INTERIM REPORT

JANUARY – MARCH 2019

- Net sales amounted to SEK 83.6 (82.3) million
- Gross profit SEK 36,5 (43,2) million
- EBITDA was SEK 0.4 (9.0) million.
- Basic earnings per share were SEK -0.17 (0.3)

SIGNIFICANT EVENTS

Flat net sales and gross profit during the first quarter.

- Net sales increased by 1,5% to 83.6 million and approximately 2.5 million packages where sold.
- Gross margin has decreased to 43,6 (52,5) in line with planned level.

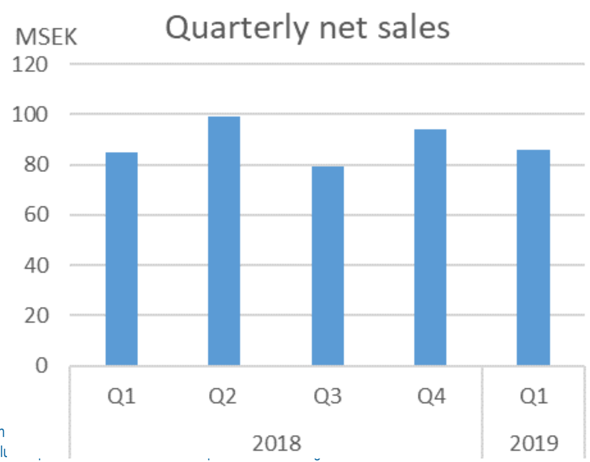
Positive EBITDA of 0.4 million for the first quarter.

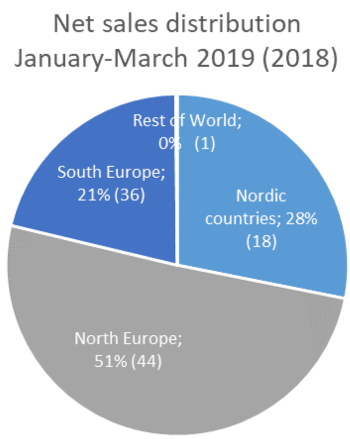
Continued growth

- Bluefish third developed product, Anagrelide, has been approved last year and launches will continue in 2019.
- Investments Bluefish Serialization project has progressed according to plan, serialization is a new regulation to prevent falsified medicines in Europe.
- Ireland sales office is now operating according to budget, and sales is increasing with a broader portfolio.
- Germany and Sweden are growing stronger both on net sales and gross margin.

Future outlook 2019

- Higher sales growth with steady profitability
- The Board then has decided 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



