

## INTERIM REPORT



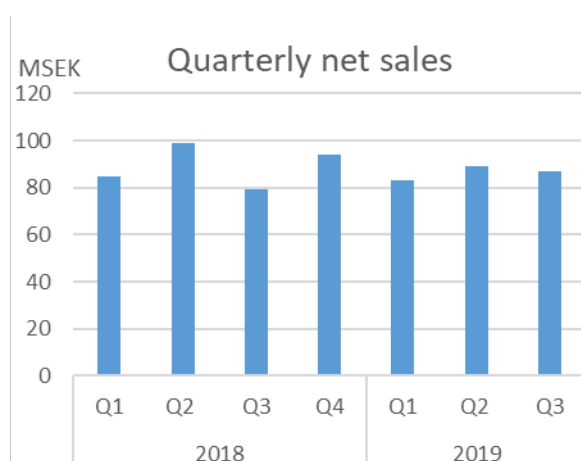
## JANUARY – SEPTEMBER 2019

- Net sales amounted to SEK 88.3 (79.1) million in third quarter of 2019 and 261.0 (263.3) million as per September.
- Gross profit for the third quarter was SEK 46.1 (37.7) million and as per September 125.5 (127.9) million.
- EBITDA was SEK -2.9 (1.9) million in the third quarter of the year and 6.6 (-1.7) million as per September
- Basic earnings per share for the third quarter amounted to SEK -0.05 (-0.11) and as per September to -0.30 (-0.17).

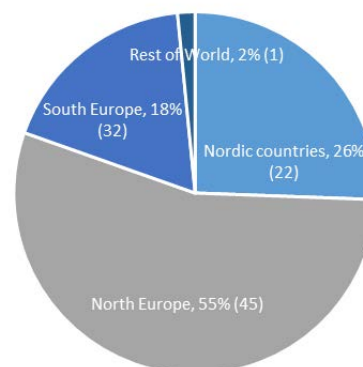
## SIGNIFICANT EVENTS

Net sales and gross profit during the first three quarters of the year.

- Net sales are flat at 261.0 million.
- Gross margin is in line with planned level at 48.1% (48.6%).
- Positive EBITDA of 6.6 million as per September.
- Germany has a sales growth that has exceeded sales during the same period last year with more than 40%. Expectations are high for next year with the AOK tender won for 2020 and is one of the largest tenders historically won for Bluefish Germany.
- Sales in Sweden and Ireland has met and, in some areas, exceeded expectations for the period.
- The flat sales depend mostly on lost sales in Spain due the withdrawal of public tenders in Andalusia earlier this year and will reduce sales further from September onwards. New initiatives are in place to fill the gap.
- Launches has delivered ahead of plan for the year and current portfolio milestones are met, securing future deliveries of new products.



Net sales distribution  
January-September 2019 (2018)



