

OCTOBER – DECEMBER 2021

- Net sales amounted to SEK 93.4 (106.9) million, a decrease by 12.7 %.
- Gross profit was SEK 37.7 (51.8) million with gross margin of 40.4 (48.5) %.
- EBITDA was SEK -9.3 (19.6) million.
- Net result was SEK -15.8 (18.0) million.
- Basic earnings per share amounted to SEK -0.15 (0.17).
- Cash flow from operating activities amounted to SEK 71.6 (29.0) million.

JANUARY – DECEMBER 2021

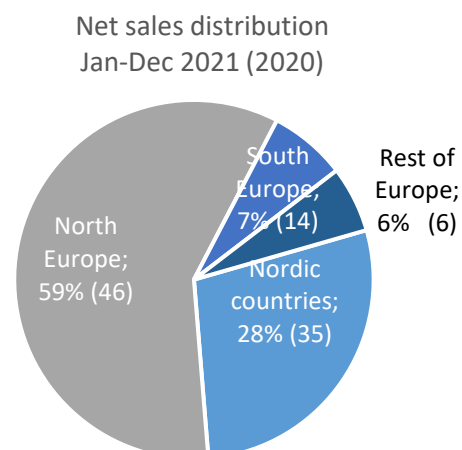
- Net sales amounted to SEK 385.5 (414.4) million, a decrease by 7.0 %.
- Gross profit was SEK 176.3 (209.8) million with gross margin of 45.7 (50.6) %.
- EBITDA was SEK 17.6 (71.3) million.
- Net result was SEK -21.0 (33.2) million.
- Basic earnings per share amounted to SEK -0.19 (0.31).
- Cash flow from operating activities amounted to SEK 54.3 (37.2) million.

SIGNIFICANT EVENTS OCTOBER – DECEMBER 2021

- Continued sales growth in Poland, Austria, Ireland, and France.
- Higher scrapping costs has affected the cost of goods sold and gross profit.
- Operating costs increase is mainly an effect of costs for planned activities to build business for coming years and increased selling costs.
- Erik Ekman, currently COO, was appointed CEO and will assume the position in May 2022.
- In December Färna Invest acquired Serendipity Partners’ shares and thereafter holds 84% of shares and votes. An extra general meeting was held 21 December appointing Gunilla Spongh as chairman and Gerald Engström, Eva Sjökvist Saers and Berit Lindholm as board members.

OUTLOOK 2022

- Continued sales growth is expected for all markets. Germany is still together with Sweden the most significant markets for Bluefish.
- COVID-19 has had slight direct impact on sales, however measures by market actors to cope with the pandemic, such as stock piling, has led to disturbances and in some markets as well as price erosion which might continue for some time. There are indications in the market that further disturbances might be seen in distribution and higher raw material costs.



SALES AND MARKETING

October – December 2021

Sales decreased by 12.7 % during the last quarter compared to the same period 2020. Total sales amounted SEK 93.4 (106.9) million, of which SEK 31.4 (32.2) million in Germany, Sweden SEK 18.1 (26.9) million, Poland SEK 13.1 (12.3) million, Austria SEK 9.7 (8.3) million, Ireland SEK 6.2 (4.3) million, B2B SEK 3.1 (4.7) million, Spain SEK 1.2 (6.8) million and SEK 10.6 (11.4) million in Rest of Europe. Sales quantities for major markets, except Sweden, are increasing, however the product mix and to some extent margin pressure continued to affect the quarterly sales.

January – December 2021

Sales 2021 decreased by 7.0 % compared to full year 2020. Total sales amounted SEK 385.5 (414.4) million, of which SEK 122.1 (113.8) million in Germany, Sweden SEK 78.9 (100.5) million, Poland SEK 46.6 (41.5) million, Austria SEK 32.0 (31.1) million, Ireland SEK 27.3 (23.3) million, B2B SEK 22.9 (24.0) million, Spain SEK 10.1 (33.2) million and SEK 45.6 (47.0) million in Rest of Europe.

