

INTERIM REPORT



JANUARY – DECEMBER 2019

- Net sales amounted to SEK 379.9 (357.2) million.
- Gross profit was SEK 192.1 (181.3) million.
- EBITDA was SEK 42.7 (28.0) million.
- Basic earnings per share amounted to SEK -0.08 (-0.21).

OCTOBER – DECEMBER 2019

- Net sales amounted to SEK 118.9 (94.0) million.
- Gross profit was SEK 66.6 (53.4) million.
- EBITDA was SEK 32.2 (12.4) million.
- Basic earnings per share amounted to SEK 0.22 (-0.04).

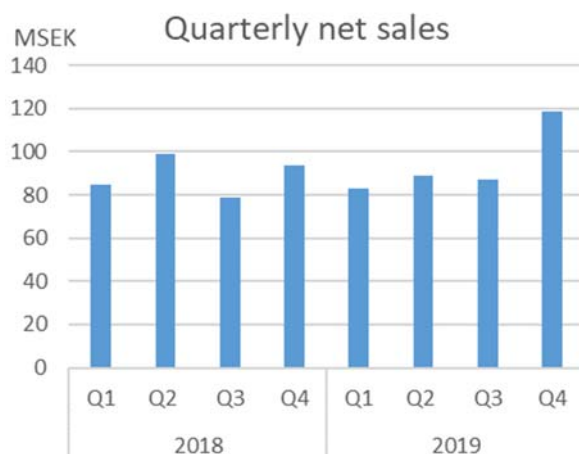
SIGNIFICANT EVENTS

Net sales and gross profit during the year.

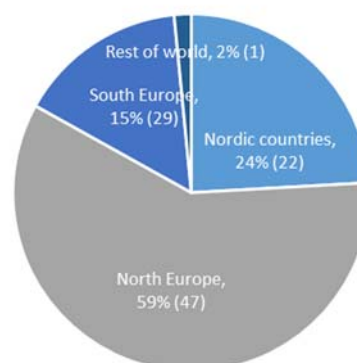
- Net sales increased by 6.3% to 379.9 million
- Gross margin flat at 50.6% (50.7%).

Continued growth:

- Germany has a sales growth that is almost double compared to same period last year.
- Sales in the Nordics has exceeded expectations for the period and is now the second largest market for Bluefish.
- Launches has delivered ahead of plans for the year including a launch of Anagrelide, Bluefish own developed product.



Net sales distribution
January-December 2019 (2018)



FUTURE OUTLOOK 2020

- Continued sales growth and stable gross margin.
- Sales expectations are high in Germany with the large AOK tender won, which is the largest tender historically for Bluefish in Germany.
- We expect net sales to increase in other markets as a whole with a focus on the Nordics as well as an uptake in volumes for Anagrelide during the year.
- Successfully go live with new ERP system in Q2 2020.

