

INTERIM REPORT



JANUARY – DECEMBER 2020

- Net sales amounted to SEK 414.4 (379.9) million.
- Gross profit was SEK 209.8 (196.4) million.
- EBITDA was SEK 71.3 (47.0) million.
- Basic earnings per share amounted to SEK 0.31 (-0.04).

OCTOBER – DECEMBER 2020

- Net sales amounted to SEK 106.9 (118.9) million.
- Gross profit was SEK 51.8 (70.9) million.
- EBITDA was SEK 19.6 (40.5) million.
- Basic earnings per share amounted to SEK 0.17 (0.29).

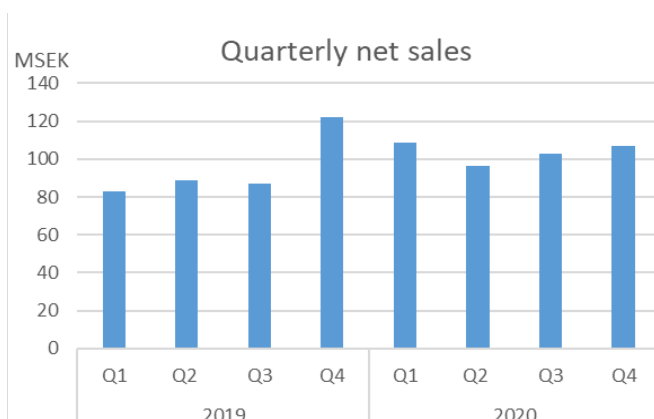
SIGNIFICANT EVENTS

Net sales and gross profit during the year:

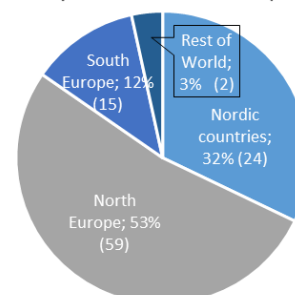
- Net sales increased by 9.1 % to SEK 414.4 million.
- Gross margin reduced to 50.6 (51.7) %.
- A new ERP system was successfully implemented in 2020 and will drive efficiencies and improve timelines for financial reporting.
- Covid-19 has so far not had any significant impact on Bluefish result, however it can't be ruled out that Bluefish will not be impacted long term.

Continued growth:

- The growth in Sweden has been 53.4 % during the year and Sweden is now the second largest market for Bluefish.
- Germany has achieved increased sales compared to last year.
- Launches have delivered as planned for the year.



Net sales distribution
January-December 2020 (2019)



FUTURE OUTLOOK 2021

- Continued sales growth and stable gross margin.
- Sales expectations are continuously high for Germany and Sweden.
- We expect net sales to increase in other markets as a whole, with a focus on Ireland and Poland.

OPERATIONS

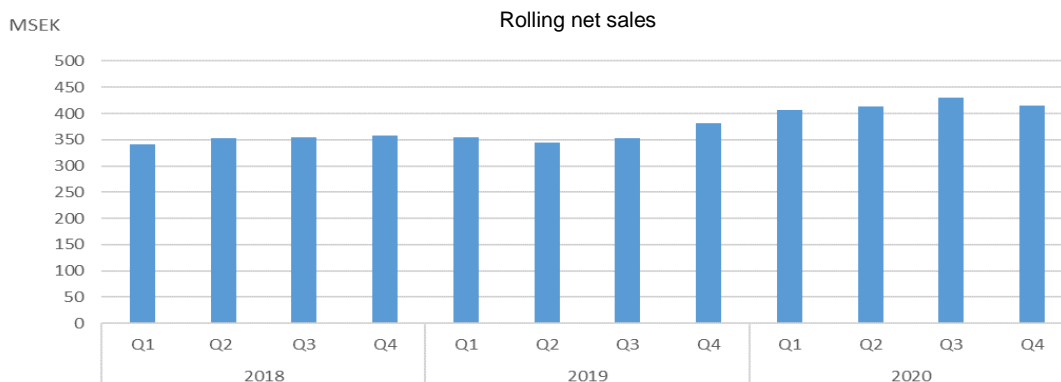
Stable continued growth

Sales at SEK 414.4 (379.9) million for the full year 2020 compared to 2019, of which SEK 114.8 (108.1) million in Germany, Sweden SEK 100.5 (65.5) million, Poland SEK 39.2 (51.7) million, Spain SEK 33.3 (38.3) and SEK 112.5 (110.4) million in Rest of Europe and SEK 14.1 (5.9) million in Rest of World.

