

INTERIM REPORT JAN- MAR 2021

JANUARY – MARCH 2021

- Net sales amounted to SEK 96.6 (108.2) million.
- Gross profit SEK 49.3 (59.4) million.
- EBITDA was SEK 10.1 (22.1) million.
- Basic earnings per share were SEK -0.02 (0.09).

SIGNIFICANT EVENTS

Decrease in net sales and gross profit during the first quarter.

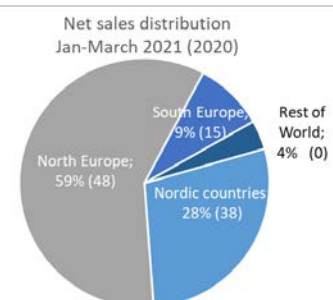
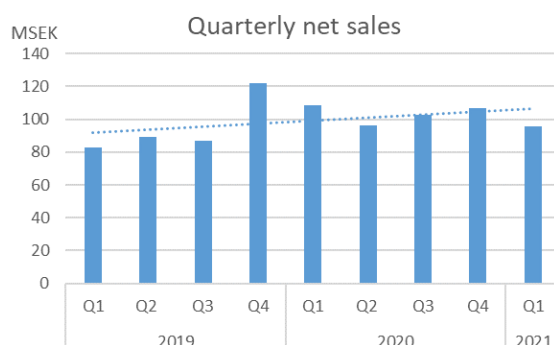
- Net sales decreased by 10.7 % (increase 29.4%) to SEK 96.6 (108.2) million.
- Gross profit has decreased to SEK 49.3 (59.4) million.
- Gross margin reduced to 51.0 (54.9) %.

Continued growth trend:

- Sales in first quarter 2021 was lower than first quarter last year, however the overall trend over time is positive. Q1 2020 sales reached all time high due to stock piling by customers and patients at the beginning of the Covid-19 pandemic.
- Germany had a 30% growth compared to Q1 2020 and is together with Sweden the most significant markets for Bluefish.
- Bluefish B2B continues to grow with a stable gross margin.

FUTURE OUTLOOK 2021

- Continued sales growth and stable gross margin.
- Sales expectations are continuously high for Germany, Sweden, and Poland in particular. We are also expecting a net sales increase in other markets for the remaining quarters.
- Covid-19 has until now not had a major impact on sales and operations, however an impact long term cannot be ruled out if a global lock down continues.