OPERATIONS

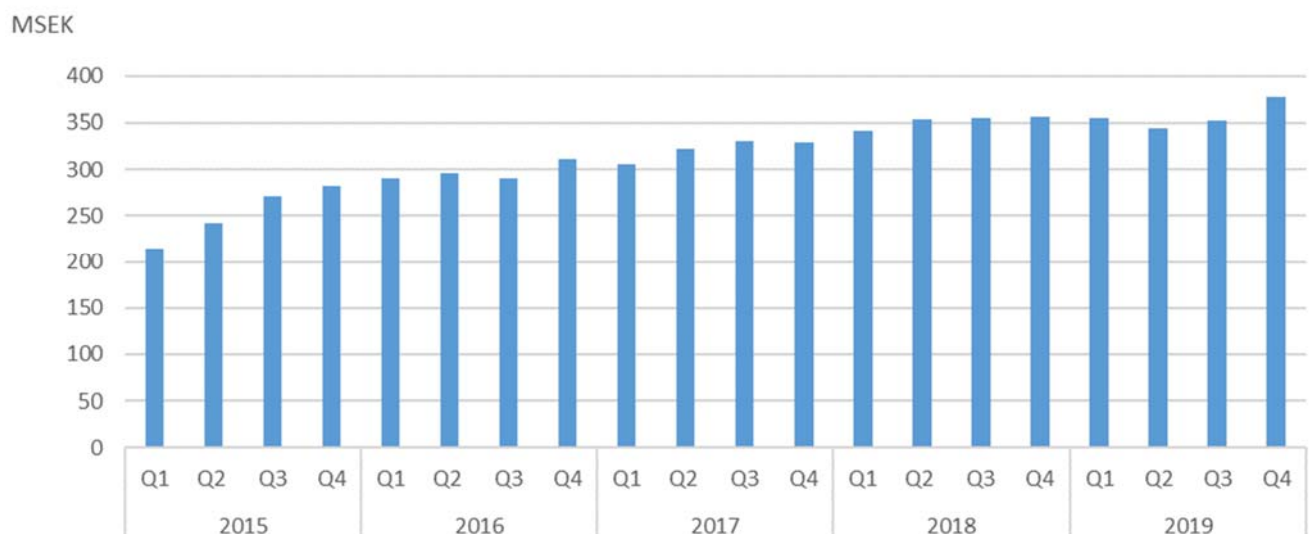
Stable continued growth

Sales at SEK 379.9 (357.2) million as per December of 2019 compared with the same period 2018, of which SEK 108.1 (56.3) million in Germany, Sweden SEK 65.5 (57.1) million, Spain SEK 38.3 (89.3) million, Poland 51.7 (47.1) million and SEK 110.4 (102.9) million in Rest of Europe and SEK 5.9 (4.5) million in Rest of World.

Germany continues to exceed expectations month on month with a total growth of 93.8%, winning more tenders, a result of the new tender model launched earlier this year. Germany has together with Sweden and Poland been driving sales and has brought more than 59.5% of the sales during 2019.

Unfortunately, the continued uncertainty of the development of the Spanish tender market still leads to a sales decrease in this region. National tenders have been announced to be launched in the near future and Bluefish is keeping a close eye on the future developments in Spain. To meet the uncertainty and the new requirements of the Spanish market, Bluefish has strengthened the team in Spain to work with a new sales model, Menta3, to regain sales during the coming years.

Sales in Ireland has increased to reach an amount of 17.1 (7.2) million and is expected to grow further during 2020.



Graph 1. Rolling net sales

Investments and forward looking

Bluefish continuously evaluates growth opportunities with regards to new products, new segments in existing markets and collaboration opportunities to identify appropriate investment possibilities.

Bluefish third own developed product, Anagrelide, was launched in several countries during last year and sales is continuing in 2020. Bluefish focus is on continued stable growth in existing markets with a special focus on establishing a new business model, Menta3, in Spain to bridge to the gap from previous tender process.

Bluefish has proven that we have a stable platform for continued growth with robust processes and controlled cost base. We have a strong organization in place that has extensive knowledge of both operations and markets.

Optimization of the product portfolio

The composition of the product portfolio in each market stays critical to the company's future growth and profitability and Bluefish has during the fourth quarter launched two new products and further strengthened our portfolio as planned. Anagrelide is Bluefish third in-house developed product and is now successfully on the market.

The company is continuing to invest in additional new product licenses and in new development projects at our own Development laboratory. Investments are made selectively and only in the markets and segments where Bluefish see a high potential in terms of both sales and profitability. The expected earnings potential of products is also continually evaluated.

At the rate that Bluefish grows and gains more market share, we become noticed as a potential partner by companies offering unique products with a stable supply. Bluefish is strengthening our position by having robust and secure supply to the markets for all products.

Optimization in operations

Manning situation is at the right level and costs are expected to stay flat. Bluefish continues to optimize the supply chain parameters and are carefully choosing partners for collaboration to achieve improved results.

An ERP upgrade has been initiated in Q3 2019 to support business processes and financial reporting, plan for completion is Q2 2020.

FUTURE OUTLOOK

In 2020, the company expects an increase in sales growth compared to the prior year in most markets except Spain. Sales growth will primarily be fueled by continued strong development in key markets lead by Germany and Nordics but will also be aided by newly launched products, which is a result of investments that were made earlier. Ireland has a good potential for sales growth after the first period of establishment.