Sales in first quarter decreased compared to the same period 2020 where sales peaked due to stock piling by customers and patients at the beginning of the COVID-19 pandemic. Sales in quarter two and three 2021 picked up for most of Bluefish's markets, when the accessibility of health care increased for citizens when societies opened-up in many EU countries. During the last quarter sales in Poland, Austria, Ireland, and France continued to grow whereas the demand stayed flat or decreased in the other markets.

During the year German sales continued to grow and Bluefish continues to be strong in winning tenders. Sales growth also continued in Poland, Austria, and Ireland as a result of increased sales of Bluefish's product and earlier investments to develop the business and sales organisations.

Sweden is still behind the strong sales compared to last year, a combined effect of demand, product mix and margin pressure, however there are signs of improved conditions the coming months.

Spain has reduced sales compared to last year as there are no tender sales in Andalusia due to earlier governmental decision, however opportunities to replace these sales have been identified. The sales forces are currently strengthened both in Spain and in France, two markets where Bluefish is expecting increased sales.

B2B sales are an important complement to the business creating opportunities for collaboration with partners to sell our own developed products in markets and segments where Bluefish is not present.

A strengthened business development team has been established during the second half of the year focusing on introducing new products to further grow the sales in all markets.

DEVELOPMENT AND PORTFOLIO

Bluefish is continuously working to optimize the portfolio by increasing our own development projects alongside in-licensing new products and further launches are planned for the next coming years. Bluefish next launch will be Melatonin (hormone for treatment of insomnia) which will be launched in all markets where Bluefish has its own presence.

Bluefish has two more products reaching the final stages in development ready for scale up and submission with expected launch in 2023 and 2024.

Bluefish currently has two own developed products on the market, Hydroxyzine (antihistamine drug) and Anagrelide (treatment for thrombocythemia). A continuous evaluation of new opportunities with regards to portfolio and new products, new segments, and collaboration opportunities is going on to identify appropriate investment and partnership possibilities.

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 each product is also continually evaluated, and some products are withdrawn or sold as a part of active life-cycle management to have the right products in our portfolio.

The composition of the product portfolio in each market stays critical to the company's future growth and profitability. Bluefish has during the year launched eight products of which three OTC products in the Swedish market and five existing products in new markets. The number of launches being prepared for 2022 is substantially higher and is expected to further fuel business growth.

	31 December 2021	31 December 2020
Products under development or registration	20	16
Products on the market	76	75

OPERATIONS

Process improvements and simplification continue to be important drivers to ensure effectiveness and control of the cost base while growing. When markets now are opening up for a third time and the UN health agency end of December 2021 has expressed optimism that 2022 maybe the year the world ends the acute stage of the COVID-19 pandemic our assessment is that we currently have a strong organization in place with extensive knowledge of both operations and market dynamics. There are still some logistic disturbances and further risks of increased logistic cost as well as a global increase of raw material prices that might impact the pharma industry going forward.

At the rate Bluefish grows we become noticed as a potential partner by companies through our offering of unique products. Bluefish is also strengthening its position by having robust and secure supply to the markets. Since the start of the COVID-19 pandemic there has been a global concern of risks of disturbances in supply chain and logistics. Through pro-active measures from Bluefish's side, service levels have been kept very high and has unfortunately also resulted in higher scrapping costs, a combination of less sales in some markets and high stock levels.

FINANCIAL OVERVIEW

SEK million	2021 Oct-Dec	2020 Oct-Dec	Change	2021 Jan-Dec	2020 Jan-Dec
Net sales	93.4	106.9	-12.7%	385.5	414.4
COGS	-55.7	-55.1	1.1%	-209.2	-204.6
Gross profit	37.7	51.8	-27.3%	176.3	209.8
Gross margin	40.4%	48.5%		45.7%	50.6%
EBITDA	-9.3	19.6		17.6	71.3
Cash flow from operating activities	71.6	29.0		54.3	37.2
Cash flow from investing activities	0.2	-8.5		-9.5	-20.3

Net sales for the last quarter of 2021 were SEK 93.4 (106.9) million, which was a decrease of 12.7 % compared to the same period last year. Net sales for the year were SEK 385.5 (414.4) million, which was a decrease by 7.0 % compared to last year. Despite somewhat lower demand in 2021 in many markets in Europe for pharmaceuticals within Bluefish product range, sales overall have been kept at levels below the record year 2020 and in some markets showing growth. Gross profit for the quarter was SEK 37.7 (51.8) million with a corresponding gross margin of 40.4 (48.5) %. Higher scrapping costs during the last half year have affected the cost of goods sold and gross margin. Measures earlier taken to reduce stock levels start showing effect, and inventory levels are now moving towards desired levels. Gross profit for the year was SEK 176.3 (209.8) million with a corresponding gross margin of 45.7 (50.6) %.