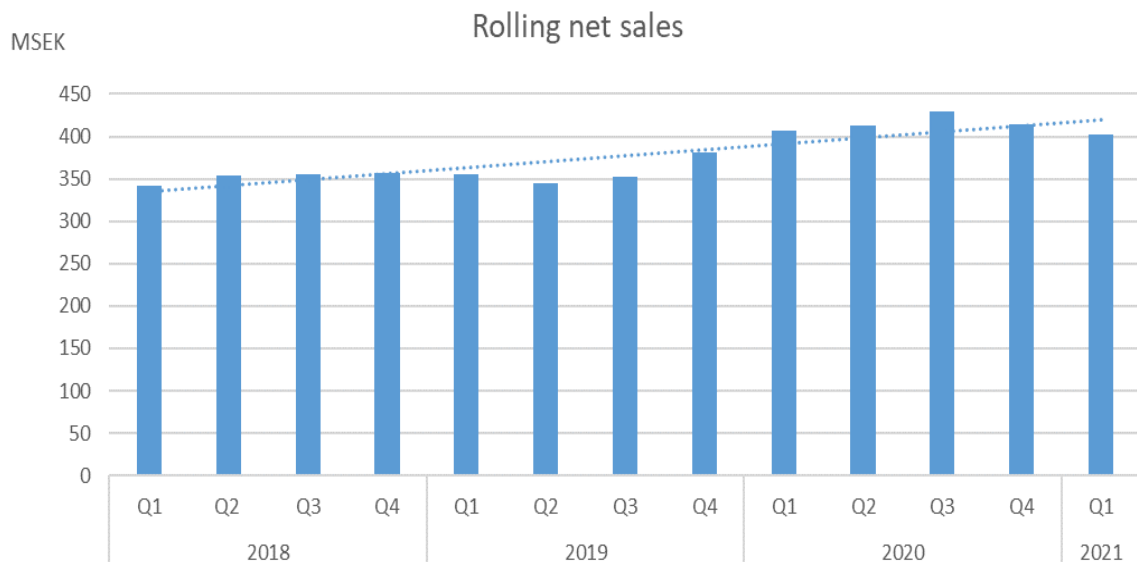


SALES AND MARKETING

Sales decreased by 10.7% (increase 29.4%) during the first quarter compared with the same period 2020. Total sales amounted SEK 96.6 (108.2) million, of which SEK 28.4 (19.9) million in Germany, Sweden SEK 21.3 (27.9), Poland 10.4 (10.8) million, B2B 7.9 (4.8), Austria SEK 7.1 (10.1) million, Ireland SEK 6.0 (6.5) and SEK 15.5 (28.6) million in Rest of Europe.

Germany and Sweden continue to be Bluefish largest markets. Sweden had during the first quarter lower sales compared to the same period last year and with monthly tenders' sales fluctuate naturally during the year. Gross margin can also be impacted by the product mix sold in short term tenders from time to time. B2B sales is an increasing segment for Bluefish where we continue our efforts to grow further.

Bluefish continuously evaluates new opportunities with regards to new products, new segments, and collaboration opportunities to identify appropriate investment possibilities. Markets are expected to continue its growth further fuelled by introducing new products and segments.



DEVELOPMENT

Optimization of the product portfolio

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 on the market, Hydroxyzine (antihistamine drug) and Anagrelide (treatment for thrombocythemia), have proven to be successful.

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 sees a high potential in terms of both sales and profitability. The expected earnings potential of products is also continually evaluated.

The composition of the product portfolio in each market stays critical to the company's future growth and profitability and Bluefish has during the first quarter launched two new products. Bluefish continues to evaluate each products lifecycle, including profitability, in different markets and is also withdrawing products when needed to avoid losses and reduce complexity.

ADMINISTRATION

Process improvements and simplification play important roles in growing the business to ensure effectiveness and control of the cost base while growing. Our assessment is that we currently have a strong organization in place with extensive knowledge of both operations and market dynamics.

Bluefish is proud to deliver products at a very high service level.

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. Manning situation is at the right level and costs are expected to stay flat according to budgeted numbers.

Service levels have now reached a good and stable level where we have managed to support stronger sales in our markets, primarily as a result of improved supply change excellence initiatives. Due to the Covid-19 pandemic Bluefish has increased its stock levels to accommodate for the risk of reduced capacity at our manufacturers.

During the year smaller IT investments will continue in finance, supply chain and compliance related areas, all of which are aimed at strengthening the platform regarding financial reporting, efficiencies, and compliance. Bluefish is also continuing to leverage both the usage of the new ERP system and, developing reports as an ongoing improvement to evolve business management.

	31 March 2021	31 March 2020
Products under development or registration	15	9
Products in the market	74	80

FUTURE OUTLOOK

During the remaining part of 2021, the company expects an increase in sales growth compared to the prior year. Sales will primarily be fuelled by key markets, where Bluefish Germany continues to win important tenders which secures continued growth. Sales in Sweden and Poland will also be aided by newly launched products, which is a result of investments that were made in earlier years. Austria, Ireland, and the other Nordic countries have a potential for further sales growth with a stable gross margin.

New product launches for 2021 are implemented throughout the year. Sales from launches in 2021 increases during the second half of the year. Bluefish is also continuing to fortify its sales organization in selected markets and going forward we will be focusing on higher delivery performance. Products approved in 2020 will support an increase in sales 2021, especially for products launched during the last quarters of 2020.

COVID

The current situation, due to the Covid-19 pandemic, is continuously strained for all people and all industries, and despite that the need for medicines is not decreasing, the preventive measures for the spread of infection might still have long-term negative consequences. Bluefish has so far, through proactive decisions, managed to minimize the negative impact on the availability of the drugs that the company provides. The company stays updated with the changes that occur from day to day to evaluate its consequences both in the short and long term and aims as far as possible to ensure adequate medicine supply despite 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, alongside other measures to keep staff safe. Covid is still impacting our societies with curfews and lockdowns and there is still a risk for future impact.