New product launches for 2020 are planned through out the year with a peak during second half of the year. Bluefish is continuing to fortify its sales organization in selected markets and going forward it will be focusing on higher delivery performance.

	31 Dec 2019	30 Dec 2018
Products under development or registration	9	20
Products in the market	80	78

FINANCIAL OVERVIEW

SEK million	2019 Oct-Dec	2018 Oct-Dec	Change	2019 Jan-Dec	2018 Jan-Dec
Net sales	118.9	94.0	27%	379.9	357.2
COGS	-52.3	-40.6	29%	-187.8	-175.9
Gross profit	66.6	53.4	25%	192.1	181.3
Gross margin	56.0%	56.8%		50.6%	50.7%
EBITDA	32.2	12.4	161%	42.7	28.0
Cash flow from operating activities	.0	8.8		9.1	17.8
Cash flow from investing activities	-3.5	-5.3		-10.3	-13.9

Net sales for the last quarter of 2019 was SEK 118.9 (94.0) million, which corresponds to an increase of 27.0 % compared to last year. Gross profit was SEK 66.6 (53.4) million, with a corresponding gross margin of 56.0 (56.8) % for the period. Corresponding figures as per year end were net sales of SEK 379.9 (357.2) million, with a gross profit of SEK 187.8 (175.9) million and a gross margin of 50.6 (50.7) %.

Economies of scale

Total operating costs during the last quarter of the year, including depreciation/amortization and impairment of property, plant and equipment and intangible assets, amounted to SEK 38.5 (51.0) million, which corresponds to a decrease of 25.0% compared to the same period last. Corresponding figures per year end were SEK 181.3 (181.1) million.

EBITDA for the last quarter amounted to SEK 32.2 (12.4) million, and as per end of 2019 to SEK 42.7 (28.0) million. Excluding IFRS 16 Leases, EBITDA as per December amounted to 36.3 (28.0) million.

Net profit in 2019

For the last quarter of the year, amortization/impairment of property, plant and equipment and intangible assets, amounted to SEK 2.0 (9.2) million, whilst depreciation of the same amounted to SEK 2.1 (0.8) million. For the full-year 2019, amortization/impairment of property, plant and equipment and intangible assets, amounted to SEK 23.9 (25.1) million, whilst depreciation of the same amounted to SEK 8.0 (2.7) million. The composition of the product portfolio is evaluated and strategic decisions are being taken on an ongoing basis.

For the last quarter, net financial income/expense was SEK -3.4 (-5.2) million and SEK -16.8 (-13.8) million for the full-year 2019, which includes interest expense on the convertible bond and bank overdraft facilities. The convertible bond has during the year been dissolved in advance by SEK 39.5 million.

The net profit was SEK 24.1 (-3.3) million for the last quarter of the year, with a net loss of SEK -8.1 (-17.1) for the full-year 2019.

CASH FLOW

Cash flow from operating activities amounted to SEK 0.0 (8.8) million for the fourth quarter of 2019, of which SEK -30.6 (6.7) million was the change in working capital. Cash flow from accounts receivable and other current receivables was negative SEK -18.9 (-7.2) million, whereas cash flow from accounts payable and other operating liabilities was SEK 31.4 (12.8) million during the fourth quarter of 2019.

Cash flow from operating activities amounted to SEK 9.1 (17.8) million for the full year 2019, of which SEK -93.0 (-30.5) million was the change in working capital. Cash flow from accounts receivable and other current receivables was negative SEK -51.0 (-6.2) million, and cash flow from accounts payable and other operating liabilities was SEK 0.5 (-11.5) million during the full year 2019.

As of 31 December 2019, we maintained an inventory level of SEK 144.5 (125.8) million which has been increased over the year to accommodate the coming demand in 2020 with new tenders in Germany and increased overall sales. The current inventory level is estimated as corresponding to 249 days sale, as compared to 279 days as of 31 December 2018.

