

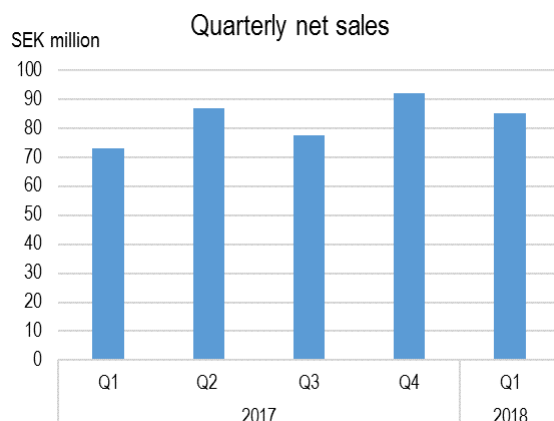
INTERIM REPORT

JANUARY – MARCH 2018

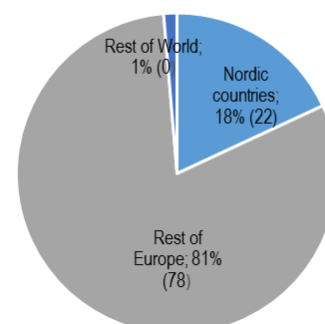
- Net sales amounted to SEK 84.9 (73.0) million
- EBITDA was SEK 9.0 (-2.9) million
- Basic earnings per share were SEK 0.03 (-0.14)

SIGNIFICANT EVENTS

- First inhouse developed product Hydroxyzine continues to be launched in more markets
- Two new launches of inlicensed products in this quarter in addition to the 17 new products launched in 2017.
- Bluefish Serialization project is onboarding our supplier base.
- Significant EBITDA turnaround
- Two new development projects have been initiated in R&D during this quarter
- Ireland sales office prepared for starting Bluefish own sales in May 2018
- Future outlook 2018
 - Another 13 products are planned to be launched during the year including revitalizing of existing products in some markets
 - Hydroxyzine will be launched in one more market
 - Bluefish plan to launch our third in house developed product in Q4 2018
 - Ireland sales are expected to increase with a broader portfolio in our own regime.



Net sales distribution
January-March 2018 (2017)

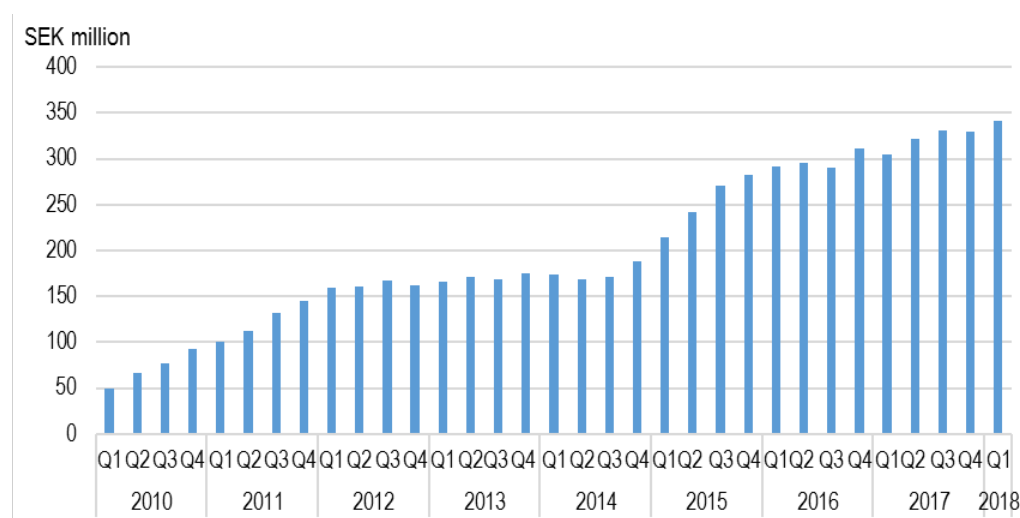


OPERATIONS

Sales increased

Sales increased by 16% in the first quarter of the year compared with the first quarter of 2017. SEK 84.9 (73.0) million, of which SEK 15.3 (15.7) million in the Nordic region, SEK 68.5 (57.2) million in Rest of Europe and SEK 1.1 (0.1) million in Rest of World. The sales growth has been fuelled predominantly by markets outside the Nordic region, eg Spain, Germany and Poland.