Total operating costs during the last quarter, including depreciation/amortization and impairment of property, plant and equipment and intangible assets, amounted to SEK 51.1 (38.6) million, which corresponds to an increase of 32 % compared to the same period last year. Corresponding figures for the year end were SEK 185.5 (170.9) million. The increase is mainly due to increased costs for planned activities to build business for coming years and increased selling costs where tender parties have claimed damages for stock outs in Germany in particular.

EBITDA for the last quarter amounted to SEK -9.3 (19.6) million, and for the year to SEK 17.6 (71.3) million.

For the last quarter of the year, amortization/impairment of property, plant and equipment and intangible assets, amounted to SEK 2.7 (4.9) million, whilst depreciation of the same amounted to SEK 1.4 (1.5) million. For 2021, amortization/impairment of property, plant and equipment and intangible assets, amounted to SEK 21.5 (25.9) million, whilst depreciation of the same amounted to SEK 5.3 (6.4) million.

For the last quarter, net financial income/expense was SEK -1.5 (6.4) million and for 2020 SEK -9.7 (-2.9) million, which includes interest expense on bank loan and overdraft facilities.

The net loss (profit) was SEK -15.8 (18.0) million for the last quarter and for the year SEK -20.9 (33.2) million.

CASH FLOW

Cash flow from operating activities amounted to SEK 71.6 (29.0) million in the last quarter, of which SEK 41.6 (19.5) million was the change in working capital. Cash flow from operating activities amounted to SEK 54.3 (37.2) million for the year, of which SEK -67.8 (-47.4) million was the change in working capital, the decrease is mainly a result of increased inventory levels.

As of 31 December 2021, inventory levels amounted to SEK 228.3 (191.8) million which is an increase of 19 %. The current inventory level is estimated to correspond to 369 days of historic sales, compared to 313 days as of 31 December 2020. The inventory level has been increased during the last 1.5 years to accommodate for expected demand and, as a safety measure during COVID-19 pandemic. However, as a result of active management the inventory level is since the third quarter 2021 decreasing.

In the last quarter cash flow from accounts receivable and other current receivables was SEK -6.3 (6.1) million, whereas cash flow from accounts payable and other operating liabilities was SEK 41.0 (15.5) million. For the year cash flow from accounts receivable and other current receivables was SEK 4.6 (14.0) million, whereas cash flow from accounts payable and other operating liabilities was SEK -18.3 (-2.9) million.

Cash flow from investing activities was in the last quarter SEK 0.2 (-8.5) million and for the year SEK -9.5 (-20.3) million, most of which relates to investments in intangible assets. Investments comprise product development, licenses, and market approvals. Investments are made to strengthen Bluefish's future portfolio. Cash flow from investments in property, plant and equipment amounted to SEK 0.0 (-0.2) million in the last quarter and for the year to SEK -0.2 (-0.3) million. Cash flow from financing activities amounted to SEK -4.8 (-7.9) million in the last quarter and for the year to SEK 7.1 (-25.0) million. Net change in cash flow amounted to SEK 67.0 (12.8) million the last quarter and to SEK 52.0 (-8.0) million for year.

FINANCIAL POSITION AS OF 31 DECEMBER 2021

Cash and cash equivalents, financing

At the end of the period, cash and cash equivalents amounted to SEK 100.8 million, compared with SEK 47.6 million at the end of last year. The increase is part of normal fluctuations over the year and is mainly depending on how much of agreed rebates have been invoiced. As of 31 December, utilized bank credit was SEK 148.5 million, compared to SEK 137.9 million by year end 2020, of which a SEK 112.2 million overdraft facility and a SEK 36.3 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 the bank credits.