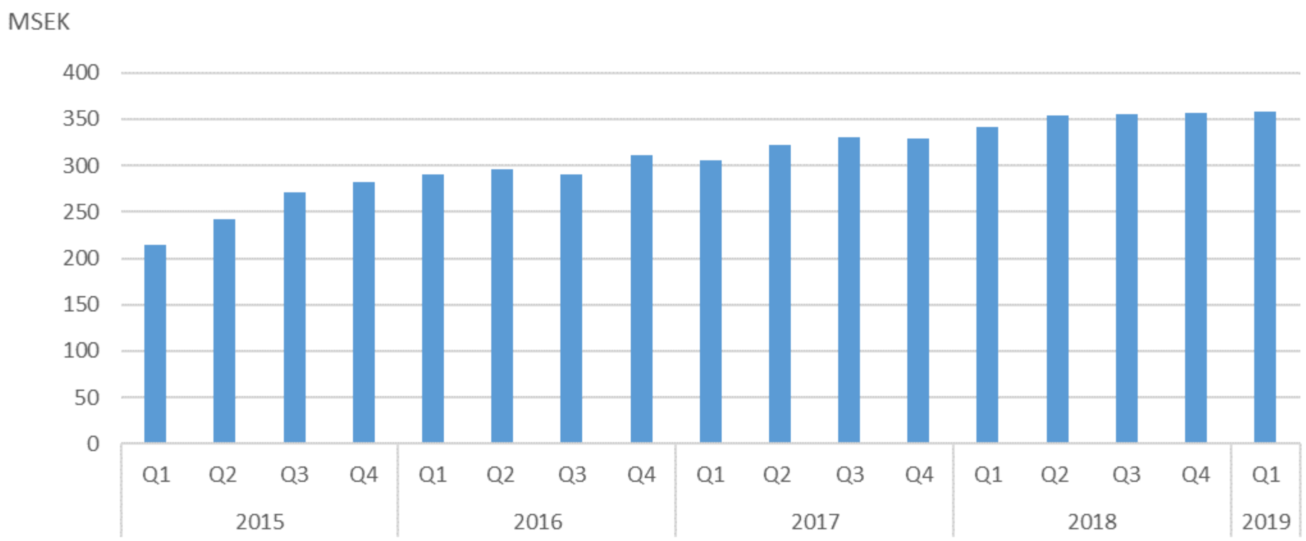


OPERATIONS

Stronger platform for continued growth

Sales increased by 1,5% during the first quarter compared with the same period 2018. SEK 83.6 (82.3) million, of which SEK 14,7 (11,9) million in Sweden, Germany SEK 16,1(12,4) million, Spain SEK 11,0 (27,4) million, Poland 13,8 (10,8) million SEK 59.2 (68.5) million in Rest of Europe and SEK 0.1 (1.1) million in Rest of World. In 2019 Sweden continues to be a strong performer together with Germany where sales have increased compared to same quarter last year. Together with Poland, Sweden and Germany has been driving increased sales. Unfortunately, we have lost sales in Spain due to government change of tenders in Andalusia and uncertainty in the market. Bluefish has strengthened the team in Spain to work with a new sales model to regain sales during the year.
Sales in Ireland has now reached the expected monthly rate and will continue to grow in 2019.
Gross margin is according to budget and the high gross margin in Q1 2018 was due to reversed accruals in Spain and a currency impact when goods were bought a low Euro rate and sold at a higher rate. Irland is now having sales according to budget and we see furhter potential to grow.
Service levels and lead times has been stabilised during the year and Bluefish is considered to be a reliable partner in our markets.

Graph 1. Rolling net sales



Investments in continued growth

During the year Bluefish 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, has been approved in several countries during last year and sales will continue to grow in 2019 and onwards.
Process improvements and simplification play an important role in growing the business to ensure effectiveness and manage the cost base while growing. Our assessment is that we currently have a strong organization in place that has extensive knowledge of both operations and markets.

Bluefish is in its final stage of investments in IT systems to support Serialization. During the year smaller IT investments will continue in compliance related areas, all of which are aimed at strengthening the platform regarding compliance and efficiencies.

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 first quarter launched six new products and further strengthen our portfolio with new products as planned. In 2018 Anagrelide is Bluefish third in-house developed product has been approved and launches are progressing according to plan in 2019. Hydroxyzine, Bluefish first in-house product, has been further launched in Sweden in this quarter and is now one of Bluefish top ten products in sales value.

The company is continuing to invest in additional new product licenses and in new development projects at 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.

During 2018 two new development projects where selected to further strengthen the portfolio and growth and further products were identified as in-licensing 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 our position by having robust and secure supply to the markets.

Optimization in operations

Manning situation is at the right level and costs are expected to stay flat according to budgeted numbers.
Serialization together with tamper evidence on each individual pack has required investment and is a mandatory EU requirement to prevent falsification of medicines in EU. During the year Bluefish has further invested to ensure full adherence to the new EU guidelines regarding falsified medicines and Bluefish.
Some investments will continue in 2019 to stay compliant with the regulatory impacts of the now delayed Brexit transition.

Stock levels have now reached planned level by end of this quarter, primarily as a result of improved supply change excellence inatives.

FUTURE OUTLOOK

In 2019, the company expects an increase in sales growth compared to the prior year. Sales growth will primarily be fueled by continued strong development in key markets like Germany, Sweden and Poland but will also be aided by newly launched products, which is a result of investments that were made in 2018 and earlier. Ireland has a good slaes potential for growt after the first period of establishment.
New product launches for 2019 are planned trough out the year with a peak in sales 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. Many products were approved in Q4 2018 and the sales impact will be visible in first half of 2019.