Cash flow from investing activities was SEK -10.3 (-13.9) million including adjustments for the full year 2019, of which investments in intangible assets were SEK -9.1 (-12.0) million. Investments comprise product development, licenses, and market approvals. Investments in property, plant and equipment amounted to SEK -1.3 (-0.2) million for the full year 2019.

Cash flow from financing activities amounted to SEK 6.2 (-1.9) million for the full year 2019. Net change in cash for the year was positive SEK 5.0 (5.8) million.

FINANCIAL POSITION AS OF 31 DECEMBER 2019

Cash and cash equivalents

At the end of the period, cash and cash equivalents amounted to SEK 57.8 million, compared with SEK 51.9 million at the beginning of the year. As of 31 December 2019, utilized bank credit was SEK 94.6 million, compared to SEK 101.6 million at the beginning of the year.

The SEK 100 million convertible loan secured in July 2017 has been dissolved by pre-payment with SEK 39.5 million during the year.

Equity

At the end of the period, equity was SEK 77.4 million, compared to SEK 25.3 million at the beginning of the year. That corresponds to SEK 0.72 (0.31) per share.

Equity ratio

At the end of the period, the equity ratio was 16.0 %, compared to 6.1% at the beginning of the year. For bank credit agreement purposes, the gearing ratio, obtained via a specific calculation (see Leveraging conditions, below) was 0.29 compared to 0.89 at the beginning of the year.

OTHER

Employees

As of 31 December 2019, the company had 120 (116) employees, of which 27 (27) in Sweden, 70 (66) in India, 4 (4) in Germany, 8 (9) in Poland, 2 (3) in Portugal, 1 (2) in France, 2 (2) in Austria, 3 (2) in Ireland and 3 (1) in Spain, compared to 31 December 2018.

Leveraging conditions

Inventory credit and invoice factoring from SEB is conditional on the company maintaining a certain gearing ratio and liquidity. According to the terms to date for the SEB credit, the company has been required to maintain a gearing ratio, in accordance with a special calculation, of at most 1.0, along with available liquidity of SEK 5 million.

Related party transactions

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.

The company has a bank credit of SEK 15 million from Nordea. Färna Invest AB, which is the Group's largest shareholder, has provided a guarantee for this credit.

Accounting principles

Bluefish Pharmaceuticals applies International Financial Reporting Standards (IFRS) and IFRIC interpretations that have been adopted by the EU, the Swedish Annual Accounts Act and Swedish Financial Reporting Board's Recommendation RFR 1, Additional Accounting Regulations for Groups, and RFR 2, Accounting for Legal Entities. This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The Group applies the same accounting principles as in the 2017 Annual Report, apart from new or revised standards, interpretations and improvements that have been adopted by the EU and which come into effect as of 1 January 2018. The Group commenced to apply IFRS 16 Leases as of January 1, 2019.

IFRS 16 Leases

As of January 1, 2019, IFRS 16 Leases has replaced the previous standards and interpretations on leases IAS 17, IFRIC 4, SIC 15 and SIC 27. The new standard requires lessees to recognize the obligation to pay leasing fees as a leasing liability in the balance sheet. The right to use the underlying asset during the leasing period is reported as an asset in the same. Depreciation of the asset is recognized in the profit or loss statement as well as the calculated interest on the leasing liability. Leasing fees paid are reported partly as interest payment and partly as amortization of the lease liability. The standard's exceptions are leasing agreements with a lease term of less than 12 months (short-term leases) and leasing agreements for underlying assets that have a low value. The group has decided to use the exceptions. IFRS 16 enters into force for fiscal years beginning January 1, 2019 or later and is applied by the Group as of January 1, 2019.

The standard entails that most of the leases that are reported in the company's financial reports as operating leases will be reported as right-of-use assets and lease liabilities in the balance sheet. This will also entail that the expenses for these will be reported broken down into interest expenses and depreciation. In the parent company, the exemption in RFR 2 regarding leasing agreements will be applied. This implies that the parent company's principles for accounting for lease agreements will be

unchanged. The Group applies the modified retrospective approach, which implies that no restatement is made of prior year comparative figures.

