purchasing organisation or health insurance company, to sell products at a price which is lower than the price invoiced to the wholesaler. The discount represents the difference between the invoiced price to the wholesaler and the contracted price to the indirect customer. The company reports such discounts by reducing gross sales by an amount which corresponds to our estimate of the discount which is related to a particular sale. Reserves for estimated discounts are calculated by using a combination of factors, including the terms and conditions of each individual contract, historical experience, and expected product growth.

When reducing the price of a product, we offer the customer compensation for the difference in price for the customer's existing inventory for the product in question. The estimate of such compensation is determined at the time of the price change and is based on estimated inventory levels for the product.

When a product is sold on the wholesale market where the customer is entitled to return products, a reserve is booked for estimated returns which is based on anticipated changes in market conditions and the remaining time until the product's expiration date.

On certain markets, the company offers cash discounts in order to encourage customers to pay on time. Reserves are made for cash discounts at the time of invoicing and a corresponding deduction is made from gross sales.

The company adjusts the reserves for deductions from gross sales on a regular basis in order to reflect the fair values. In order to evaluate the sufficiency of the reserves, the company uses internal and external estimates of inventory levels, actual discount factors received, and the time delay from sales of goods to the time such discount invoices are received.

Revenue recognition has not been impacted with the transition to IFRS 15.

Note 5 Geographic distribution of net sales

Net sales are distributed across geographic markets as follows:

Group	2018	2017
Nordic region	79,790	70,465
Southern Europe	105,547	115,693
Northern Europe	167,347	139,685
Rest of the world	4,549	3,365
Total	**357,233**	**329,208**

Parent Company	2018	2017
Nordic region	79,790	70,465
Southern Europe	97,805	107,522
Northern Europe	157,326	129,929
Rest of the world	4,549	865
Total	**339,470**	**308,781**

The geographic market of net sales is determined by the location of customers.

Note 6 Remuneration to auditors

Group	2018	2017
Remuneration to auditors		
EY		
Audit engagement[1)]	763	542
Audit services other than audit engagement	206	78
Tax advice	85	34
Total	**1,054**	**654**
Other auditors		
Audit engagement[1)]	205	126
Auditing work other than audit engagement	34	17
Tax advice	52	103
Total	**291**	**246**
Total	**1,345**	**900**

Parent Company	2018	2017
Remuneration to auditors		
EY		
Audit engagement[1)]	763	476
Audit services other than audit engagement	206	78
Tax advice	85	34
Total	**1,054**	**588**

1) Audit engagement refers to fees for the statutory audit, i.e. such work as is necessary for the issuance of an auditor's report, as well as audit advice provided in connection with the audit engagement.

Note 7 Employees and employee benefit expenses

Average number of employees

Group	2018		2017	
	Average number of employees	Of which men	Average number of employees	Of which men
Sweden	29	34%	29	38%
France	2	100%	3	100%
Portugal	4	56%	2	57%
Spain	1	0%	3	28%
India	69	65%	71	66%
Germany	4	0%	4	0%
Poland	8	36%	7	48%
Ireland	2	100%	1	100%
Austria	2	50%	–	100%
United Arab Emirates	–	–	2	55%
Total	**122**	**54%**	**121**	**55%**

Parent Company	2018		2017	
	Average number of employees	Of which men	Average number of employees	Of which men
Sweden	34	34%	29	38%
France	2	100%	3	100%
Total	**36**	**37%**	**32**	**43%**

Salaries, other remuneration, and payroll overhead

	2018		2017	
	Salaries and remuneration	Payroll overhead	Salaries and remuneration	Payroll overhead
Parent Company	19,108	9,065	16,886	8,002
(of which pension expenses)[1]		(2,329)		(1,775)
Subsidiaries	22,469	2,242	22,804	1,580
(of which pension expenses)[1]		(0)		(0)
Total Group	**41,577**	**11,307**	**39,690**	**9,582**
(of which pension expenses)[1]		**(2,329)**		**(1,775)**

1) Of the Group's and Parent Company's pension expenses, SEK 304 (313) thousand relates to the Group's Board of Directors and CEO. The Group's outstanding pension obligations to these individuals amounts to SEK 304 (313) thousand.

The Group has only defined contribution pension plans. Pension expenses relate to the cost which affects the earnings for the year.

Salaries and other remuneration by country and between Board members, etc., and other employees

Parent Company	2018		2017	
	Board of Directors And CEO	Other employees	Board of Directors And CEO	Other employees
Sweden	986	17,101	1,791	14,071
Other countries	–	1,021	–	1,024
Total Parent Company	**986**	**18,122**	**1,791**	**15,095**

Subsidiaries	2017		2016	
	Board of Directors And CEO	Other employees	Board of Directors And CEO	Other employees
India	1,757	9,324	1,035	11,230
United Arab Emirates	–	–	472	2,231
Other countries	–	11,388	–	7,836
Total subsidiaries	**1,757**	**20,712**	**1,507**	**21,297**
Total Group	**2,743**	**38,834**	**3,298**	**36,392**

Note 7 Employees and employee benefit expenses (cont.)

Remuneration and other benefits to the Board, CEO and other senior executives

2018	Basic salary/ Directors' fee	Other benefits[1]	Pension expenses	Total
Board Chairman, Gerald Engström	–	–	–	–
Director, Nivedan Bharadwaj	–	–	–	–
Director, Erika Kjellberg Eriksson	–	–	–	–
Director, Karl Karlsson	–	–	–	–
CEO, Berit Lindholm	1,844	595	304	2,743
Other senior executives	7,549	–	368	7,917
Total	**9,393**	**595**	**672**	**10,660**

If the company gives notice of termination to the CEO, severance pay of 6 months will be granted. If the CEO gives notice of termination, fixed salary will be paid during the 6-month notice period.
No bonuses have been paid to management or the Board of Directors.