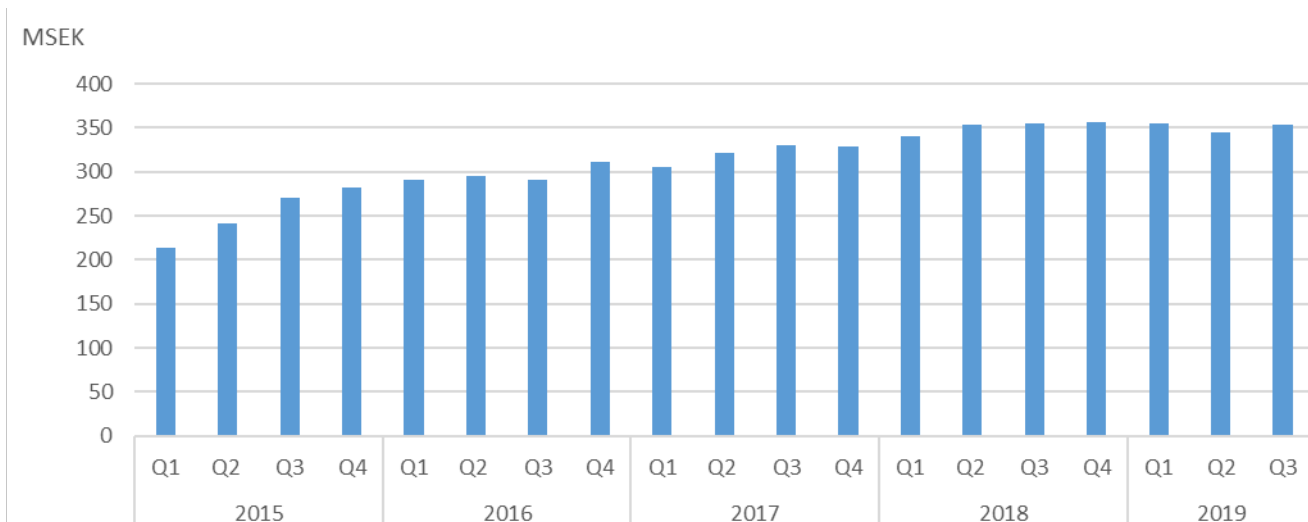
## OPERATIONS

### Stabilizing for continued growth

Sales at SEK 261.0 (263.3) million as per September of 2019 compared with the same period 2018, of which SEK 59.9 (41.4) million in Germany, Sweden SEK 46.5 (42.0) million, Spain SEK 30.1 (73.5) million, Poland 35.2 (35.9) million and SEK 85.0 (69.5) million in Rest of Europe and SEK 4.0 (3.0) million in Rest of World. Germany continues to exceed expectations month on month with a total growth of 41,8%, 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 53% of the sales during the period 2019. Unfortunately, continued uncertainty of the development of national Spanish tenders still leads to sales decrease in 2019 and onwards. National tenders have been announced to be launched in the near future and Bluefish is keeping a close eye on future developments in Spain. To meet the uncertainty and new requirements in the Spanish market, Bluefish has strengthened the team in Spain to work with a new sales model to regain sales during the coming years.

Sales in Ireland has exceeded expectations as per September with sales of 13.5 (2.2) million and will continue to grow.

Graph 1. Rolling net sales



### Investments and forward looking

During the year 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 approved in several countries last year and sales are continuing slightly ahead of plan in 2019. Bluefish is focusing on continued stable growth in its existing markets with a special focus on establishing a new business model in Spain to bridge to the gap from previous tender process.

Process improvements and simplification play an important role in growing the business to ensure effectiveness and management of the cost base during growth. Bluefish has a strong organization in place with extensive knowledge of both operations and market dynamics.

Bluefish will initiate new investments in IT systems this year to support Finance and supply processes with an ERP upgrade. During the year smaller IT investments is continuing in other 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 the third quarter launched one new product to further strengthened the portfolio. The successful launch of Bluefish own developed products, Anagrelid and Hydroxyzine, has proven the concept and strategy of the company.

The company is continuing to invest in additional new products, both in-licensed and in-house developed. 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. 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 expected to stay flat according to foreseen numbers. Some investments are continuing in 2019 to stay compliant with the regulatory impacts of the now delayed Brexit transition.

Bluefish continues to optimise the supply chain parameters and are carefully choosing partners for collaboration to achieve improved results.

## FUTURE OUTLOOK

In last the quarter 2019 and even further 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 Sweden 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 growth after the first period of establishment.

New product launches for 2019 are planned through-out the year with a peak in sales towards the end 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.

	30 Sep 2019	30 Sep 2018
Products under development or registration	14	30
Products in the market	81	69

## FINANCIAL OVERVIEW

SEK million	2019 Jul-Sep	2018 Jul-Sep	Change	2019 Jan-Sep	2018 Jan-Sep	2018 Jan-Dec
Net sales	88.3	79.1	12%	261.0	263.3	357.2
COGS	-42.2	-41.4	2%	-135.5	-135.4	-175.9
Gross profit	46.1	37.7	22%	125.5	127.9	181.3
Gross margin	52.2%	47.7%		48.1%	48.6%	50.7%
EBITDA	-2.9	1.9	-253%	6.6	-1.7	-1.4
Cash flow from operating activities	-4.3	-6.6		9.1	-14.3	-59.6
Cash flow from investing activities	-3.8	-3.8		-6.8	-6.6	-21.2

Net sales for the third quarter was SEK 83.3 (79.1) million, which corresponds to an increase of 12.0 % compared to last year. Gross profit was SEK 46.1 (37.7) million, with a corresponding gross margin of 52.2 (47.7) % for the period. Corresponding figures as per September were net sales of SEK 261.0 (263.3) million, with a gross profit of SEK 125.5 (127.9) million and a gross margin of 48.1 (48.6) %.