Leveraging conditions

Inventory credit and long-term loan, all 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 3.0 to be reduced until the end of the loan period in June 2024 to 2.5. All requirements have been met during the quarter. The pledged assets have increased compared to last year following the increase of the overdraft facility in June 2021.

Equity and equity ratio

By 31 December equity was SEK 88.9 million compared to SEK 108.2 million at the end of 2020. That corresponds per share to SEK 0.82 compared to SEK 1.00 by year end 2020. At the end of the period equity ratio was 15.6 % compared to 21.6 % end of last year.

OTHER

Employees

As of 31 December 2021, the company had 117 (118) employees, of which 20 (20) in Sweden, 70 (71) in India, 5 (5) in Germany, 12 (9) in Poland, 3 (3) in Austria, 2 (2) in France, 3 (3) in Ireland and 2 (2) in Spain, 0 (3) in Portugal, compared to 31 December 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 2020 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, of which none imply significant changes. 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. Penalties for stock outs are from 2021 reported at sales cost, whereas earlier years these are reported as cost of goods sold.

Related party transactions

There are no other significant related party transactions other than the above described Färna Invest guarantee for SEB bank credits.

Significant events after the reporting period

No significant events after the reporting period to be reported.

Revue

This interim report has been approved by the board of directors. It has not been audited by the company's auditors. Due to rounding, figures in text and tables might not add up.

The Bluefish share

As of December 31, 2021, the number of registered shares and votes in Bluefish Pharmaceuticals amounted to 107 923 328.

PARENT COMPANY

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

For the fourth quarter of 2021 net sales were 89.8 (102.8) and operating loss (profit) was -15.6 (10.5) million. Despite somewhat lower demand in 2021 overall in Europe for pharmaceuticals within Bluefish product range, sales have been kept at levels a bit below the record year 2020, however with a different product mix. Margin pressure, higher scrapping costs and costs for planned activities to build business for coming the years are the main reasons for lower operating result compared to the same period last year. Measures to reduce stock levels start showing effect and inventory levels are moving towards desired levels. For the year, net sales were SEK 371.0 (399.1) million and operating loss (profit) was SEK -18.1 (29.6) million. As of 31 December 2021, cash and cash equivalents for the parent company amounted to SEK 11.2 million, compared with SEK 19.7 million at the beginning of the year.

Stockholm, 24 February 2022

Berit Lindholm

President and CEO

FINANCIAL CALENDAR

Interim report Q1	11 May 2022
Annual report 2021	20 April 2022
Interim report Q2	Last week of August 2022
Interim report Q3	Last week of October 2022
Interim report Q4	Last week of February 2023

GROUP

Condensed consolidated income statement		2021	2020	2021	2020
SEK thousands		Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net sales		93,369	106,903	385,500	414,418
Cost of goods sold		-55,693	-55,103	-209,238	-204,618
Gross profit		37,676	51,800	176,262	209,800
<i>Gross margin</i>		<i>40.4%</i>	<i>48.5%</i>	<i>45.7%</i>	<i>50.6%</i>
Selling expenses		-29,605	-19,224	-92,986	-79,844
Administrative expenses		-8,322	-5,953	-29,126	-24,716
Research and development expenses		-13,202	-13,395	-63,401	-66,300
Operating expenses		-51 129	-38 572	-185 513	-170 861
EBIT Operating profit (loss)¹⁾		-13,453	13,228	-9,251	38,939
Net financial income/expense		-1,549	6,364	-9,724	-2,937
Profit (loss) after financial items		-15,002	19,591	-18,974	36,002
Income tax		-845	-1,550	-1,978	-2,824
Profit (loss) for the period		-15,847	18,042	-20,952	33,178
¹⁾ of which					
Amortization and impairment of intangible assets		2,719	4,884	21,518	25,934
Depreciation of property, plant and equipment		1,416	1,452	5,337	6,385
EBITDA		-9,317	19,563	17,604	71,258
Statement of comprehensive income					
Profit (loss) for the period		-15,847	18,042	-20,952	33,178
Other comprehensive income					
Exchange rate differences		420	-1,503	1,482	-6,712
Other comprehensive income, net after tax		420	-1,503	1,482	-6,712
Comprehensive income for the period, attributable to parent company shareholders		-15,427	16,539	-19,470	26,466
No. of shares (thousands)		107,923	107,923	107,923	107,923
Earnings per share (SEK)		-0.15	0.17	-0.19	0.31