1) Other benefits include car, rent and schooling

2017	Basic salary/ Directors' fee	Other benefits[1]	Pension expenses	Total
Board Chairman, Gerald Engström	–	–	–	–
Director, Nivedan Bharadwaj	–	–	–	–
Director, Erika Kjellberg Eriksson	–	–	–	–
CEO, Karl Karlsson (through 2017-04-15)	436	35	54	525
CEO, Berit Lindholm (as of 2017-04-16)	2,087	739	245	3,071
Other senior executives	6,594	–	105	6,699
Total	**9,117**	**774**	**404**	**10,295**

If the company gives notice of termination to the CEO, severance pay of 6 months will be granted. If the CEO gives notice of termination, fixed salary will be paid during the 6-month notice period.
No bonuses have been paid to management or the Board of Directors.

1) Other benefits include car, rent and schooling

Shareholdings of the Board and senior executives

2018	B shares	Holding, %	Votes, %
Board Chairman, Gerald Engström[1]	32,659,410	40.4%	40.4%
Director, Nivedan Bharadwaj[1]	–	–	–
Director, Erika Kjellberg Eriksson[1]	–	–	–
Director, Karl Karlsson[1]	3,796,427	4.7%	4.7%
CEO, Berit Lindholm	–	–	–

2017	B shares	Holding, %	Votes, %
Board Chairman, Gerald Engström[1]	28,862,983	35.7%	35.7%
Director, Nivedan Bharadwaj[1]	–	–	–
Director, Erika Kjellberg Eriksson[1]	–	–	–
CEO, Karl Karlsson (through 2017-04-15)[1]	7,592,854	9.4%	9.4%
CEO, Berit Lindholm (as of 2017-04-16)[1]	–	–	–
Other senior executives	–	–	–

1) Privately or via the company

Gender breakdown in the Board and management

Group	2018	2017
Board of Directors		
Men	2	3
Women	2	2
Total	**4**	**5**
CEO and senior executives		
Men	5	5
Women	2	2
Total	**7**	**7**

Note 8 Options plan

Ever since Bluefish Pharmaceuticals started, it has aspired to allow the employees to participate in the future growth of the business, among other things through the possibility of acquiring shares in the Company. The allocation of options is decided by the Board or a committee appointed by the Board, which takes into account factors such as the employee's performance, position in the Group, and importance for the Group. The aim of the options plan is to create conditions for retaining and recruiting skilled personnel within the Group.

A resolution was adopted at the annual general meeting held on 21 June 2017 regarding the implementation of an incentive plan through the issuance of warrants. As of 31 December 2018, 900,000 options have been allocated. The table below shows the three current options plans in the Group. Outstanding employee options as of 31 December 2018:

Series	Date of issue	Final exercise date	Exercise price options	Total plan	Outstanding options	The number of shares can be increased by
2018:1	2018-08-20	2021-06-30	7.00	2,000,000	900,000	900,000

Option plan 2018-2021

At a General Meeting held on 21 June 2017 it was decided to introduce an international options plan for the Group's employees. Under the options plan, people closely affiliated with the Group may be allocated options which entitle the holder to acquire shares in Bluefish Pharmaceuticals AB.

The options are allocated with an exercise price equivalent to the assessed market value of Bluefish Pharmaceuticals' shares at the time of issue. The options may be exercised as of the date of registration with the Swedish Companies Registration Office through 30 June 2021.

As of 31 December 2018, the company's employees had been allocated 900,000 options, which corresponds to 900,000 Class B shares in accordance with the options plan.

Options	2018	2017
Outstanding as of 1 January	–	–
Allocated during the period	900,000	–
Exercised during the period	–	–
Returned during the period	–	–
Outstanding as of 31 December	**900,000**	**–**
Exercisable as of 31 December	**900,000**	**–**

Valuation parameters

For employees who have received options in exchange for payment amounting to less than the fair value, the difference (between the amount paid and fair value at the time of allocation) is expensed to the service that entitles employees to allocation of options.

The value of employee service attributable to the fair value of the allocated options has been reported in the income statement for SEK 0 (0).

The fair value of allocated options is assessed on the date of allocation using a binomial model which takes into account the terms of the allocation.

The following table shows the input data used in the model on the issue date for each programme.

	Issue date, option plan 2018-2021
Anticipated volatility (%)	30
Weighted risk-free rate (%)	–0.4
The option's exercise price (SEK)	7
Anticipated term of the option (years)	3
Fair value of the option (SEK)	0.05

Note 9 Allocation of costs by by nature of expense

Group	2018	2017
Costs of goods sold	175,944	182,651
Other external expenses	98,407	89,940
Employee benefit expenses	55,426	54,966
Depreciation/amortisation and impairment loss on property, plant and equipment and intangible assets	27,785	31,030
Total	**357,562**	**358,587**

Parent Company	2018	2017
Costs of goods sold	177,453	180,629
Other external expenses	115,586	115,635
Employee benefit expenses	29,366	27,228
Depreciation/amortisation and impairment loss on property, plant and equipment and intangible assets	26,252	29,489
Total	**348,657**	**352,981**

Note 10 Depreciation/amortisation and impairment loss on property, plant and equipment and intangible assets

Group	2018	2017
Depreciation, amortisation and impairment by type of asset:		
Licences	3,674	6,283
Pharmaceutical approvals	17,646	21,004
Development projects	2,331	–
Completed development projects	492	–
Other intangible assets	928	984
Equipment and computers	2,716	2,759
Total	**27,787**	**31,030**
Depreciation, amortisation and impairment by function:		
Selling expenses	624	622
Administration costs	985	578
Development costs	26,178	29,830
Total	**27,787**	**31,030**

Parent Company	2018	2017
Depreciation, amortisation and impairment by type of asset:		
Licences	3,674	5,198
Pharmaceutical approvals	18,206	22,633
Development projects	2,331	–
Completed development projects	492	–
Other intangible assets	928	984
Equipment and computers	622	674
Total	**26,253**	**29,489**
Depreciation, amortisation and impairment by function:		
Selling expenses	248	388
Administration costs	728	343
Development costs	25,277	28,758
Total	**26,253**	**29,489**

Note 11 Leasing

The Group leases offices as part of an non-cancellable operating lease. The leasing period is 3-7 years. Notice of termination must be made at least 1-9 months before the contractual end date. Otherwise, the agreement is extend for a period of 3 years at a time.
The Group also has several leased vehicles, where the lease period is 3 years.