FINANCIAL OVERVIEW

SEK million	2021	2020	2020
	Jan-Mar	Jan-Mar	Jan-Dec
Net sales	96.6	108.2	414.4
COGS	-47.4	-48.8	-204.6
Gross profit	49.3	59.4	209.8
Gross margin	51.0%	54.9%	50.6%
EBITDA	10.1	22.1	71.3
Cash flow from operating activities	10.3	-12.4	37.2
Cash flow from investing activities	-12.1	-3.9	-20.3

Net sales the first quarter 2021 was SEK 96.6 (108.2) million, which corresponds to a decrease of 10.7 (increase 29.4) % compared to last year. Gross profit was SEK 49.3 (59.4) million, with a corresponding gross margin of 51.0 (54.9) % for the period.

Economies of scale enhance profitability

Total operating costs during the first quarter of the year, not including depreciation/amortization and impairment of property, plant and equipment and intangible assets, amounted to SEK 39.2 (37.3) million, which corresponds to an increase of 5.2 (3.2) % compared to the same period last year.

EBITDA for the first quarter amounted to SEK 10.1 (22.1) million.

Net loss in the first quarter 2021

For the first quarter of the year, amortization/impairment of property, plant and equipment and intangible assets, amounted to SEK 5.9 (8.2) million, whilst depreciation of the same amounted to SEK 0.9 (1.8) million. The composition of the product portfolio is evaluated on an ongoing basis.

For the first quarter, net financial income/expense was SEK -4.5 (-2.4) million, which includes interest expenses on bank loan and bank overdraft facilities as well as exchange rate differences.

The net loss (profit) was SEK -1.6 (9.3) million for the first quarter of the year.

CASH FLOW

Cash flow from operating activities amounted to SEK 10.3 (-12.4) million for the first quarter of 2021, of which SEK -42.4 (-40.0) million was the change in working capital. The decrease in cash flow is a result of increased inventory levels.

As of 31 March 2021, we maintained an inventory level of SEK 214.9 (163.0) million which is an increase of 31.8 % comparing to the same period last year. The current inventory level is estimated to correspond to 408 days of expected sale, compared to 301 days as of 31 March 2020. The inventory level has been increased during the last 12 months to accommodate for coming demand in 2021. Also, as a safety measure during Covid-19 the stock levels have increased to accommodate any unforeseen disturbances at our suppliers' or while transporting.

Cash flow from accounts receivable and other current receivables was negative SEK -11.7 (-20.3) million, whereas cash flow from accounts payable and other operating liabilities amounted to SEK -4.6 (-0.6) million during the first quarter of 2021.

Cash flow from investing activities was SEK -12.0 (-3.9) million, most of which relates to investments in intangible assets. Investments comprise product development, licenses, and market approvals. Investments are made to strengthen Bluefish future portfolio. Investments in property, plant and equipment amounted to SEK -5.8 (-0.4) million.

Cash flow from financing activities amounted to SEK 0.4 (-10.4) million for the first quarter of 2021. Net change in cash flow year to date amounted to SEK -1.4 (-26.7) million.

FINANCIAL POSITION AS OF 31 MARCH 2021

Cash and cash equivalents, financing

At the end of the period, cash and cash equivalents amounted to SEK 47.0 million, compared with SEK 47.6 million at the end of last year.

As of 31 March 2021, utilized bank credit was SEK 134,3 million, compared to SEK 137.9 million by year end 2020, of which a SEK 87,2 million overdraft facility and a SEK 47.1 million long term loan, with a yearly amortization of SEK 14,5 million until the end of the facility on June 30, 2024. Färna Invest AB, which is the Group's largest shareholder, has provided a guarantee for a part of this credit.

Leveraging conditions

Inventory credit, invoice factoring and long-term loan from SEB is conditional on ownership and dividend clauses along with covenants where the company is required to maintain available liquidity of SEK 5 million, 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 first quarter 2021.