The weighted average interest rate used is estimated at 2.2 per cent. At the transition to IFRS 16, the Group reported new right-of-use assets at SEK 17,923 thousand. Lease liabilities were calculated at SEK 18,109 thousand, where the total amount of debt consisted of a long-term debt of SEK 12,753 thousand and a short-term debt of SEK 5,357 thousand as of January 1, 2019. The difference between assets and liabilities derives from prepaid leasing payments reported as assets as of December 31, 2018 and was reclassified to right-of-use assets as of January 1, 2019.

Changes in right-of-use assets and leasing liabilities as per the fourth quarter of 2019 are reported below:

Amount in SEK	Right-of-use assets	Leasing liabilities
Opening balance January 1, 2019	17 923 075	-18 109 366
Additions (+)	607 966	-607 966
Depreciation (-)	-6 157 589	
Interest expenses (-)		-363 169
Exchange rate effects	786 623	-783 477
Paid leasing fees (+)		6 427 548
Outgoing balance on December 31, 2019	13 160 075	-13 436 430

PARENT COMPANY

Bluefish Pharmaceuticals AB is the Parent Company for the Bluefish Pharmaceuticals Group.

For the last quarter of 2019 net sales were SEK 115.7 (86.9) million and operating profit was SEK 24.6 (-4.3) million. As pre December, net sales were SEK 365.1 (339.5) million, and operating profit was SEK 1.3 (-8.7) million. As of 31 December 2019, cash and cash equivalents for the parent company amounted to SEK 38.5 million, compared with SEK 18.1 million at the beginning of the year.

Karl Karlsson, founder and board member has sold his shares and resigned from the board in February 2020.

This year-end report has not been audited by the company's auditors.

Stockholm, 28 February 2020

Berit Lindholm
President and CEO

BLUEFISH IN BRIEF

Business concept

Bluefish's business concept is to provide affordable, generic pharmaceuticals with product quality and patient safety as the highest priority.

Business model

Bluefish has a strong European platform from which we offer an extensive portfolio of high-quality pharmaceuticals. The company has an efficient organization and it can quickly adapt to changes in market conditions. This enables Bluefish to not only take advantage of new opportunities, but also expand the business to new areas.

Strategy

The company's strategy for achieving its financial goals of increasing net sales and achieving a higher level of profitability is to expand the product portfolio and continue increasing its market share in existing and new areas. Profitability will improve as economies of scale increase.

Bluefish organization

Bluefish has an efficient organization, where most business activities are managed centrally. The company has decided to have small, local offices in Europe, which have extensive knowledge of each specific market. Other activities, like product development, purchasing, quality control and follow-up on side effects are dealt with either by the head office in Stockholm or the company's technology and development center in Bangalore, India.

GROUP

Consolidated income statement	2019	2018	2019	2018
SEK thousands	Oct-Dec Actual	Oct-Dec Actual	Jan-Dec Actual	Jan-Dec Actual
Net sales	118 886	93 975	379 897	357 234
Cost of goods sold	-52 276	-40 582	-187 791	-175 945
Gross profit	66 610	53 393	192 107	181 289
<i>Gross margin</i>	<i>56,0%</i>	<i>56,8%</i>	<i>50,6%</i>	<i>50,7%</i>
Selling expenses	-20 575	-26 230	-89 298	-92 125
Administrative expenses	-6 306	-5 402	-24 777	-23 035
Research and development expenses	-11 721	-19 890	-67 330	-66 458
Other operating expenses/income	130	511	129	511
Operating expenses	-38 472	-51 011	-181 276	-181 107
EBIT Operating profit (loss)¹⁾	28 138	2 382	10 831	182
Net financial income/expense	-3 359	-5 155	-16 836	-13 784
Profit (loss) after financial items	24 779	-2 773	-6 006	-13 602
Income tax	-729	-562	-2 115	-3 519
Profit (loss) for the period	24 050	-3 335	-8 121	-17 121
1) of which				
Amortization and impairment of intangible assets	1 979	9 176	23 878	25 070
Depreciation of property, plant and equipment	2 118	803	8 037	2 715
EBITDA	32 235	12 361	42 746	27 967
Statement of comprehensive income				
Profit (loss) for the period	24 050	-3 335	-8 121	-17 121
Other comprehensive income				
Hedging reserve	-	-	-	-
Exchange rate differences	-1 367	-656	885	418
Other comprehensive income, net after tax	-1 367	-656	885	418
Comprehensive income for the period, attributable to parent company shareholders	22 683	-3 991	-7 236	-16 703
No. Of shares	107 923	80 942	107 923	80 942
Earnings per share	0,22	-0,04	-0,08	-0,21