Leasing costs for 2018 amounted to SEK 5,413 (3,224) thousand.

Future total minimum lease fees for non-cancellable operating leases are as follows:

Group	2018	2017
Within 1 year	5,439	3,554
Between 2 and 5 years	13,631	14,732
More than 5 years	0	0
Total	**19,070**	**18,286**

Parent Company	2018	2017
Within 1 year	1,750	1,750
Between 2 and 5 years	5,104	6,854
More than 5 years	0	0
Total	**6,854**	**8,604**

IFRS 16 will be applied as of 1 January 2019. The transition will be implemented with application of the simplified approach. With the transition to IFRS 16, the exemption has been applied, which means that short-term inventory and inventory with a low value have not been recognised.

Note 12 Purchases and sales within the Group

Of the total operating expenses for the financial year, 9 (7)% was purchases from Group companies.

Of the total net sales for the financial year, 62 (63)% was sales to Group companies.

Note 13 Financial income

Group	2018	2017
Interest income on current bank deposits	661	494
Exchange gains	282	106
Other financial income	3,581	–
Total	**4,524**	**600**

Parent Company	2018	2017
Intra-Group interest income	97	–
Exchange gains	282	106
Other financial income	3,581	–
Total	**3,960**	**106**

Note 14 Financial expenses

Group	2018	2017
Interest expenses		
Bank loans	3,512	3,587
Convertible debt (note 22)	9,225	5,503
Discounted interest, convertible debt	3,828	1,913
Other interest expenses	453	407
Other financial expenses	1,384	269
Currency	–94	–177
Total	**18,308**	**11,502**

Parent Company	2018	2017
Interest expenses		
Bank loans	3,512	3,587
Convertible debt (note 22)	9,225	5,503
Discounted interest, convertible debt	3,829	1,913
Intra-group interest expenses	1,308	1,287
Other interest expenses	11	17
Other financial expenses	403	490
Waived Group receivable	689	2,631
Total	**18,977**	**15,428**

Note 15 Income tax

Group	2018	2017
Current tax	–3,519	–2,530
Deferred tax	–	–
Total	**–3,519**	**–2,530**
Current tax		
Profit (loss) before tax	–13,602	–39,865
Tax under the prevailing tax rate, 22%	2,992	8,771
Effect of foreign tax	–167	1,431
Tax effect of:		
Non-deductible expenses	–4,078	–3,141
Non-taxable income	–	270
Unrecognised tax assets for loss carryforwards	–2,266	–9,861
Tax on profit for the year according to the income statement	**–3,519**	**–2,530**

Parent Company	2018	2017
Current tax	–	–
Deferred tax	–	–
Total	**–**	**–**
Current tax		
Profit (loss) before tax	–23,693	–59,106
Tax under the prevailing tax rate, 22%	5,212	13,003
Tax effect of:		
Non-deductible expenses	–3,688	–3,142
Non-taxable income	–	–
Unrecognised tax assets for loss carryforwards	–1,524	–9,861
Tax on profit for the year according to the income statement	**–**	**–**

Loss carryforward

Group	2018	2017
Unlimited in time	402,763	395,834
Total	**402,763**	**395,834**

Parent Company	2018	2017
Unlimited in time	389,501	382,573
Total	**389,501**	**382,573**

Of the Group's total loss carryforward, SEK 0 (0) thousand is blocked Group contribution and merger deficit.

Swedish loss carryforwards can be utilised for an unlimited period. Total loss carryforwards as of the balance sheet date may be utilised in subsequent years.

Deferred tax assets and tax liabilities

Deferred tax assets and tax liabilities are offset only if there is a legal right to settle the current tax assets and liabilities on a net basis. There are no deferred tax assets and tax liabilities for the financial year.

Temporary differences

Temporary differences occur when there are differences between the carrying amount of assets and liabilities and their tax base. There are no temporary differences for the financial year or the comparison period.

Note 16 Earnings per share

Basic earnings per share are calculated by dividing the net profit/loss for the year attributable to the shareholders of the Parent Company by the weighted average of the number of outstanding ordinary shares during the period. To calculate diluted earnings per share, the weighted average number of outstanding ordinary shares is adjusted for the dilutive effect of all potential ordinary shares. The Parent Company has convertible debt that could result in a dilutive effect.

	2018	2017
Profit (loss) for the year attributable to the shareholders of the Parent Company	–17,121	–42,395
Earnings per share, SEK		
Basic	–0.21	–0.52
Diluted [1]	–0.21	–0.52
Average number of shares, thousands		
Basic	80,942	80,942
Convertible debt	–	–
Diluted	80,942	80,942

1) No impact on earnings per share from dilution has been allowed because it would result in a higher earnings per share.

Note 17 Intangible assets

	2018-12-31						
Group	Goodwill	Development projects	Completed development projects	Licences	Pharmaceutical approvals	Other intangible assets	Total
Opening cost	624	19,095	–	55,947	155,864	11,994	243,524
Acquisitions	–	1,608	239	894	9,220	25	11,986
Adjustment to prior-year acquisitions	–	–	–	–2,855	–	–	–2,855
Sales/disposals	–	–	–	–	–	–	–
Exchange difference	–	165	–	–	–	–	165
Reclassification	–	–12,528	12,528	–	–	–	–
Closing cost	**624**	**8,340**	**12,767**	**53,986**	**165,084**	**12,019**	**252,820**
Opening amortisation and impairment	–624	–1,084	–	–20,632	–60,330	–6,988	–89,658
Amortisation according to plan	–	–	–492	–3,025	–11,845	–928	–16,290
Impairment	–	–2,331	–	–649	–5,801	–	–8,781
Sales/disposals	–	–	–	–	–	–	–
Closing amortisation and impairment	**–624**	**–3,415**	**–492**	**–24,306**	**–77,976**	**–7,916**	**–114,729**
Carrying amount at end of period	**–**	**4,925**	**12,275**	**29,680**	**87,108**	**4,103**	**138,091**
As of 31 December							
Cost	624	8,340	12,767	53,986	165,084	12,019	252,820
Accumulated amortisation and impairment	–624	–3,415	–492	–24,306	–77,976	–7,916	–114,729
Carrying amount at end of period	**–**	**4,925**	**12,275**	**29,680**	**87,108**	**4,103**	**138,091**