Graph 1. Rolling 12-month net sales



Investments in continued growth

During Q1, ongoing evaluations of the business were made, resulting in newly identified growth opportunities as regards both subsegments and expansion into new markets. Efforts were also made to fortify the sales organization with additional expertise and experience, with particular emphasis on the company's operations in Poland, Portugal and the Nordics. Our assessment is that we currently have a strong organization in place that has extensive knowledge of both local regions and markets.

Bluefish also made additional investments in IT systems that support supply chain, finance, marketing and quality activities, all of which is aimed at strengthening the platform for continued growth.

Optimization of the product portfolio

The composition of the product portfolio in each market stays critical to the company's future growth and profitability. Launches in subsequent countries are progressing according to plan.

The company is continuing to invest in additional new product licenses and in new development projects at our R&D unit. Investments are made selectively and only in the markets 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.

Optimization in operations

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

Serialisation of each individual pack requires investment and is a mandatory EU requirement that Bluefish will have to fully adhere to according to EU guidelines and be ready by February 2019.

Increase in stock levels is seen during this quarter due to stock build for new launches, preparation for readiness of starting our own operations in Ireland, some tech transfers and earlier shipments due to planning around the warehouse shift in Q4 and regaining stock levels for certain products. We expect the high stock levels to reduce to a more feasible level during the coming quarters.

FUTURE OUTLOOK

In 2018, the company expects an increase in sales growth compared to the prior year. Sales growth will primarily be fuelled by continued strong development in key markets like Germany and Spain but will also be aided by newly launched products, which is a result of investments that were made in 2017. New product launches for 2018 are planned for the back end of the year and will therefore have a marginal effect on this year's sales. Bluefish is fortifying its sales organization in selected markets and going forward it will be focusing on higher delivery performance. In line with this a new sales office was opened in Ireland in July 2017 but due to contractual obligations our sales in Ireland have only just started in May 2018, in accordance with our plans. A strategic decision to consolidate our sales efforts will lead to an increased focus on our European markets this year.

	31 Mar 2018	31 Mar 2017
Products under development or registration	29	24
Products in the market	70	60

FINANCIAL OVERVIEW

SEK million	2018	2017	Change	2017
	Jan-Mar	Jan-Mar		Jan-Dec
Net sales	84.9	73.0	16%	329.2
Gross profit	45.8	30.2	52%	147.3
Gross margin	54.0%	41.4%		44.7%
EBITDA	9.0	-2.9		3.2
Cash flow from operating activities	-7.7	-4.1		-59.6
Cash flow from investing activities	-2.8	-5.5		-21.2

Bluefish generated net sales of SEK 84.9 (73.0) million during the first quarter of the year, which corresponds to an increase of 16% compared to the same period in 2017. Gross profit was SEK 45.8 (30.2) million, with a corresponding gross margin of 54.0% (41.4%) for the period. This margin development is somewhat better than expected due to mix effects (country and product), positive exchange rate effects and release of reserves.

Operating costs and EBITDA

Total operating costs during the first quarter, not including depreciation/amortization and impairment of property, plant and equipment and intangible assets, amounted to SEK 36.8 (33.1) million, which corresponds to an increase of 11% compared to the same period last year. This increase is driven largely by currency exchange rate effects.

EBITDA for the first quarter amounted to SEK 9.0 (-2.9) million, which is a significant turnaround compared to the same period last year. Currency fluctuations have had a slightly negative impact on EBITDA corresponding to SEK -0.1 (0.1) million for the first quarter of 2018, taking into account the positive translation effect on sales revenue from operations outside Sweden. Adjustments of reserves have resulted in a positive net effect on EBITDA.

Net profit for the first quarter of the year

Depreciation/amortization and impairment of property, plant and equipment and intangible assets was SEK 6.2 (5.9) million for the first quarter, of which impairment losses on intangible assets was SEK 1.5 (1.5) million. The composition of the product portfolio is evaluated on an ongoing basis..

For the first quarter net financial expenses amounted to SEK -0.2 (-1.8) million, which includes interest expenses associated with the convertible debentures as well as bank overdraft facilities, totalling SEK -3.8 million but with an off-setting release of reserves of SEK 3.6 million. Net profit was positive SEK 2.1 (-11.3) million for the first quarter.