Equity

At the end of the period, equity was SEK 107.4 million, compared to SEK 108.2 million at the end of last year. That corresponds to SEK 1.00 per share compared to SEK 0.86 first quarter last year and 1.00 per share as per year end 2020.

Equity ratio

At the end of the period, the equity ratio was 20.0 %, compared to 21.6 % at the end of last year.

OTHER

Employees

As of 31 March 2021, the company had 125 (124) employees, of which 21 (26) in Sweden, 76 (72) in India, 5 (4) in Germany, 9 (10) in Poland, 3 (2) in Portugal, 2 (2) in France, 3 (2) in Austria, 3 (3) in Ireland and 3 (3) in Spain, compared to 31 March 2020.

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 changes in market conditions, supply chain disturbances, changes to regulatory or legislative decisions and financial risks arising from failing to predict or successfully implement our business strategy. Risks and uncertainties along with currency risk, interest rate risk, credit risk, liquidity risk and capital risk are described in depth in the annual report.

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 2020 Annual Report, apart from new or revised standards, interpretations and improvements that have been adopted by the EU and which came into effect as of 1 January 2021. As allowed by IFRIC in respect of unlisted companies, Bluefish does not apply IFRIC 8, Operating Segments. The Parent Company applies the RFR 2 exception for lease agreements. It means that the Parent Company's principles for reporting leases are unchanged.

Option plan

As of 21 June 2017, it was decided to implement an incentive plan through the issuance of warrants. As of 31 March 2021, 900,000 options have been allocated. 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.

Related party transactions

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

Significant events after the reporting period

February 25th, 2021 Philip Slätis Head of Business Development resigned from Bluefish, replacement has been recruited. Anna-Greta Sjöberg has been recruited as CFO to replace Can Bektas who left as acting CFO Mars 5th.

PARENT COMPANY

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

For the first quarter of 2021 net sales was SEK 93.4 (104.6) million and operating profit was SEK 4.3 (9.9) million. As of 31 March 2021, cash and cash equivalents for the parent company amounted to SEK 13.2 (6.2) million, compared with SEK 19.7 million at the beginning of the year. The decrease in liquidity mainly comes from increased receivables from group companies.

This interim report has been approved by the board of directors. It has not been audited by the company's auditors.

Stockholm, 6 May 2021

Berit Lindholm
President and CEO

FINANCIAL CALENDAR

Interim report Q1	6 May 2021
Interim report Q2	30 August 2021
Interim report Q3	30 November 2021
Interim report Q4	28 February 2022
Annual report 2021	May 2022

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 centre in Bangalore, India.

GROUP

Consolidated income statement	2021	2020	2020
SEK thousands	Jan-Mar	Jan-Mar	Jan-Dec
Net sales	96,626	108,195	414,418
Cost of goods sold	-47,362	-48,786	-204,618
Gross profit	49,264	59,408	209,800
Gross margin	51.0%	54.9%	50.6%
Selling expenses	-19,481	-21,838	-79,844
Administrative expenses	-7,517	-9,142	-24,716
Research and development expenses	-18,906	-16,311	-66,300
Operating expenses	-45 904	-47 290	-170 861
EBIT Operating profit (loss)¹⁾	3,360	12,118	38,939
Net financial income/expense	-4,527	-2,444	-2,937
Profit (loss) after financial items	-1,167	9,675	36,002
Income tax	-481	-345	-2,824
Profit (loss) for the period	-1,648	9,329	33,178
1) of which			
Amortization and impairment of intangible assets	5,848	8,201	25,934
Depreciation of property, plant, and equipment	872	1,825	6,385
EBITDA	10,080	22,144	71,258
Statement of comprehensive income			
Profit (loss) for the period	-1,648	9,329	33,178
Other comprehensive income			
Exchange rate differences	922	1,851	-6,712
Other comprehensive income, net after tax	922	1,851	-6,712
Comprehensive income for the period, attributable to parent company shareholders	-726	11,180	26,466
No. of shares, thousands	107,923	107,923	107,923
Earnings per share, SEK	-0.02	0.09	0.31