During the year, SEK 2,774 (7,266) thousand was capitalised for research and development costs. The amount has been reported in drug approvals and development projects. During the year, SEK 14,271 (21,141) thousand was paid in cash for acquisitions of intangible assets.

Impairment loss has also been recognised in cases where the asset's carrying amount exceeds its recoverable amount. The impairment loss is for the corresponding amount of that difference. All impairment losses are immediately recognised in profit or loss. Intangible assets associated with the company's development projects for which development has been discontinued are assessed for impairment at that time and written down to their fair value (which is normally zero). Total impairment losses for licences, pharmaceutical approvals and development projects during the year amounted to SEK 8,781 (13,207) thousand.

Group	2017-12-31 Goodwill	Development projects	Licences	Pharmaceutical approvals	Other intangible assets	Total
Opening cost	624	18,443	57,065	156,915	10,939	243,986
Acquisitions	–	5,077	4,018	10,002	1,055	20,152
Sales/disposals	–	–4,859	–5,136	–11,053	–	–21,048
Exchange difference	–	434	–	–	–	434
Closing cost	**624**	**19,095**	**55,947**	**155,864**	**11,994**	**243,524**
Opening amortisation and impairment	–624	–1,084	–19,485	–55,238	–6,003	–82,434
Amortisation according to plan	–	–	–2,847	–11,233	–985	–15,065
Impairment	–	–4,859	–3,436	–4,912	–	–13,207
Sales/disposals	–	4,859	5,136	11,053	–	21,048
Closing amortisation and impairment	**–624**	**–1,084**	**–20,632**	**–60,330**	**–6,988**	**–89,658**
Carrying amount at end of period	**–**	**18,011**	**35,315**	**95,534**	**5,006**	**153,866**
As of 31 December						
Cost	624	19,095	55,947	158,897	11,995	246,558
Accumulated amortisation and impairment	–624	–1,084	–20,632	–63,363	–6,989	–92,692
Carrying amount at end of period	**–**	**18,011**	**35,315**	**95,534**	**5,006**	**153,866**

Parent Company	2018-12-31 Development projects	Completed development projects	Licences	Pharmaceutical approvals	Other intangible assets	Total
Opening cost	17,323	–	55,946	157,966	10,032	241,267
Acquisitions	1,608	239	894	9,538	25	12,304
Adjustment to prior-year acquisitions	–	–	–2,855	–	–	–2,855
Sales/disposals	–	–	–	–	–	–
Reclassification	–12,528	12,528	–	–	–	–
Closing cost	**6,403**	**12,767**	**53,985**	**167,504**	**10,057**	**250,716**
Opening amortisation and impairment	–	–	–20,631	–63,363	–5,026	–89,021
Amortisation according to plan	–	–492	–3,025	–12,405	–928	–16,850
Impairment	–2,331	–	–649	–5,801	–	–8,781
Sales/disposals	–	–	–	–	–	–
Closing amortisation and impairment	**–2,331**	**–492**	**–24,305**	**–81,569**	**–5,954**	**–114,652**
Carrying amount at end of period	**4,072**	**12,275**	**29,680**	**85,934**	**4,103**	**136,064**
As of 31 December						
Cost	6,403	12,767	53,985	167,504	10,057	250,716
Accumulated amortisation and impairment	–2,331	–492	–24,305	–81,569	–5,954	–114,652
Carrying amount at end of period	**4,072**	**12,275**	**29,680**	**85,934**	**4,103**	**136,064**

Parent Company	2017-12-31 Development projects	Licences	Pharmaceutical approvals	Other intangible assets	Total
Opening cost	17,105	57,065	158,402	8,977	241,549
Acquisitions	5,077	4,018	10,616	1,055	20,766
Sales/disposals	–4,859	–5,136	–11,053	–	–21,048
Closing cost	**17,323**	**55,946**	**157,966**	**10,032**	**241,267**
Opening amortisation and impairment	–	–19,485	–57,727	–4,042	–81,254
Amortisation according to plan	–	–2,847	–11,777	–984	–15,608
Impairment	–4,859	–3,436	–4,912	–	–13,207
Sales/disposals	4,859	5,136	11,053	–	21,048
Closing amortisation and impairment	**–**	**–20,631**	**–63,363**	**–5,026**	**–89,021**
Carrying amount at end of period	**17,323**	**35,315**	**94,602**	**5,006**	**152,246**
As of 31 December					
Cost	17,323	55,946	157,966	10,032	241,267
Accumulated amortisation and impairment	–	–20,631	–63,363	–5,026	–89,021
Carrying amount at end of period	**17,323**	**35,315**	**94,602**	**5,006**	**152,246**

Note 18 Property, plant and equipment

Group	2018-12-31	2017-12-31
Equipment and computers		
Opening cost	23,717	23,505
Acquisitions	217	1,036
Sales/disposals	–63	–91
Translation difference for the year	–34	–733
Closing cost	**23,837**	**23,717**
Opening depreciation	–15,434	–12,524
Depreciation according to plan	–2,716	–2,758
Sales/disposals	17	38
Translation difference for the year	–535	–190
Closing depreciation	**–18,668**	**–15,434**
Carrying amount at end of period	**5,169**	**8,283**
Equipment and computers held under finance lease agreements are included at the following amounts:	none	none

Parent Company	2018-12-31	2017-12-31
Equipment and computers		
Opening cost	4,983	4,520
Acquisitions	13	463
Sales/disposals	–	–
Closing cost	**4,996**	**4,983**
Opening depreciation	–3,362	–2,688
Depreciation according to plan	–622	–674
Sales/disposals	–	–
Closing depreciation	**–3,984**	**–3,362**
Carrying amount at end of period	**1,012**	**1,622**

Note 19 Participations in Group companies

	2018-12-31	2017-12-31
Book value at beginning of the year	15,742	18,374
Impairment of shares in subsidiaries	–94	–2,632
Shareholder contributions to subsidiaries	–	–
Book value at year end	**15,648**	**15,742**

Impairment of shares in subsidiaries amounted to SEK 0 for the companies that were liquidated during the year (Bluefish Pharma Srl and Bluefish Pharma Holding Ltd).