Cash flow

Cash flow from operating activities amounted to SEK -7.7 (-4.1) million for the first quarter of 2018, of which SEK -17.8 (3.4) million was the change in working capital. Inventory development was flat SEK 0.0 million (-6.8) for the quarter and cash flow from accounts receivable was positive SEK 3.2 million (-7.6), whereas cash flow from accounts payable was correspondingly negative SEK -2.9 million (19.3). The main contributors to the negative development were other short-term receivables SEK -11.5 (-4.9) and payables SEK -6.7 million (3.3) where prepayments for both goods and services burdened the cash flow significantly, in part an effect that will wear off gradually over the following months. The positive net effect on the result from release of reserves has a corresponding negative effect on other short-term payables, hence creating a neutral cash effect on operations.

As of 31 March 2018, inventory was SEK 123.3 million, compared with SEK 98.5 million at 31 March 2017, which represents an increase of 25%. The increase is driven mainly by stock build in preparation for new product launches as well as starting our own operations in Ireland, but also by tech transfers and stock level replenishment for certain products, in order to avoid stock-outs and the consequential loss of sales and imposed penalties.

Cash flow from investing activities was SEK -2.8 (-5.5) million for the first quarter, 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 -1.4 (2.5) million for the first quarter of the year, which reflects a decreased utilization level of our bank overdraft, for which Nordic inventories have been pledged as collateral.

Financial position as of 31 March 2018

Cash and cash equivalents

At the end of the period, cash and cash equivalents amounted to SEK 32.7 million, compared with SEK 44.7 million at the beginning of the year. As of 31 March 2018, utilized bank credit was SEK 96.8 million, compared to SEK 99.3 million at the beginning of the year.

In addition to the bank credit, there are also shareholder loans of SEK 15.0 million, which brings total loans to SEK 111.8 million, excluding the SEK 100 million convertible loan secured in July 2017.

Equity

At the end of the period, equity was SEK 44.7 million, compared to SEK 42.0 million at the beginning of the year. That corresponds to SEK 0.55 (0.52) per share.

Equity ratio

At the end of the period, the equity ratio was 10.8%, compared to 10.0% at the beginning of the year. For bank credit agreement purposes, the gearing ratio, obtained via a specific calculation (see Leveraging conditions, below) was 1.14 (0.85 according to renegotiated terms) compared to 0.98 (0.72 according to renegotiated terms) at the beginning of the year.

OTHER

Employees

As of 31 March 2018, the company had 121 (113) employees, of which 29 (26) in Sweden, 70 (70) in India, 4 (4) in Germany, 8 (3) in Poland, 4 (1) in Portugal, 2 (2) in France, 2 (0) in Austria, 1 (0) in Ireland, 0 (4) in United Arab Emirates and 2 (3) in Spain, compared to 31 March 2017.

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, with the exception of new or revised standards, interpretations and improvements that have been adopted by the EU and which come into effect as of 1 January 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. The company has been granted a waiver from the bank, as well as a renegotiated gearing ratio calculation and requirement going forward, with the ratio requirement being extended to 1.2.

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 totalling 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 2018, net sales were SEK 78.9 (69.7) million, and operating profit was 0.8 (-8.8) million. As of 31 March 2018, cash and cash equivalents for the Parent Company amounted to SEK 12.8 million, compared with SEK 14.6 million at the beginning of the year.

This interim report has not been audited by the company's auditors.

Stockholm, 16 May 2018

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	2018	2017	2017
SEK thousands	Jan-Mar	Jan-Mar	Jan-Dec
Net sales	84 948	73 042	329 208
Cost of goods sold	-39 111	-42 837	-181 935
Gross profit	45 837	30 205	147 273
<i>Gross margin</i>	<i>54,0%</i>	<i>41,4%</i>	<i>44,7%</i>
Selling expenses	-22 207	-16 832	-77 523
Administrative expenses	-7 048	-5 954	-24 468
Research and development expenses	-13 720	-16 192	-74 245
Other operating expenses/income	0	0	0
Operating expenses	-42 975	-38 978	-176 236
EBIT Operating profit (loss)¹⁾	2 862	-8 773	-28 963
Net financial income/expense	- 221	-1 843	-10 902
Profit (loss) after financial items	2 641	-10 616	-39 865
Income tax	- 540	- 698	-2 530
Profit (loss) for the period	2 101	-11 314	-42 395
¹⁾ of which			
Amortization and impairment of intangible assets	5 349	5 152	28 815
Depreciation of property, plant and equipment	801	709	3 312
EBITDA	9 012	-2 912	3 163
Statement of comprehensive income			
Profit (loss) for the period	2 101	-11 314	-42 395
Other comprehensive income			
Hedging reserve	-	-	-
Exchange rate differences	621	794	261
Other comprehensive income, net after tax	621	794	261
Comprehensive income for the period, attributable to parent company shareholders	2 722	-10 520	-42 134