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Consolidated balance sheet SEK thousands	2021 31 Mar	2020 31 Mar	2020 31 Dec
Non-current assets			
Intangible assets	115,601	114,854	118,682
Property, plant, and equipment	15,382	16,660	10,171
Financial assets	1,273	1,472	1,196
Total non-current assets	132,256	132,986	130,049
Current assets			
Inventories	214,869	162,985	191,772
Current receivables	143,300	169,794	131,411
Restricted cash	965	965	965
Cash and cash equivalents	47,051	31,562	47,621
Total current assets	406,185	365,306	371,769
Total assets	538,441	498,292	501,818
Equity	107,441	92,881	108,168
Non-current liabilities			
Non-current liabilities, interest-bearing	32,625	-	36,250
Non-current liabilities, non-interest-bearing	10,697	7,277	6,730
Total non-current liabilities	43,322	7,277	42,980
Current liabilities			
Current liabilities, interest-bearing	101,439	146,064	101,670
Current liabilities, non-interest-bearing	286,239	252,070	249,000
Total current liabilities	387,678	398,134	350,670
Total equity and liabilities	538,441	498,292	501,818
Pledged assets	87,344	66,012	86,585
Contingent liabilities	None	None	None
Shares, thousands	107,923	107,923	107,923
Equity per share, SEK	1.00	0.86	1.00

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Consolidated cash flow statement	2021	2020	2020
SEK thousands	Jan-Mar	Jan-Mar	Jan-Dec
Cash flow from operating activities before change in working capital	52,724	27,600	84,630
Change in working capital	-42,409	-39,988	-47,397
Cash flow from operating activities	10,314	-12,388	37,233
Cash flow from investing activities	-12,069	-3,928	-20,250
Cash flow from financing activities	353	-10,365	-25,007
Cash flow for the period	-1,401	-26,681	-8,025
Cash and cash equivalents at beginning of period	47,621	57,845	56,880
Exchange rate differences in cash and cash equivalents	832	1,363	-1,234
Cash and cash equivalents at end of period	47,051	32,527	47,621

Change in equity, Group	2021	2020	2020
SEK thousands	Jan-Mar	Jan-Mar	Jan-Dec
Opening balance	108,168	81,701	81,701
Other comprehensive income for the period	-726	11,181	26,466
Closing balance	107,441	92,881	108,168

Share data	2021	2020	2020
Number, thousands	Jan-Mar	Jan-Mar	Jan-Dec
No. of shares at end of period before dilution	107,923	107,923	107,923
Average number of shares after dilution	107,923	107,923	107,923
Equity per share (SEK)	1.00	0.86	1.00
Equity ratio (%)	20.0	18.6	21.6

PARENT COMPANY

Parent Company income statement	2021	2020	2020
SEK thousands	Jan-Mar	Jan-Mar	Jan-Dec
Net sales	93,436	104,588	399,066
Cost of goods sold	-47,362	-48,786	-204,618
Gross profit	46,074	55,802	194,448
Gross margin	49.3%	53.4%	48.7%
Operating costs	-41,819	-45,917	-164,839
Operating profit	4,255	9,885	29,609
Net financial income/expense	-4,656	-3,306	-5,734
Loss (profit) after financial items	-401	6,579	23,876
Income tax	-	-	-
Loss (profit) for the period	-401	6,579	23,876

Parent Company balance sheet	2021	2020	2020
SEK thousands	31 Mar	31 Mar	31 Dec
Non-current assets	128,846	128,259	131,493
Other current assets	303,393	300,307	293,752
Restricted cash	965	965	965
Cash and cash equivalents	13,175	6,248	19,729
Total Current assets	317,533	307,520	314,446
Total assets	446,378	435,779	445,939
Equity	61,875	46,779	64,076
Non-current liabilities	35,927	107	39,487
Current liabilities	348,577	388,893	342,376
Total equity and liabilities	446,378	435,779	445,939
Pledged assets	87,344	66,012	86,585
Contingent liabilities	None	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.