Condensed consolidated balance sheet	2021	2020
SEK thousands	31 Dec	31 Dec
Non-current assets		
Intangible assets	102,432	118,682
Property, plant and equipment	6,439	10,171
Financial assets	1,392	1,196
Total non-current assets	110,263	130,049
Current assets		
Inventories	228,260	191,772
Current receivables	127,824	131,412
Restricted cash	965	965
Cash and cash equivalents	100,837	47,621
Total current assets	457,885	371,769
Total assets	568,148	501,818
Equity	88,697	108,168
Non-current liabilities		
Non-current liabilities, interest-bearing	21,750	36,250
Non-current liabilities, non interest-bearing	698	6,730
Total non-current liabilities	22,448	42,980
Current liabilities		
Current liabilities, interest-bearing	126,705	101,670
Current liabilities, non interest-bearing	330,298	249,000
Total current liabilities	457,003	350,670
Total equity and liabilities	568,148	501,818
Pledged assets	107,953	86,585
Contingent liabilities	None	None
Shares, thousands	107,923	107,923
Equity per share, SEK	0.82	1.00

Change in equity SEK thousands	2021	2020	2021	2020
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Opening balance	104,126	94,314	108,167	81,701
Other comprehensive income for the period	-15,429	13,853	-19,470	26,467
Closing balance	88,697	108,168	88,697	108,168

Share data Number, thousands	2021	2020	2021	2020
	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)	0.82	1.00	0.82	1.00
Equity ratio (%)	15.6	21.6	15.6	21.6

Condensed consolidated cash flow statement SEK thousands	2021	2020	2021	2020
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Cash flow from operating activities before working capital change	29,994	9,489	122,160	84,630
Change in working capital	41,639	19,521	-67,831	-47,397
Cash flow from operating activities	71,634	29,010	54,329	37,233
Cash flow from investing activities	190	-8,535	-9,451	-20,250
Cash flow from financing activities	-4,809	-7,939	7,108	-25,007
Cash flow for the period	67,015	12,537	51,986	-8,025
Cash and cash equivalents at beginning of period	33,352	36,231	47,621	56,880
Exchange rate differences in cash and cash equivalents	470	-1,146	1,230	-1,234
Cash and cash equivalents at end of period	100,837	47,621	100,837	47,621

PARENT COMPANY

Condensed income statement	2021	2020	2021	2020
SEK thousands	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net sales	89,836	102,821	370,979	399,066
Cost of goods sold	-55,693	-55,103	-209,238	-204,618
Gross profit	34,143	47,718	161,741	194,448
<i>Gross margin</i>	<i>38.0%</i>	<i>46.4%</i>	<i>43.6%</i>	<i>48.7%</i>
Operating costs	-49,779	-37,231	-179,820	-164,839
Operating profit (loss)	-15,637	10,488	-18,079	29,609
Net financial income/expense	-1,889	5,339	-9,808	-5,734
Profit (loss) after financial items	-17,526	15,827	-27,887	23,875
Income tax	-	-	-	-
Profit (loss) for the period	-17,526	15,827	-27,887	23,875

Condensed balance sheet	2021	2020
SEK thousands	31-Dec	31-Dec
Non-current assets	108,543	131,493
Other current assets	300,109	293,752
Restricted cash	965	965
Cash and cash equivalents	11,201	19,729
Total current assets	312,275	314,446
Total assets	420,818	445,939
Equity	36,189	64,076
Non-current liabilities	22,108	39,487
Current liabilities	362,521	342,376
Total equity and liabilities	420,818	445,939
Pledged assets	107,953	86,585
Contingent liabilities	None	None

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.

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.