Consolidated balance sheet	2019	2018
SEK thousands	31 Dec	31 Dec
Non-current assets		
Intangible assets	119 347	138 091
Property, plant and equipment	17 724	5 169
Financial assets	1 458	1 465
Total non-current assets	138 529	144 725
Current assets		
Inventories	144 463	125 754
Current receivables	144 073	93 019
Cash and cash equivalents	57 845	51 898
Total current assets	346 381	270 671
Total assets	484 910	415 396
Equity	77 433	25 311
Non-current liabilities		
Non-current liabilities, interest-bearing	0	93 697
Non-current liabilities, non interest-bearing	8 386	796
Total non-current liabilities	8 386	94 493
Current liabilities		
Current liabilities, interest-bearing	152 923	116 632
Current liabilities, non interest-bearing	246 168	178 960
Total current liabilities	399 091	295 592
Total equity and liabilities	484 910	415 396
Pledged assets	74 520	69 944
Contingent liabilities	None	None

Change in equity, Group	2019	2018	2019	2018
SEK thousands	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Opening balance	55 140	27 593	25 311	41 969
Equity portion of convertible loan	0	45		45
New share issue	0	0	59 358	-
Other comprehensive income for the period	22 294	-2 327	-7 237	-16 703
Closing balance	77 433	25 311	77 433	25 311

Share data	2019	2018	2019	2018
Number, thousands	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Number of shares at end of period before dilution	107 923	80 942	107 923	80 942
Average number of shares after dilution	107 923	80 942	107 923	80 942
Equity per share (SEK)	0.72	0.31	0.72	0.31
Equity ratio (%)	16.0	6.1	16.0	6.1

PARENT COMPANY

Parent Company income statement	2019	2018	2019	2018
SEK thousands	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net sales	115 685	86 890	365 127	339 470
Cost of goods sold	-52 276	-43 095	-187 791	-177 453
Gross profit	63 409	43 795	177 336	162 017
<i>Gross margin</i>	<i>54,8%</i>	<i>43,7%</i>	<i>48,6%</i>	<i>42,8%</i>
Operating costs	-38 928	-48 649	-176 167	-171 204
Other operating expenses/income	130	511	129	511
Operating profit (loss)	24 610	-4 343	1 298	-8 676
Net financial income/expense	-3 069	-5 301	-16 725	-15 017
Profit (loss) after financial items	21 541	-9 645	-15 427	-23 693
Income tax	-	-	-	-
Profit (loss) for the period	21 541	-9 645	-15 427	-23 693

Parent Company balance sheet	2019	2018
SEK thousands	Dec	Dec
Non-current assets	133 135	152 818
Current assets	282 206	206 618
Total assets	415 341	359 436
Equity	35 932	-7 999
Non-current liabilities	98	94 493
Current liabilities	379 311	272 942
Total equity and liabilities	415 341	359 436

DEFINITIONS OF KEY FIGURES

Gross margin

Gross profit as a percentage of sales

Gross profit

Operating revenue less the cost of goods sold

EBIT

Profit or loss before financial items and tax (Operating profit or loss)

EBITDA

Operating profit or loss before depreciation/amortization and impairment loss on property, plant and equipment and intangible assets

Equity per share

Equity divided by the number of shares

Net sales

Gross sales less any discounts, price adjustments and returns

Net debt

Interest-bearing non-current and current liabilities less cash assets in the bank

Equity ratio

Equity divided by total assets