Consolidated balance sheet	2018	2017	2017
SEK thousands	31 Mar	31 Mar	31 Dec
Non-current assets			
Intangible assets	152 056	161 322	153 866
Property, plant and equipment	7 438	10 648	8 283
Financial assets	1 822	1 912	1 840
Total non-current assets	161 316	173 882	163 989
Current assets			
Inventories	123 297	98 512	125 371
Current receivables	96 239	83 381	87 659
Cash and cash equivalents	32 675	26 541	44 675
Total current assets	252 211	208 434	257 705
Total assets	413 527	382 316	421 694
Equity	44 691	66 481	41 969
Non-current liabilities			
Non-current liabilities, interest-bearing	90 801	-	89 870
Non-current liabilities, non interest-bearing	3 790	3 120	3 647
Total non-current liabilities	94 591	3 120	93 517
Current liabilities			
Current liabilities, interest-bearing	111 822	122 734	114 346
Current liabilities, non interest-bearing	162 422	189 981	171 862
Total current liabilities	274 244	312 715	286 208
Total equity and liabilities	413 527	382 316	421 694
Pledged assets	85 325	65 143	80 581
Contingent liabilities	None	None	None

Change in equity, Group	2018	2017	2017
SEK thousands	Jan-Mar	Jan-Mar	Jan-Dec
Opening balance	41 969	77 001	77 001
Equity portion of convertible loan		-	7 103
Other comprehensive income for the period	2 722	-10 520	-42 135
Closing balance	44 691	66 481	41 969

Share data	2018	2017	2017
Number, thousands	Jan-Mar	Jan-Mar	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)	0.55	0.82	0.52
Equity ratio (%)	10.8	17.4	10.0

Consolidated cash flow statement	2018	2017	2017
SEK thousands	Jan-Mar	Jan-Mar	Jan-Dec
Cash flow from operating activities before change in working capital	10 156	-7 541	13 300
Change in working capital	-17 850	3 393	-72 936
Cash flow from operating activities	-7 694	-4 149	-59 636
Cash flow from investing activities	-2 797	-5 471	-21 189
Cash flow from financing activities	-1 450	2 503	91 193
Cash flow for the period	-11 942	-7 117	10 368
Cash and cash equivalents at beginning of period	44 675	33 607	33 607
Exchange rate differences in cash and cash equivalents	-59	51	700
Cash and cash equivalents at end of period	32 675	26 541	44 675

PARENT COMPANY

Parent Company income statement	2018	2017	2017
SEK thousands	Jan-Mar	Jan-Mar	Jan-Dec
Net sales	78 911	69 651	308 781
Cost of goods sold	-39 296	-42 765	-180 629
Gross profit	39 615	26 886	128 152
<i>Gross margin</i>	<i>50,2%</i>	<i>38,6%</i>	<i>41,5%</i>
Operating costs	-38 851	-35 675	-172 352
Other operating expenses/income	-	-	417
Operating profit (loss)	765	-8 789	-43 783
Net financial income/expense	-737	-1 823	-15 322
Profit (loss) after financial items	28	-10 612	-59 106
Income tax	-	-	-
Profit (loss) for the period	28	-10 612	-59 106

Parent Company balance sheet	2018	2017	2017
SEK thousands	Jan-Mar	Jan-Mar	Jan-Dec
Non-current assets	167 038	180 445	169 705
Current assets	176 076	157 486	197 582
Total assets	343 114	337 931	367 287
Equity	15 722	57 086	15 694
Non-current liabilities	94 555	3 004	93 461
Current liabilities	232 837	277 841	258 131
Total equity and liabilities	343 114	337 931	367 287
Pledged assets	72 220	65 143	70 632
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