Subsidiaries	Corporate registration number	Registered office	Share of equity/ votes (%)	Book value 2018	Book value 2017
Bluefish Pharmaceuticals Pvt Ltd	U02423KA2006PTC049950	Bangalore, India	100	14,678	14,678
Bluefish Pharma Incentive AB	556731-3704	Stockholm, Sweden	100	100	100
Bluefish Pharma SL	B-64813389	Madrid, Spain	100	29	29
Bluefish Pharma GmbH	HRB 9827	Griesheim, Germany	100	232	232
Bluefish Pharma GmbH	FN32626a	Vienna, Austria	100	375	375
Bluefish Pharma sp z o o	142220504	Warsaw, Poland	100	127	127
BFPH Portugal Unipessoal Lda	509426590	Lisbon, Portugal	100	48	48
Bluefish Pharma Holding Ltd	C 50712	Sliema, Malta	100	0	0
Bluefish Pharma France Sarl	529 131 245 R.C.S. Paris	Paris, France	100	9	9
Bluefish Pharma AB (previously BMM Pharma AB)	556618-5210	Stockholm, Sweden	100	50	50
Bluefish Pharma FZ-LLC	92341	Dubai, United Arab Emirates	100	0	94
Bluefish Pharma Ltd	608058	Dublin, Ireland	100	0	0
Total book value				**15,648**	**15,742**

Note 20 Other non-current liabilities

Group	2018-12-31	2017-12-31
Opening amount	1,840	1,861
Net change for receivables	–370	51
Exchange rate differences for the year	–5	–72
Carrying amount at year-end	**1,465**	**1,840**

Other non-current receivables primarily consist of rent deposits.

Parent Company	2018-12-31	2017-12-31
Opening amount	94	53
Net change for receivables	–	41
Carrying amount at year-end	**94**	**94**

Note 21 Inventories

Group/Parent Company	2018-12-31	2017-12-31
Finished products	125,506	116,057
Goods in transit	248	9,320
Total	**125,754**	**125,377**

Obsolescence reserve amounts to SEK 13,586 (10,371) thousand.

Inventory impairment is primarily related to discontinued products and products with such a short shelf life that they cannot be sold. Impairment loss for the year is SEK 12,396 (13,146) thousand. See Note 30.

Note 22 Financial instruments by category

Group

2018-12-31	Financial assets at amortised cost	Total
Assets in the balance sheet		
Accounts receivable and other receivables	74,024	74,024
Cash and cash equivalents (Note 29)	51,898	51,898
Total	**125,922**	**125,922**
2017-12-31		
Assets in the balance sheet		
Accounts receivable and other receivables	81,253	81,253
Cash and cash equivalents (Note 29)	44,675	44,675
Total	**125,928**	**125,928**

Group

2018-12-31	Financial liabilities at amortised cost	Total
Liabilities in the balance sheet		
Borrowings	210,328	210,328
Accounts payables and other liabilities excluding non-financial liabilities	170,307	170,307
Total	**380,635**	**380,635**
2017-12-31		
Liabilities in the balance sheet		
Borrowings	204,216	204,216
Accounts payables and other liabilities excluding non-financial liabilities	153,827	153,827
Total	**358,043**	**358,043**

Financial instruments

Financial instruments are recognised in the balance sheet when the Group becomes party to the instrument's contractual terms. A receivable/claim is reported when the company has performed and a contractual obligation to pay exists for the counterparty. A liability is reported when the counterparty has performed and a contractual obligation to pay exists for the company. The business model upon which the financial asset or liability was obtained, along with the nature of the contractual cash flows are what determines classification. The Group has financial assets and liabilities classified in the categories below:

- Financial assets at amortised cost
- Financial liabilities at amortised cost

Purchases and sales of financial assets are recognised on the trade date, which is the date on which the Group commits to purchase or sell the asset. Financial assets are removed from the balance sheet when the right to receive the cash flows generated by the instrument has expired or been transferred and the Group has transferred essentially all of the risks and rewards associated with ownership.

During the financial year and comparison year, the Group did not have any financial instruments measured at fair value either through profit or loss or through other comprehensive income. During the comparison year, the Group had financial assets classified as loans and receivables in accordance with IAS 39. They have, in all material respects, been reported in the same way as financial assets at amortised cost in accordance with IFRS 9.

Note 23 Accounts receivable and other receivables

Group	2018-12-31	2017-12-31
Accounts receivable	74,360	81,052
Less: reserve for expected credit losses	–2,517	–1,041
Accounts receivable – net	**71,843**	**80,011**
Other receivables	15,537	4,561
Total other receivables	**15,537**	**4,561**
Total accounts receivable and other receivables	**87,380**	**84,572**

Parent Company	2018-12-31	2017-12-31
Accounts receivable	31,716	30,869
Less: reserve for expected credit losses	–354	–562
Accounts receivable – net	**31,362**	**30,307**
Receivables from Group companies	25,877	23,043
Other receivables	2,153	2,021
Total other receivables	**28,030**	**25,064**
Total accounts receivable and other receivables	**59,392**	**55,371**

The confirmed bad debt losses for the company during the year amount to SEK 2,796 (0) thousand.