### Economies of scale

Total operating costs during the third quarter of the year, including depreciation/amortization and impairment of property, plant and equipment and intangible assets, amounted to SEK 48.8 (41.5) million, which corresponds to an increase of 17.5% compared to the same period last year, which is in line with the expectations. Corresponding figures per September were SEK 142.8 (130.1) million, thus, increasing by 9.8%.

EBITDA for the third quarter amounted to SEK -2.9 (1.9) million, and as per September to SEK 6.6 (15.6) million. Excluding IFRS 16 Leases, EBITDA as per September amounted to 4.6 (15.6) million.

### Net profit during the first three quarters

As per the third quarter of the year, depreciation, amortization/impairment of property, plant and equipment and intangible assets, amounted to SEK -23.9 (-17.8) million. The increase is a result of the new IFRS 16 standard (see below).

Net financial income/expense was SEK -3.5 (-3.7) million, which includes interest expense on the convertible debentures and bank overdraft facilities. Corresponding figures as per September were SEK -13.5 (-8.6) million.

The net result for the quarter was SEK -5.9 (-8.7) million and as per September SEK -32.2 (-13.8) million.

## CASH FLOW

Cash flow from operating activities amounted to SEK 9.1 (9.0) million as per September, of which SEK -62.4 (-37.2) million was the change in working capital. As of 30 September 2019, we maintained an inventory level of SEK 109.3 (130.0) million which is a decrease with 15.9% comparing to the same period last year. The current inventory level is estimated as corresponding to 233 days sale, as compared to 283 days as of 30 September 2018.

Cash flow from accounts receivable and other current receivables was negative SEK -32.1 (6.1) million, whereas cash flow from accounts payable and other operating liabilities amounted to SEK -30.9 (-30.7) million as per September of 2019.

Cash flow from investing activities was SEK -6.8 (-8.6) million, all of which relates to changes in intangible assets. Investments comprise product development, licenses, and market approvals.

Cash flow from financing activities amounted to SEK 47.0 (6.3) million as per September, mainly coming from the issue of new shares in May. Also, the company has reimbursed 10 million of the convertible loan. Net change in cash flow year to date was positive SEK 49.3 (6.7) million.

## FINANCIAL POSITION AS OF 30 SEPTEMBER 2019

### Cash and cash equivalents

At the end of the period, cash and cash equivalents amounted to SEK 107.4 million, compared with SEK 51.9 million at the end of last year. As of 30 September 2019, utilized bank credit was SEK 65.1 million, compared to SEK 86.6 million at the end of last year.

At the end of the period, equity was SEK 55.1 million, compared to SEK 59.3 million at the beginning of the third quarter. That corresponds to SEK 0.51 (0.56) per share. At the end of the period, the equity ratio was 11.3 %, compared to 12.1% at the end of last quarter.

## OTHER

### Employees

As of 30 September 2019, the company had 125 (119) employees, of which 27 (26) in Sweden, 70 (69) in India, 4 (4) in Germany, 11 (8) in Poland, 3 (4) in Portugal, 2 (2) in France, 2 (2) in Austria, 3 (2) in Ireland and 3 (2) in Spain, compared to 30 September 2018.