	31 Mar 2019	31 Mar 2018
Products under development or registration	17	29
Products in the market	81	70

FINANCIAL OVERVIEW

SEK million	2019 Jan-Mar	2018 Jan-Mar	Change	2018 Jan-Dec
Net sales	83.6	82.3	*1,5%*	357.2
COGS	-47.1	-39.1	*20,5%*	-175.9
Gross profit	36.5	43.2	*-15,6%*	181.3
Gross margin	43.6%	52.5%		50.7%
EBITDA	0.4	9.0	*-95,6%*	-1.4
Cash flow from operating activities	5.3	7.7		-59.6
Cash flow from investing activities	-3.1	2.8		-21.2

Net sales for the first quarter were SEK 83.6 (82.3) million, which corresponds to an increase of 1.5 % compared to last year. Gross profit was SEK 36.5 (43.2) million, with a corresponding gross margin of 43.6 (52.5) % for the period.

Economies of scale enhance profitability

Total operating costs during the last quarter of the year, not including depreciation/amortization and impairment of property, plant and equipment and intangible assets, amounted to SEK 36.1 (34.2) million, which corresponds to an increase of 5.5% compared to the same period last year.

EBITDA for the first quarter amounted to SEK 0.4 (9.0) million

Net profit in the first quarter of the year

For the first quarter of the year, amortization/impairment of property, plant and equipment and intangible assets, amounted to SEK 7.2 (5.3) million, whilst depreciation of the same amounted to SEK 2.0 (0.8) million. The composition of the product portfolio is evaluated on an ongoing basis.

For the first quarter, net financial income/expense was SEK -4.4 (-0.2) million, which includes interest expense on the convertible debentures and bank overdraft facilities.

The net profit was SEK -13.8 (2.1) million for the first quarter of the year.

Cash flow

Cash flow from operating activities amounted to SEK 5.3 (-7.7) million for the first quarter of 2019, of which SEK -10.0 (-17.8) million was the change in working capital. This improved flow relates to lowered stock levels, reaching for a set inventory target of 188 days of sales. As of 31 March 2019, we maintained an inventory level of SEK 105.0 (123.3) million which is a decrease with 15% comparing to the same period last year. The current inventory level is estimated as corresponding to 201 days sale, as compared to 279 days as of 31 March 2018.

Cash flow from accounts receivable and other current receivables was negative SEK -9.8 (3.2) million, whereas cash flow from accounts payable and other operating liabilities amounted to SEK -15.8 (-2.9) million during the first quarter of 2019.

Cash flow from investing activities was SEK -3.1 (-2.8) million, all of which relates to investments in intangible assets. Investments comprise product development, licenses, and market approvals.

Cash flow from financing activities amounted to SEK 4.0 (-1.4) million for the first quarter of 2019. Net change in cash flow year to date was positive SEK 6.2 (-11.9) million.

Financial position as of 31 March 2019

Cash and cash equivalents

At the end of the period, cash and cash equivalents amounted to SEK 58.9 million, compared with SEK 51.9 million at the end of last year. As of 31 March 2019, utilized bank credit was SEK 92.9 million, compared to SEK 86.6 million at the end of last year.

In addition to the bank credit, there are also shareholder loans of SEK 15.0 million maturing on 2019-03-31 was extended at the beginning of the year. The new maturity date is 2020-03-31. This brings total loans to SEK 107.9 million, excluding the SEK 100 million convertible loan secured in July 2017.

Equity

High amounts for depreciation/amortization and impairment losses have been recorded, furthermore, in accordance with the transfer pricing rules, the Parent Company is obligated to absorb any losses of the subsidiaries. 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, 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 market value. The senior executives and Board of Directors have been monitoring the Parent Company's equity, concluding that more than 50% of share capital has been utilized. The Board then made the 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.

At the end of the period, equity was SEK 13.0 million, compared to SEK 25.1 million at the beginning of the year. That corresponds to SEK 0.16 (0.55) per share.