As of 31 December 2018, overdue accounts receivable amounted to SEK 27,021 (29,540) thousand. Of the overdue accounts receivable, SEK 2,517 (1,041) thousand has been set aside as a provision for doubtful debts. Creditworthiness is assessed as good and it has been concluded that no impairment loss needs to be recognised. The overdue receivables pertain to a number of customers who have not previously had any difficulty making payment.

The age analysis of these accounts receivable is set forth below:

Group	2018-12-31	2017-12-31
Less than 30 days	19,176	22,692
Older than 30 days	7,845	6,848
	27,021	**29,540**

Parent Company	2018-12-31	2017-12-31
Less than 30 days	12,959	11,007
Older than 30 days	3,881	4,721
	16,840	**15,728**

In the Group, overdue invoices as of 31 December 2018 were SEK 27,021 (29,540) thousand. As of 31 January 2019, invoices for a total of SEK 21,563 (13,772) thousand had been paid. The outstanding amount is SEK 5,458 (15,768) thousand.

In the Parent Company, overdue invoices as of 31 December 2018 were SEK 16,840 (15,728) thousand. As of 31 January 2019, invoices for a total of SEK 15,103 (8,687) thousand had been paid. The outstanding amount is SEK 1,737 (7,040) thousand.

The Group has assessed that the creditworthiness of the outstanding claims is high, which is why no additional provision is required beyond what has already been made for individual claims.

Note 24 Share capital

According to the articles of association, the Company’s share capital shall be not less than SEK 9,000 thousand and not more than SEK 36,000 thousand. The minimum number of shares is 45,000,000 and the maximum number is 180,000,000. As of 31 December 2018, the Parent Company's share capital was SEK 16,188 thousand. The total number of shares amounts to 80,942,496. As of 31 December 2018, all shares carry 1/10 vote and a quotient value of SEK 0.20.

	A shares	B shares	Total no. shares
As of 31 December 2017	–	80,942,496	80,942,496
As of 31 December 2018	–	80,942,496	80,942,496

Growth trend, share capital

	Number of shares (000s)	Share capital
1 January 2017	80,942	16,188
New share issue	–	–
Repayment of convertible debt	–	–
31 December 2017	**80,942**	**16,188**
1 January 2018	80,942	16,188
New share issue	–	–
Repayment of convertible debt	–	–
31 December 2018	**80,942**	**16,188**

Note 25 Borrowings

Group	2018-12-31	2017-12-31
Long-term borrowings		
Convertible debt	93,697	89,870
Carrying amount	93,697	89,870
Short-term borrowings		
Inventory credit	71,645	67,988
Invoice discounting	14,986	16,359
Bank loans	15,000	15,000
Shareholder loan	15,000	15,000
Carrying amount	**116,631**	**114,346**
Total carrying amount of borrowings	**210,328**	**204,216**

Parent Company	2018-12-31	2017-12-31
Long-term borrowings		
Convertible debt	93,697	89,870
Carrying amount	93,697	89,870
Short-term borrowings		
Inventory credit	71,645	67,987
Invoice discounting	8,194	7,044
Bank loans	15,000	15,000
Shareholder loan	15,000	15,000
Carrying amount	**109,839**	**105,031**
Total carrying amount of borrowings	**203,536**	**194,900**

Change in borrowings for the year

Group	2018-12-31	2017-12-31
Opening amount	204,216	120,181
Change in inventory credit	3,657	2,531
Change in invoice discounting	–1,373	13,236
New convertible debt, net	–	88,055
Discounted interest on convertible debt	2,335	1,068
Dissolution of accrued loan fee	1,493	746
Repayment of prior convertible debt	–	–21,601
Closing amount	210,328	204,216

Parent Company	2018-12-31	2017-12-31
Opening amount	194,900	120,181
Change in inventory credit	3,657	2,530
Change in invoice discounting	1,150	3,921
New convertible debt, net	–	88,055
Discounted interest on convertible debt	2,335	1,068
Dissolution of accrued loan fee	1,493	746
Repayment of prior convertible debt	–	–21,601
Closing amount	203,535	194,900

(a) Convertible debt instrument

Convertible debt 2017-2020

At the annual general meeting on 21 June 2017, it was decided to issue convertibles for a total amount of at most SEK 100,000,000. The convertibles will have maturity of three (3) years, with an interest rate of nine (9) percent per year. The conversion rate for convertibles will be SEK 9 per share. The maturity period for convertible debt begins upon registration with the Swedish Companies Registration Office and runs through 30 June 2020. If all of the holders of convertibles demand conversion, share capital will increase by at most SEK 2,222,222.22 upon conversion of all the convertibles.

As of 2018-12-31, the total outstanding amount of convertible debt was SEK 93,697 (89,870) thousand.

Group/Parent Company	2018-12-31	2017-12-31
Opening amount	89,870	21,601
Convertible debt, nominal value	–	95,157
Repayment of convertible debt	–	–21,601
Equity portion	–	–7,102
Discounted rate	3,828	1,814
Closing amount	**93,697**	**89,870**

The fair value of the liability and equity portion was determined at the time of the issuance of the convertible debt. The fair value of the liability portion, including non-current liabilities, has been calculated applying a market interest rate for comparable non-convertible debt. Remaining amounts, which represent the value of the equity portion, are included under Shareholders' Equity.

The carrying amount on the balance sheet date for the liability portion of the convertible debt is a good approximation of the fair value. The interest expense for convertible debt is calculated as an effective return through use of the effective interest rate of 10-12 % for similar, non-convertible debt regarding the liability portion of the convertible debt.

Inventory credit and invoice discounting

Since November 2011, Bluefish has had an agreement with SEB regarding working capital credit designed to meet the company's increased need for working capital. The working capital credit includes SEK 72 million, for which the Nordic inventories have been used as collateral, and an additional SEK 10 million from invoice discounting.