### 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 third quarter of 2019 are reported below:

Amount in SEK	Right-of-use assets	Leasing liabilities
<b>Opening balance January 1, 2019</b>	17 923 075	-18 109 366
Additions (+)		
Depreciation (-)	-4 393 670	
Interest expenses (-)		-280 416
Exchange rate effects	809 674	-812 310
Paid leasing fees (+)		4 593 955
<b>Outgoing balance on September 30, 2019</b>	<b>14 339 079</b>	<b>-14 608 137</b>

## PARENT COMPANY

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

For the third quarter of 2019 net sales were SEK 83.3 (76.7) million and operating loss was SEK -5.1 (-3.2) million. As pre-September, net sales were SEK 249.4 (252.6) million, and operating loss was -23.3 (-4.3) million. As of 30 September 2019, cash and cash equivalents for the parent company amounted to SEK 29.1 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, 22 November 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	2019	2018	2018
SEK thousands	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
<b>Net sales</b>	88 277	79 099	261 011	263 259	357 234
Cost of goods sold	-42 220	-41 383	-135 515	-135 363	-175 945
<b>Gross profit</b>	<b>46 057</b>	<b>37 716</b>	<b>125 496</b>	<b>127 896</b>	<b>181 289</b>
<i>Gross margin</i>	<i>52,2%</i>	<i>47,7%</i>	<i>48,1%</i>	<i>48,6%</i>	<i>50,7%</i>
Selling expenses	-22 461	-19 022	-68 723	-65 895	-92 125
Administrative expenses	-5 923	-3 409	-18 471	-17 633	-23 035
Research and development expenses	-20 378	-19 069	-55 609	-46 568	-66 458
Other operating expenses/income	0	0	-1	0	511
<b>Operating expenses</b>	<b>-48 762</b>	<b>-41 500</b>	<b>-142 804</b>	<b>-130 096</b>	<b>-181 107</b>
<b>EBIT Operating profit (loss)<sup>1)</sup></b>	<b>-2 706</b>	<b>-3 784</b>	<b>-17 308</b>	<b>-2 200</b>	<b>182</b>
Net financial income/expense	-3 554	-3 697	-13 478	-8 629	-13 784
<b>Profit (loss) after financial items</b>	<b>-6 260</b>	<b>-7 481</b>	<b>-30 786</b>	<b>-10 829</b>	<b>-13 602</b>
Income tax	354	-1 192	-1 385	-2 957	-3 519
<b>Profit (loss) for the period</b>	<b>-5 906</b>	<b>-8 673</b>	<b>-32 171</b>	<b>-13 786</b>	<b>-17 121</b>
<sup>1)</sup> of which					
Amortization and impairment of intangible assets	7 356	5 394	21 899	15 894	25 070
Depreciation of property, plant and equipment	-7 578	310	1 993	1 912	2 715
<b>EBITDA</b>	<b>-2 928</b>	<b>1 920</b>	<b>6 585</b>	<b>15 606</b>	<b>27 967</b>
<b>Statement of comprehensive income</b>					
Profit (loss) for the period	-5 906	-8 673	-32 171	-13 786	-17 121
<b>Other comprehensive income</b>					
Hedging reserve	-	-	-	-	-
Exchange rate differences	632	-1 871	-461	-590	418
<b>Other comprehensive income, net after tax</b>	<b>632</b>	<b>-1 871</b>	<b>-461</b>	<b>-590</b>	<b>418</b>
<b>Comprehensive income for the period, attributable to parent company shareholders</b>	<b>-5 274</b>	<b>-10 544</b>	<b>-32 632</b>	<b>-14 376</b>	<b>-16 703</b>
<b>No. Of shares</b>	107 923	80 942	107 923	80 942	80 942
<b>Earnings per share</b>	-0,05	-0,11	-0,30	-0,17	-0,21