Equity ratio

At the end of the period, the equity ratio was 3.1 %, compared to 6.1% at the end of last year. For bank credit agreement purposes, the gearing ratio, obtained via a specific calculation (see Leveraging conditions, below) was 1.23 compared to 0.89 at the beginning of the year. 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 time limited deviation from the loan agreement until 2019-06-30.

OTHER

Employees

As of 31 March 2019, the company had 116 (121) employees, of which 27 (29) in Sweden, 66 (70) in India, 4 (4) in Germany, 9 (8) in Poland, 3 (4) in Portugal, 2 (2) in France, 2 (2) in Austria, 2 (1) in Ireland and 1 (2) in Spain, compared to 31 March 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. Due to the breach of the ratio agreed and after negotiations with the bank, the company has been granted a waiver from the bank, expiring 2019-06-30. The new issuing of shares is calculated to bring the ratio down to 0.63.

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. The company also has shareholder loans totaling SEK 15 million from the two main shareholders of the Group, one of which is for SEK 7.5 million from Färna Invest AB and the other for SEK 7.5 million from Nexttobe AB. The shareholder loans will be converted to share capital in the new share issue.

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.

As of January 1, 2019, IFRS 16 Leases will replace IAS 17. Under the new standard, leasees must report 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 debt. Leasing fees paid are reported partly as interest payment and partly as amortization of the lease liability. The standard excludes leasing agreements with a lease term of less than 12 months (short-term leases) and leasing agreements for assets that have a low value. 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 means that most of the leases that are reported in the company's financial reports as operating leases will be reported as assets and liabilities in the balance sheet. This will also mean that the costs for these will be reported broken down into interest expenses and depreciation. In the parent company, the exemption in RFR regarding leasing agreements will be applied. This means that the parent company's principles for accounting for leasing agreements will be unchanged. The Group applies the simplified transition method, which means that no recalculation is made of 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 utilization rights at SEK 17,923 thousand. Recoverable financial debt was 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 31 December. 2018 and was reclassified to utilization assets as of January 1, 2019.

Changes in utilization assets and leasing liabilities during the first quarter of 2019 are reported below:

Amount in SEK	Utilization assets	Leasing debt
Opening balance January 1, 2019	17 923 075	- 18 109 366
Additional agreements (+)	-	-
Depreciation (-)	- 1 522 426	-
This year's translation difference	495 938	- 498 620
Interest expenses (-)	-	- 100 914
Paid Leasing Fees (+)	-	1 589 626
Outgoing balance on March 31, 2019	**16 896 587**	**- 17 119 274**

Leveraging conditions

Inventory credit and invoice factoring from SEB is conditional on the company maintaining a certain gearing ratio and liquidity. According to the current terms for the SEB credit, the company is required to maintain a gearing ratio, in accordance with a special calculation, of at most 1.2 (condition granted until 2019-06-30), 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. The company also has shareholder loans totaling SEK 15 million from the two main shareholders of the Group, one of which is for SEK 7.5 million from Färna Invest AB and the other for SEK 7.5 million from Nexttobe AB.

PARENT COMPANY

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

For the first quarter of 2019 net sales were SEK 80.6 (78.9) million and operating loss was SEK -11.1 (0.8) million. As of 31 March 2019, cash and cash equivalents for the parent company amounted to SEK 26.0 million, compared with SEK 18.1 million at the beginning of the year.

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

Stockholm, 15 May 2019

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	2018
SEK thousands	Jan-Mar	Jan-Mar	Jan-Dec
Net sales	83 604	82 334	357 234
Cost of goods sold	-47 116	-39 111	-175 945
Gross profit	**36 488**	**43 223**	**181 289**
Gross margin	*43,6%*	*52,5%*	*50,7%*
Selling expenses	-21 715	-19 593	-92 125
Administrative expenses	-6 095	-7 048	-23 035
Research and development expenses	-17 686	-13 720	-66 458
Other operating expenses/income	0	0	511
Operating expenses	**-45 496**	**-40 360**	**-181 107**
EBIT Operating profit (loss)[1]	**-9 008**	**2 863**	**182**
Net financial income/expense	-4 420	-221	-13 784
Profit (loss) after financial items	**-13 428**	**2 642**	**-13 602**
Income tax	-409	-540	-3 519
Profit (loss) for the period	**-13 837**	**2 102**	**-17 121**
	-36 094	-34 210	
[1] of which			
Amortization and impairment of intangible assets	7 222	5 349	25 070
Depreciation of property, plant and equipment	2 180	801	2 715
EBITDA	**394**	**9 012**	**27 967**