Sweden had a strong sales year supported by new launches and an overall strong performance with 53.4 (15.5) % sales increase compared to previous year. Germany had a another impressive sales year with an additional growth of 6.2 (93.8) %, winning more tenders. Germany together with Sweden has brought more than 52.0 (45.7) % of the total sales during 2020. Sales in Ireland has increased to reach an amount of SEK 23.4 (17.1) million and is expected to grow further during 2021. Sales in Poland has declined due to withdrawal of low margin products.

Bluefish Business to Business (B2B) sales has increased during the period. The B2B sales is a business segment where Bluefish products are marketed and sold by external partners in regions where Bluefish does not have its own presence.

Since December 2019, a new corona virus, Covid-19, has spread throughout the world. The disease is very contagious, and many countries have tried various ways to limit its spreading. One of the measures that some countries have taken is to close country borders and to introduce curfews. The current situation is strained for all people and all industries, and despite the fact that the need for medicines is not decreasing, these preventive measures can have long-term negative consequences, such as shortages of medicines. Bluefish has, through proactive decisions, managed to minimize the negative impact on the availability of the drugs that the company provides. The company stays updated of the situation and aim as far as possible to ensure its product supply despite the current circumstances. Bluefish has adopted ways of working to secure its operation, including but not limited to having key employees working from home, remote audits, increased inventory and other measures to keep staff safe.



Investments in continued growth

Bluefish continuously evaluates growth opportunities with regards to new products, new segments in existing markets and collaboration opportunities to identify appropriate investment possibilities. Germany and Sweden are expected to continue its growth further fueled by new products and segments.

Bluefish is continuing its own development alongside in-licensing of new products and launches are planned each quarter going forward. Bluefish's own developed products that have been marketed, Hydroxyzine (antihistamine drug) and Anagrelide (treatment for thrombocytopenia), have proven to be successful.

Process improvements and simplifications play an important role in growing the business to ensure effectiveness and control of the cost base whilst growing. Our assessment is that we currently have a strong organization in place with extensive knowledge in operations and market dynamics. Bluefish is proud to deliver products at a very high service level. A new ERP system, replacing the old finance and ordering system, was successfully introduced during the year however, with some initial disturbances and delays during the second half of 2020 as to the financial reporting. During the year other smaller IT investments have been implemented, which are aimed at strengthening the platform regarding compliance and efficiencies. Inventory levels have increased to prepare for future sales growth.

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 one new product to further strengthen our portfolio. Bluefish continues to evaluate each product's lifecycle, including profitability, in different markets and is also withdrawing products when needed to secure profitability.

The company continues to invest in additional new product licenses and in new development projects in our 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.

New development projects are continuously being selected to further strengthen the future portfolio and growth. New products are also identified as in-licensing opportunities and existing products chosen for further territory extension. At the rate that Bluefish grows and gains more market share, we become noticed as a potential partner by companies offering unique products. Bluefish is also strengthening its position by having robust and secure supply to the markets.

Optimization in operations

Manning situation is at the right level and costs are kept flat. Service levels have now reached a good and stable level where we have managed to accommodate stronger sales, primarily as a result of improved supply chain excellence initiatives.

FUTURE OUTLOOK

In 2021, the company expects an increase in sales growth. Sales growth will primarily be fueled by continued strong development in key markets lead by Germany, Sweden and Poland. Further sales increase will also be supported by newly launched products, a result of investments that were made in earlier years. Ireland, our latest establishment, has a good potential for a continued sales growth.

In Germany Bluefish has won another AOK tender period starting in June 2021 which secures a continued growth together with the existing tenders. B2B segment is also starting to grow with Bluefish own developed products. Initiatives are fortifying the sales teams in targeted markets and focus is on high delivery performance. New product launches for 2021 are planned throughout the year.