According to the agreement with SEB, the total value of customer invoices is used to pledge up to 80 % of the total customer invoice value for invoices issued to Nordic customers. Nordic region inventory may be pledged for an amount up to 65 % of AIP (Pharmacy Purchase Price).

Bank credit with SEB, pertaining to inventory financing and invoice discounting was reclassified as a current liability with maturity up to 12 months, since this loan is equivalent to a bank overdraft facility. The working capital credit with SEB is a running agreement (with a 3-month notice of termination required from each side) that remains in force as long as inventory is held in the Nordic region and there are Nordic accounts receivable that can be pledged. Although the loan is classified as a current liability, both Bluefish and SEB regard their collaboration as long-term.

Group/Parent Company	2018-12-31	2017-12-31
Inventory credit		
Granted inventory credit	72,000	72,000
Utilised inventory credit	–71,645	–67,987
Granted, unutilised inventory credit	**355**	**4,013**
Invoice discounting		
Granted invoice discounting	40,826	39,549
Utilised invoice discounting	–14,986	–16,359
Granted, unutilised invoice discounting	**25,840**	**23,190**
Total granted, non-utilised facility	**26,195**	**27,203**

(c) Bank loans and other loans

In September 2016, the company received a shareholder loan of SEK 15,000 thousand from the company's two main owners, Färna and Nexttobe, each of whom has loaned the company SEK 7,500 thousand. The loan matures on 31 March 2019 and carries an annual interest rate of 8%. In February, the maturity date was extended to 2020-03-31. Interest will be paid when the loan is repaid.

The company has a bank loan from Nordea for SEK 15,000 thousand, for which Färna Invest has a guarantee commitment. The loan carries annual interest of STIBOR + 1,5% and contractual interest of 0.5% of the loan amount. Renegotiation of the terms is once per year, on 31 December. Compensation of 1% of the loan amount is paid each year to Färna Invest for its guarantee commitment.

The fair value of short-term borrowing is approximately the same as the carrying amount, since the discount rate is insignificant.

See Note 3.

Note 26 Other liabilities, non-current and current

Group	2018-12-31	2017-12-31
Maturity, within one year of balance sheet date	9,935	10,661
Maturity, between 1-5 years from balance sheet date	796	3,647
Total	**10,731**	**14,308**

Parent Company	2018-12-31	2017-12-31
Maturity, within one year of balance sheet date	9,108	8,960
Maturity, between 1-5 years from balance sheet date	796	3,592
Total	**9,904**	**12,552**

Liabilities primarily consist of the fees for purchasing licensing rights. Payment for licensing rights takes place upon agreed milestones, usually depending on the process for drug approval.

Note 27 Current provisions

Group	2018-12-31	2017-12-31
Provision for net sales deduction	82,801	73,706
Provision for returns	–	184
Total	**82,801**	**73,890**

Group	2018-12-31	2017-12-31
Opening balance	73,890	84,434
New provision	172,192	149,176
Amount used during the period	–164,328	–150,485
Reversal of unutilised amount	–1,954	–11,352
Translation difference for the year	3,192	2,117
Closing balance	**82,801**	**73,890**

As of 2018-12-31, there were no current provisions in the Parent Company.

The company's gross sales consist of the number of packaging units delivered during a specific period at the price prevailing on the relevant market.

According to the practice within the pharmaceuticals industry, gross sales are affected by various deductions, which include discounts and deductions for public authorities, wholesalers, and health insurance companies, as well as returns. These deductions represent assessments of the related obligations which, in turn, require the company to make estimates regarding the effect on sales for particular reporting period. Consequently, when reporting net sales, a deduction from gross sales is made for these estimates. The assessment of the need for such deductions is made in conjunction with each individual transaction.

Normally, there is a time delay of several months from the point in time at which the estimate of the deduction is made and the final reporting of the obligation. Net sales represents, in turn, our best estimate of the revenue that will be received.

See Note 2.

Note 28 Accrued expenses and deferred income

Group	2018-12-31	2017-12-31
Accrued employee benefit expenses	2,944	2,477
Accrued interest expenses	4,888	7,544
Provision for price adjustments and penalty fees	558	674
Other accrued expenses	15,065	21,083
Total	**23,455**	**31,778**

Parent Company	2018-12-31	2017-12-31
Accrued employee benefit expenses	2,589	2,477
Accrued interest expenses	4,888	7,544
Provision for price adjustments and penalty fees	476	674
Other accrued expenses	9,803	13,446
Total	**17,756**	**24,141**

Note 29 Pledged assets and contingent liabilities

Group	2018-12-31	2017-12-31
Pledged assets		
Bank guarantees	1,015	1,735
Inventories	26,769	61,856
Accounts receivable	12,160	18,725
Chattel mortgage	30,000	30,000
Total	**69,944**	**112,316**
Contingent liabilities	none	none

Parent Company	2018-12-31	2017-12-31
Pledged assets		
Bank guarantees	1,015	1,110
Inventories	26,769	61,856
Accounts receivable	5,368	8,776
Chattel mortgage	30,000	30,000
Total	**63,152**	**101,742**
Contingent liabilities	none	none

The amount of pledged inventory and accounts receivable is based on utilised credit in relation to the assets book value.

Bank guarantees are restricted cash included in cash and cash equivalents.

Note 30 Supplementary disclosures to the cash flow statements

Group	2018	2017
Adjustment for items not included in cash flow		
Depreciation/amortisation and impairment of PPE and intangible assets	27,785	31,643
Inventory impairment	12,396	13,236
Impairment of accounts receivable	2,796	–
Profit (loss) from disposal of fixed assets	–	53
Change in net sales deduction	5,910	7,194
Unrealised exchange differences	15,862	3,507
Total	**64,750**	**55,633**

Parent Company	2018	2017
Adjustment for items not included in cash flow		
Depreciation/amortisation and impairment of PPE and intangible assets	26,252	29,489
Impairment of receivables	–	11,325
Impairment of accounts receivable	1,114	562
Inventory impairment	12,396	13,146
Unrealised exchange differences	12,264	2,835
Total	**52,026**	**57,357**

Note 31 Events after the balance-sheet date

Extended loan financing

The shareholder loan that was issued in September 2016 with repayment date of 2019-03-31 was extended at the beginning of the year. The new maturity date is 2020-03-31.