Statement of comprehensive income			
Profit (loss) for the period	-13 837	2 102	-17 121
Other comprehensive income			
Hedging reserve	-	-	-
Exchange rate differences	1 682	621	418
Other comprehensive income, net after tax	**1 682**	**621**	**418**
Comprehensive income for the period, attributable to parent company shareholders	**-12 155**	**2 723**	**-16 703**

No. Of shares	80 942	80 942	80 942
Earnings per share	-0,17	0,03	-0,21

Consolidated balance sheet	2019	2018	2018
SEK thousands	31 Mar	31 Mar	31 Dec
Non-current assets			
Intangible assets	132 437	152 056	138 091
Property, plant and equipment	21 439	7 438	5 169
Financial assets	1 527	1 822	1 465
Total non-current assets	**155 403**	**161 316**	**144 725**
Current assets			
Inventories	105 070	123 297	125 754
Current receivables	93 480	96 239	93 019
Cash and cash equivalents	69 718	32 675	51 898
Total current assets	**268 268**	**252 211**	**270 671**
Total assets	**423 671**	**413 527**	**415 396**
Equity	**12 960**	**44 691**	**25 311**
Non-current liabilities			
Non-current liabilities, interest-bearing	107 773	90801	93 697
Non-current liabilities, non interest-bearing	808	3 790	796
Total non-current liabilities	**108 581**	**94 591**	**94 493**
Current liabilities			
Current liabilities, interest-bearing	126 430	111 822	116 632
Current liabilities, non interest-bearing	175 700	162 423	178 960
Total current liabilities	**302 130**	**274 245**	**295 592**
Total equity and liabilities	**423 671**	**413 527**	**415 396**
Pledged assets	60 611		69 944
Contingent liabilities	None		None

Change in equity, Group SEK thousands	2019 Jan-Mar	2018 Jan-Mar	2018 Jan-Dec
Opening balance	25 115	41 969	41 969
Equity portion of convertible loan	0	0	45
Other comprehensive income for the period	-12 155	2 722	-16 703
Closing balance	**12 960**	**44 691**	**25 310**

Share data Number, thousands	2019 Jan-Mar	2018 Jan-Mar	2018 Jan-Dec
Number of shares at end of period before dilution	80 942	80 942	80 942
Average number of shares before dilution	80 942	80 942	80 942
Average number of shares after dilution	80 942	80 942	80 942
Equity per share (SEK)	0.16	0.55	0.31
Equity ratio (%)	3.1	10.8	6.1

PARENT COMPANY

Parent Company income statement SEK thousands	2019 Jan-Mar	2018 Jan-Mar	2018 Jan-Dec
Net sales	**80 589**	**78 911**	**339 470**
Cost of goods sold	-47 162	-39 296	-177 453
Gross profit	**33 427**	**39 615**	**162 017**
Gross margin	*41,5%*	*50,2%*	*47,7%*
Operating costs	-44 504	-38 851	-171 204
Other operating expenses/income	-1		511
Operating profit (loss)	**-11 077**	**764**	**-8 676**
Net financial income/expense		-737	-15 017
Profit (loss) after financial items	**-11 077**	**28**	**-23 693**
Income tax	-		-
Profit (loss) for the period	**-11 077**	**28**	**-23 693**

Parent Company balance sheet SEK thousands	2019 31 Mar	2018 31 Mar	2018 31 Dec
Non-current assets	146 560	167 038	152 818
Current assets	217 762	176 076	206 618
Total assets	**364 322**	**343 114**	**359 436**
Equity	-23 340	15 722	-7 999
Non-current liabilities	95 507	94 555	94 493
Current liabilities	292 155	232 837	272 942
Total equity and liabilities	**364 322**	**343 114**	**359 436**
Pledged assets	52 567	72 220	63 152
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