	31 Dec 2020	31 Dec 2019
Products under development or in registration	16	9
Products on the market	75	80

FINANCIAL OVERVIEW

SEK million	2020 Oct-Dec	2019 Oct-Dec	Change	2020 Jan-Dec	2019 Jan-Dec
Net sales	106.9	118.9	-10%	414.4	379.9
COGS	-55.1	-48.0	15%	-204.6	-183.5
Gross profit	51.8	70.9		209.8	196.4
Gross margin	48.5%	59.6%		50.6%	51.7%
EBITDA	19.6	40.5	-52%	71.3	47.0
Cash flow from operating activities	29.0	0.0		37.2	9.2
Cash flow from investing activities	-8.5	-3.5		-20.3	-10.3

Net sales for the last quarter of 2020 was SEK 106.9 (118.9) million, which corresponds to a decrease of 10.1% compared to last year. The last quarter 2019 showed exceptional strong sales across most markets, whereas sales were more stable between the quarters in 2020. Gross profit was SEK 51.8 (70.9) million, with a corresponding gross margin of 48.5 (59.6) % for the period. When implementing the new ERP system allocation of costs had disturbances which makes the margin fluctuate between the quarters. Corresponding figures as per year end were net sales of SEK 414.4 (379.9) million, with a gross profit of SEK 209.8 (196.4) million and a gross margin of 50.6 (51.7) %.

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 38.6 (36.0) million, which corresponds to an increase of 7.2 % compared to the same period last year. Corresponding figures per year end were SEK 170.9 (181.3) million.

EBITDA for the last quarter amounted to SEK 19.6 (40.5) million, and as per end of 2020 to 71.3 (47.0) million. Excluding IFRS 16 Leases, EBITDA as per December amounted to 66.4 (41.0) million.

Net profit in 2020

For the last quarter of the year, amortization/impairment of property, plant and equipment and intangible assets, amounted to SEK 6.3 (5.5) million, whilst depreciation of the same amounted to SEK 1.5 (1.5) million. For the full-year 2020, amortization/impairment of property, plant and equipment and intangible assets, amounted to SEK 32.3 (31.9) million, whilst depreciation of the same amounted to SEK 6.4 (8.0) 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 6.4 (-3.4) million and SEK -2.9 (-16.8) million for the full year 2020, which includes interest expense on the convertible bond and bank overdraft facilities. The convertible bond has during the year been dissolved and replaced by a SEB long term loan.

The net profit was SEK 18.1 (30.9) million for the last quarter of the year, with a net profit of SEK 33.2 (-3.9) million for the full-year 2020.

CASH FLOW

Cash flow from operating activities amounted to SEK 29.0 (0.0) million for the fourth quarter of 2020, of which SEK 18.4 (-30.6) million was the change in working capital. Cash flow from accounts receivable and other current receivables was SEK 8.7 (-18.9) million, whereas cash flow from accounts payable and other operating liabilities was SEK 7.6 (31.4) million during the fourth quarter of 2020.

Cash flow from operating activities amounted to SEK 37.2 (9.2) million for the full year 2020, of which SEK -48.5 (-92.7) million was the change in working capital. Cash flow from accounts receivable and other current receivables was SEK 16.4 (-51.0) million, and cash flow from accounts payable and other operating liabilities was SEK -5.9 (0.5) million during the full year 2020.

As of 31 December 2020, we maintained an inventory level of SEK 191.8 (148.7) million which has been increased over the year to accommodate the coming demand in 2021 with new tenders in Germany and increased overall sales. As a safety measure during Covid-19 stock levels have increased to accommodate any unforeseen disturbances at our suppliers. The current inventory level is estimated as corresponding to 313 days sale, as compared to 249 days as of 31 December 2019.

Cash flow from investing activities was SEK -20.3 (-10.3) million including adjustments for the full year 2020, of which investments in intangible assets were SEK -19.9 (-9.7) million. Investments are made to strengthen Bluefish future portfolio. Investments comprise product development, licenses, and market approvals. Investments in property, plant and equipment amounted to SEK -0.0 (-1.7) million.