The loan has been subordinated against credit granted by SEB, which involves certain restrictions on such things as repayment. Accordingly, it can be classified as equity when the bank assesses compliance with covenants.

Loan terms

SEB's covenant review at 2019-03-31 revealed that the company had deviated from the loan agreement. Having subordinated the shareholder loan as explained in the previous paragraph, the bank has adjusted the terms and approved a deviation from the loan agreement until 2019-06-30.

Balance sheet for liquidation purposes, Parent Company

The Board of Directors has prepared a balance sheet for liquidation purposes as of 2019-01-31 for the Parent Company, which shows that equity had fallen below 50% of the registered share capital. Compared to budget, high amounts for depreciation/amortisation and impairment losses have been recorded. Furthermore, in accordance with the transfer rules, the Parent Company is obligated to absorb any losses of the subsidiaries and this has put the Parent Company in a situation where it has been required to prepare a balance sheet for liquidation purposes. The assets in the balance sheet for liquidation purposes have been measured at net realisable value.

New share issue

The Board has made a decision to increase the company's share capital by, at most, SEK 60 million by issuing at most 30 million shares with preferential rights to shareholders, pending approval by the AGM. The full terms of the issue will be presented no later then two weeks prior to the AGM 2019.

Note 32 Transactions with related parties

Transactions between Bluefish Pharmaceuticals AB and its subsidiaries, which are companies closely related to Bluefish Pharmaceuticals AB, have been eliminated in the consolidated financial statements and are not included in this note.

The company has a bank loan of SEK 15 million from Nordea. Färna Invest has provided a guarantee for this loan.

The company also received a shareholder loan of SEK 15,000 thousand from the company's two main owners, Färna and Nexttobe, each of whom has loaned the company SEK 7,500 thousand.

See Note 7 regarding remuneration to senior executives.

Purchases and sales within the Group, see Note 12.

Note 33 Appropriation of earnings

Proposed appropriation of the company's earnings

The following earnings are at the disposal of the annual general meeting:

SEK	2018-12-31
Share premium reserve	338,721,253
Retained earnings	–348,223,646
Profit (loss) for the year	–23,692,545
Total	**–33,194,938**

The Board of Directors and the CEO propose that the unappropriated earnings (loss), SEK –33,194,938 (–10 203 417) are carried forward.

The Board proposes that no dividends are issued for the 2018 financial year.

The Board of Directors and CEO affirm that the consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and that they provide a true and fair view of the Group's financial position and results. The annual report has been prepared in accordance with generally accepted accounting principles and provides a fair and true view of the financial position and earnings of the Parent Company.

The Directors' report for the Group and Parent Company provides a true and fair overview of the Group's and the Parent Company's operations, financial position and results and also describes material risks and uncertainties faced by the Parent Company and the companies that comprise the Group.

The income statements and balance sheets will be presented to the annual general meeting for adoption.

Stockholm, 30 April 2019

Gerald Engström
Chairman of the Board

Erika Kjellberg Eriksson
Director

Karl Karlsson
Director

Berit Lindholm
CEO

Our audit report was submitted on 30 April 2019

Ernst & Young AB

Anna Svanberg
Authorised Public Accountant

Auditor's report

To the general meeting of the shareholders of Bluefish Pharmaceuticals AB (Publ), corporate identity number 556671–9164

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Bluefish Pharmaceuticals AB (Publ) for the year 2018. The annual accounts and consolidated accounts of the company are included on pages 7-40 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2018 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other Information than the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises pages 1-6 and 43-44 in this document.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our

conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Bluefish Pharmaceuticals AB (Publ) for the year 2018 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the loss be dealt with in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:
- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Stockholm 30 April 2019
Ernst & Young AB

Anna Svanberg
Authorised Public Accountant

Definitions of key figures

Gross margin
Operating profit/loss as a percentage of sales

Gross profit/loss
Operating income less cost of goods sold

EBIT
Profit/loss before financial items and tax (Operating profit/loss)

EBITDA
Operating profit/loss before depreciation, amortisation and impairment of property, plant and equipment and intangible assets

Equity per share
Equity per share divided by the number of shares

Net sales
Gross sales adjusted for discounts, price adjustments and returns

Net debt
Interest-bearing non-current and current liabilities less cash in bank

Equity ratio
Equity divided by total assets

Information to the shareholders

Future reports

Interim report	January-March	15 May 2019
Interim report	April-June	30 August 2019

Annual general meeting

The annual general meeting will be held on 15 May 2019 at 3 pm at the Company's offices, Gävlegatan 22, Stockholm.

Shareholders who wish to participate at the annual general meeting must:

be entered in the share register maintained by Euroclear Sweden AB on 9 May 2019 and must notify the Company of their participation.

Notification may be by email to tanya.hesse@bluefishpharma.com or regular mail to Bluefish Pharmaceuticals AB, Gävlegatan 22, 113 30 Stockholm.

Mark the envelope "Annual general meeting".

Notification may also be given by telephone at +46 8 519 116 00.

Notification

Notification must be received by Bluefish Pharmaceuticals no later than 9 May 2019 and must include the shareholder's name, personal ID number or corporate identity number, address, telephone number and shareholding. Shareholders who are represented by a proxy must issue a written proxy form for the proxy. If the proxy form is issued by a legal entity, a certified copy of the certificate of registration for the legal entity must be enclosed. Proxy forms and certificates of registration may not be issued earlier than one year prior to the general meeting.

Registration

In order to be entitled to participate at the annual general meeting, shareholders whose shares are nominee-registered must request that the shares be temporarily registered in the share register maintained by Euroclear Sweden AB. Re-registration must take place not later than 9 May 2019.

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PHARMACEUTICALS