Consolidated balance sheet	2019	2018	2018
SEK thousands	30 Sep	30 Sep	31 Dec
<b>Non-current assets</b>			
Intangible assets	121 717	144 845	138 091
Property, plant and equipment	18 433	5 729	5 169
Financial assets	1 557	1 401	1 465
<b>Total non-current assets</b>	<b>141 708</b>	<b>151 975</b>	<b>144 725</b>
<b>Current assets</b>			
Inventories	109 298	129 947	125 754
Current receivables	129 487	88 609	93 019
Cash and cash equivalents	107 437	52 786	51 898
<b>Total current assets</b>	<b>346 223</b>	<b>271 342</b>	<b>270 671</b>
<b>Total assets</b>	<b>487 931</b>	<b>423 317</b>	<b>415 396</b>
<b>Equity</b>	<b>55 139</b>	<b>27 593</b>	<b>25 311</b>
<b>Non-current liabilities</b>			
Non-current liabilities, interest-bearing	87 879	95 327	93 697
Non-current liabilities, non interest-bearing	14 217	283	796
<b>Total non-current liabilities</b>	<b>102 096</b>	<b>95 610</b>	<b>94 493</b>
<b>Current liabilities</b>			
Current liabilities, interest-bearing	105 080	118 477	116 632
Current liabilities, non interest-bearing	225 615	181 637	178 960
<b>Total current liabilities</b>	<b>330 695</b>	<b>300 114</b>	<b>295 592</b>
<b>Total equity and liabilities</b>	<b>487 931</b>	<b>423 317</b>	<b>415 396</b>
Pledged assets	65 136	72 989	69 944
Contingent liabilities	None	None	None

<b>Change in equity, Group</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
<b>SEK thousands</b>	<b>Jul-Sep</b>	<b>Jul-Sep</b>	<b>Jan-Sep</b>	<b>Jan-Sep</b>	<b>Jan-Dec</b>
Opening balance	59 265	44 691	25 311	41 969	41 969
New share issue	0	-	59 358	-	-
Other comprehensive income for the period	-4 126	-6 554	-29 530	-14 376	-16 703
<b>Closing balance</b>	<b>55 139</b>	<b>38 137</b>	<b>55 139</b>	<b>27 593</b>	<b>25 311</b>

<b>Share data</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
<b>Number, thousands</b>	<b>Jul-Sep</b>	<b>Jul-Sep</b>	<b>Jan-Sep</b>	<b>Jan-Sep</b>	<b>Jan-Dec</b>
Number of shares at end of period before dilution	107 923	80 942	107 923	80 942	80 942
Average number of shares after dilution	107 923	80 942	107 923	80 942	80 942
Equity per share (SEK)	0.51	0.47	0.51	0.34	0.31
Equity ratio (%)	11.3	6.5	11.3	6.5	6.1

## PARENT COMPANY

Parent Company income statement	2019	2018	2019	2018	2018
SEK thousands	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
<b>Net sales</b>	<b>83 345</b>	<b>76 712</b>	<b>249 443</b>	<b>252 580</b>	<b>339 470</b>
Cost of goods sold	-42 161	-40 237	-135 515	-134 358	-177 453
<b>Gross profit</b>	<b>41 184</b>	<b>36 475</b>	<b>113 928</b>	<b>118 222</b>	<b>162 017</b>
<i>Gross margin</i>	<i>49,4%</i>	<i>47,5%</i>	<i>45,7%</i>	<i>46,8%</i>	<i>47,7%</i>
Operating costs	-46 272	-39 695	-137 239	-122 555	-171 204
Other operating expenses/income	0	-	-1	-	511
<b>Operating profit (loss)</b>	<b>-5 088</b>	<b>-3 220</b>	<b>-23 312</b>	<b>-4 333</b>	<b>-8 676</b>
Net financial income/expense	-4 217	-4 368	-13 656	-9 716	-15 017
<b>Profit (loss) after financial items</b>	<b>-9 305</b>	<b>-7 588</b>	<b>-36 968</b>	<b>-14 049</b>	<b>-23 693</b>
Income tax	-	-	-	-	-
<b>Profit (loss) for the period</b>	<b>-9 305</b>	<b>-7 588</b>	<b>-36 968</b>	<b>-14 049</b>	<b>-23 693</b>

Parent Company balance sheet	2019	2018	2018
SEK thousands	Sep	30 Sep	Dec
Non-current assets	135 341	160 266	152 818
Current assets	294 086	214 375	206 618
<b>Total assets</b>	<b>429 427</b>	<b>374 641</b>	<b>359 436</b>
		<b>0</b>	
Equity	14 391	1 645	-7 999
Non-current liabilities	88 846	95 610	94 493
Current liabilities	326 190	277 386	272 942
<b>Total equity and liabilities</b>	<b>429 427</b>	<b>374 641</b>	<b>359 436</b>
		<b>0</b>	
Pledged assets	55 248	66 480	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