Cash flow from financing activities amounted to SEK -25.0 (6.0) million for the full year 2020. Net change in cash for the year was SEK -8.0 (5.0) million.

FINANCIAL POSITION AS OF 31 DECEMBER 2020

Cash and cash equivalents

At the end of the period, cash and cash equivalents amounted to SEK 48.6 million, compared with SEK 57.8 million at the beginning of the year. As of 31 December 2020, utilized bank credit was SEK 137.9 million, compared to SEK 130.6 million at the beginning of the year.

The convertible loan of SEK 59.5 million was repaid 30 June and a new funding solution was issued through a SEB long term loan of SEK 58 million, which after amortization amounted to SEK 50.8 million as of 31 December. The bank loan has a constant amortization plan over 4 years. Färna Invest AB, which is the Group's largest shareholder, has provided a guarantee for a part of this credit.

Leveraging conditions

Inventory credit and invoice factoring from SEB is conditional on the company maintaining a certain gearing ratio along with a loan to value clause and available liquidity of SEK 5 million. The SEB credits include ownership and dividend clauses along with covenants where the company is required to maintain a consolidation level of 15 % or higher, parent Equity/Share capital not to be below 1.20 and Net Debt/EBITDA with a maximum of 3.5 to be reduced by end of the loan period to 2.5. All requirements have been met during 2020.

Equity

At the end of the period, equity was SEK 108.2 million, compared to SEK 81.7 million at the beginning of the year. That corresponds to SEK 1.0 (0.76) per share.

Equity ratio

As per December, the equity ratio amounted to 21.7 % compared to 16.7% at the beginning of the year.

OTHER

Employees

As of 31 December 2020, the company had 118 (120) employees, of which 20 (27) in Sweden, 71 (68) in India, 5 (4) in Germany, 9 (11) in Poland, 3 (2) in Portugal, 2 (2) in France, 3 (2) in Austria, 3 (2) in Ireland and 2 (2) in Spain, compared to 31 December 2019.

Related party transactions

There are no other related party transactions other than Färna Invest guarantee.

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 2019 Annual Report, apart from any new or revised standards, interpretations and improvements that have been adopted by the EU since then. The Parent Company applies the RFR 2 exception for lease agreements.

PARENT COMPANY

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

For the last quarter of 2020 net sales were SEK 102.8 (115.7) million and operating profit was SEK 10.5 (24.6) million. For the full year of 2020 net sales amounted to SEK 399.1 (365.1) million, and operating profit was SEK 29.6 (5.6) million. As of 31 December 2020, cash and cash equivalents for the parent company amounted to SEK 20.7 million, compared with SEK 37.6 million at the beginning of the year.

Proposed Dividend

To enable future growth and taking into account current loan agreements the Board of Director's propose the Annual General Meeting not to pay a dividend for 2020.

Review

This interim report has not been reviewed by the Company's auditors.

Financial calendar

First quarter interim report is planned to be released 28 April 2021.

Stockholm, 25 February 2021

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	2020	2019	2020	2019
SEK thousands	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net sales	106,903	118,886	414,418	379,897
Cost of goods sold	-55,103	-47,986	-204,618	-183,523
Gross profit	51,800	70,900	209,800	196,375
<i>Gross margin</i>	48.5%	59.6%	50.6%	51.7%
Selling expenses	-19,224	-18,054	-79,844	-89,298
Administrative expenses	-5,953	-6,306	-24,716	-24,777
Research and development expenses	-13,395	-11,721	-66,300	-67,330
Other operating expenses/income	-	130	-	129
Operating expenses	-38 572	-35,951	-170 861	-181 276
EBIT Operating profit (loss)¹⁾	13,228	34,949	38,939	15,099
Net financial income/expense	6,364	-3,359	-2,937	-16,836
Profit (loss) after financial items	19,591	31,590	36,002	-1,738
Income tax	-1,536	-729	-2,811	-2,115
Profit (loss) for the period	18,055	30,861	33,191	-3,853
¹⁾ of which				
Amortization and impairment of intangible assets	4,884	4,036	25,934	23,878
Depreciation of property, plant and equipment	1,452	1,515	6,385	8,037
EBITDA	19,563	40,500	71,258	47,014
Statement of comprehensive income				
Profit (loss) for the period	18,055	30,861	33,191	-3,853
Other comprehensive income				
Exchange rate difference	6,812	-1,367	4,010	885
Other comprehensive income, net of tax	6,812	-1,367	4,010	885
Other comprehensive income for the period	24,867	29,494	37,201	-2,968
No of shares	107,923	107,923	107,923	107,923
Earnings per share	0.17	0.29	0.31	-0.04

