

CEO comments



The past year

As we put the past year behind us, we can conclude that we have had a challenging year in many ways. We have worked hard to limit the loss of sales after the pandemic and reduce cost increases for raw materials and transports. We ended the year positively with strong sales growth in Q4 2022 and the first four months of 2023. Unfortunately, the gross margin was too low for the full year to show a positive result.

Our strong development in terms of volume, the number of packages sold, continued to increase. We continued to have a high availability of our products during throughout the period, a prerequisite for long-term, profitable, and sustainable growth.

During the year, Gerald Engström further increased his holding in the company via Färna Invest, thereby securing future investments.

Bluefish, as a subsidiary of Färna Invest, will from the financial year 2022/23 adapt its financial year to Färna Invest. Hence, the company's financial year, January 2022-April 2023, has been extended to 16 months.

All figures in this report refer to the group for the financial year 2022/23, 16 months, unless otherwise stated. The comparison is with the financial year 2021, 12 months, unless otherwise stated.

Operating result

Sales revenue 540 MSEK (386), an increase of 40% for the extended financial year January 2022 to April 2023, 16 months, compared to the financial year 2021, 12 months. On average, a revenue increase of 5% per month. Germany and the Nordics have contributed most of the sales growth during the year. The currency effect on sales is estimated at 2% or 8 MSEK. Gross profit increased by 19% compared to 2021 and landed at 210 MSEK for 2022/2023 (176).

The gross margin decreased by 7 percentage points to 39% (46%) mainly due to a lower-than-expected margin in Germany.

Operating expenses increased to 269 MSEK (186), an average increase of 9% per month. We have actively increased our investments in Poland and Ireland to realise the market potential.

During the year, we experienced increased costs for penalty fees from customers in connection with non-deliveries in Germany.

-The full result for the year SEK -93.8 million (-21), which includes currency effects corresponding to SEK 23.9 million (-4.0).

Own products and investments

Our work on developing our own generic products continues at an accelerated pace. We mainly focus on products within the Central Nervous System, Oncology, Cardiovascular Diseases, and Diabetes. During the extended financial year, we have launched 7 new products.

The Bluefish proprietary products already launched, Hydroxyzine (antihistamine) and Anagrelide (antiplatelet), have been successful and clearly demonstrate the potential for proprietary products. Currently, we are actively developing 11 new products.

In the latter part of 2023, we will launch a new product, Melatonin, in most of our markets. In total, we have doubled the investment budget for development and in-licensing projects compared to the previous year and during the first months of the year we also initiated the launch of our OTC portfolio starting in Ireland. This investment will strengthen our position and profitability and provide us with new forms of co-operation.

In parallel, we also work actively to strengthen our position in existing markets through in-licensing and distribution partnerships.

Future prospects

Over the past year, we have established and driven three focus areas in the business: accelerating and strengthening the product portfolio, improving cost control and becoming more asset light. These three focus areas will significantly strengthen our company and create growth opportunities for many years to come.

With the easing of pandemic restrictions, the market dynamics changed significantly during the year and products such as antibiotics were in strong demand again. This will give us an increase in revenue with a good margin already in 2023. We will also see a better price picture for several of our products in Sweden and Poland during the year, where

authorities have intervened and actively adjusted the price to avoid product shortages in the market.

The main concern in our business continues to be the penalties that arise when our products are not available for sale for short periods of time. This applies especially to the German market. We have lowered the risk level in our new contracts to minimise the penalties going forward.

To summarise, we see good conditions for long-term and profitable growth, and we are well positioned to meet the current need for generic medicines in the EU. We have the experience and driving force to supply the market with qualitative and cost-effective medicines in the coming years.

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Erik Ekman CEO