Consolidated balance sheet	2020	2019
SEK thousands	Dec	Dec
Non-current assets		
Intangible assets	118,682	119,347
Property, plant and equipment	10,171	17,724
Financial assets	1,196	1,458
Total non-current assets	130,049	138,529
Current assets		
Inventories	191,772	148,731
Current receivables	128,908	144,073
Cash and cash equivalents	48,586	57,845
Total current assets	369,266	350,649
Total assets	499,315	489,178
Equity	108,180	81,701
Non-current liabilities		
Non-current liabilities, interest-bearing	50,750	-
Non-current liabilities, non interest-bearing	6,730	8,386
Total non-current liabilities	57,480	8,386
Current liabilities		
Current liabilities, interest-bearing	87,170	152,923
Current liabilities, non interest-bearing	246,484	246,168
Total current liabilities	333,655	399,091
Total equity and liabilities	499,315	489,178
Pledged assets	86,585	74,470
Contingent liabilities	None	None
Shares	107,923	107,923
Equity per share	1.00	0.76

Change in equity, Group	2020	2019	2020	2019
SEK thousands	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Opening balance	94,314	55,140	81,701	25,311
New share issue				59,358
Other comprehensive income for the period	13,866	26,562	26,480	-2,968
Closing balance	108,180	81,701	108,180	81,701

Share data	2020	2019	2020	2019
Number, thousands	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Number of shares at end of period before dilution	107,923	107,923	107,923	107,923
Average number of shares after dilution	107,923	107,923	107,923	107,923
Equity per share (SEK)	1.00	0.76	1.00	0.76
Equity ratio (%)	21.7	16.7	21.7	16.7

Consolidated cash flow statement	2020	2019	2020	2019
SEK thousands	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Cash flow from operating activities before change in working capital	10,614	30,554	85,754	101,941
Change in working capital	18,397	-30,595	-48,521	-92,723
Cash flow from operating activities	29,010	-40	37,223	9,218
Cash flow from investing activities	-8,535	-3,542	-20,250	-10,258
Cash flow from financing activities	-7,939	-40,778	-25,007	6,011
Cash flow for the period	12,537	-44,360	-8,025	4,971
Cash and cash equivalents at beginning of period	37,195	107,436	57,845	50,933
Exchange rate differences in cash and cash equivalents	-181	-5,230	-269	976
Cash and cash equivalents at end of period	48,586	56,880	48,586	56,880

PARENT COMPANY

Income statement	2020	2019	2020	2019
SEK thousands	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net sales	102,821	115,685	399,066	365,127
Cost of goods sold	-55,103	-52,276	-204,618	-183,523
Gross profit	47,718	63,409	194,448	181,604
<i>Gross margin</i>	46.4%	54.8%	48.7%	49.7%
Operating costs	-37,231	-38,928	-164,839	-176,167
Other operating expenses/income	-	130	-	129
Operating profit (loss)	10,488	24,610	29,609	5,566
Net financial income/expense	5,339	-3,069	-5,734	-16,725
Profit (loss) after financial items	15,827	21,541	23,875	-11,159
Income tax	-	-	-	-
Profit (loss) for the period	15,827	21,541	23,875	-11,159

Balance sheet	2020	2019
SEK thousands	Dec	Dec
Non-current assets	131,493	133,135
Current assets	311,285	286,475
Total assets	442,778	419,609
Equity	64,076	40,200
Non-current liabilities	53,987	98
Current liabilities	324,715	379,311
Total equity and liabilities	442,778	419,609
Pledged assets	86,585	66,764
Contingent liabilities	None	none

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