

## INTERIM REPORT

### JANUARY – JUNE 2015

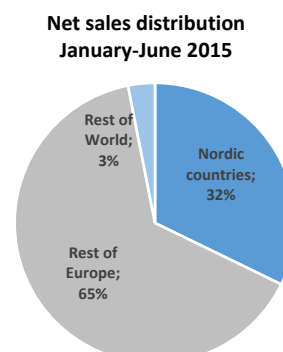
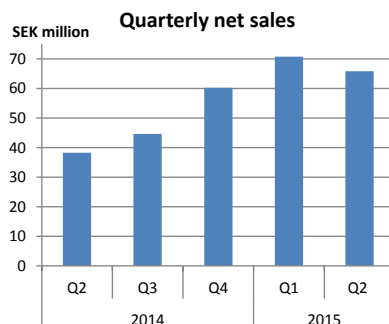
- Net sales amounted to SEK 136.7 (82.8) million
- EBITDA was SEK 2.7 (-25.7) million.
- Basic earnings per share were SEK -0.16 (-0.55)

### APRIL – JUNE 2015

- Net sales amounted to SEK 65.9 (38.3) million
- EBITDA was SEK -0.9 (-15.0) million.
- Basic earnings per share were SEK -0.10 (-0.32)

## SIGNIFICANT EVENTS

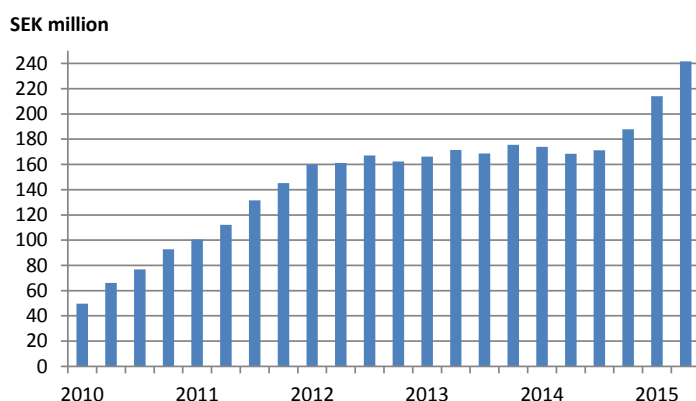
- Increase in net sales and gross profit during the first half of the year
  - Net sales increased by 65% to SEK 136.7 million
  - Gross profit increased by 145% to SEK 61.4 million
- Growth potential in the product portfolio
  - Six products became licensed during the period
  - Two registration applications for development projects were submitted
- Future outlook 2015
  - Continued increase in net sales and improvement in gross margin
  - Positive EBITDA



## OPERATIONS

The healthy growth in net sales during the first quarter of 2015 continued through the second quarter. During the first six months of 2015 net sales increased by 65% to SEK 137 million. Growth was fueled by the strong sales performance in Spain. But the Nordic market, particularly Sweden, also contributed with considerably higher sales compared to the same period last year. Sales outside Europe contributed with approximately SEK 4 million during the first half of the year. On a 12-month rolling basis, sales at the end of the period amounted to SEK 242 million, which corresponds to a growth rate of 43%. The increase in sales is also associated with a higher-than-average gross margin. Accordingly, gross profit for the first half of the year also increased compared to the same period last year. This resulted in a positive EBITDA of SEK 2.7 million for the period. With a balanced working capital, cash flow from operating activities was positive for the period at SEK 3.1 million.

### Rolling 12-month net sales



### Growth potential in the product portfolio

The company's goal is to build a diversified product portfolio, which creates the conditions for long-term growth and good profitability. The market conditions vary in the countries where Bluefish operates. Because of this, the product portfolio is adapted according to the potential in each market. During the first half of the year, the product portfolio grew with the addition of six licensed products for a diverse number of markets. The products are expected to be launched during 2016 and 2017. In addition, several of the company's own development projects are now in the final phase of development. At the end of March, the company submitted the registration application for one of the products. The decentralized registration procedure is progressing as planned, with expected launch in several of Bluefish's most important markets during 2016. The application for yet another development project was submitted in August 2015. The development project is expected to contribute to growth in net sales starting in 2016. For competitive reasons, the company has decided not to release the names of the new products prior to their launch. Several of the newly licensed products, along with own development projects, are, however, focused on regional or country-specific opportunities, frequently in niched areas with lower competition and higher gross margins.

## FUTURE OUTLOOK

Quarterly net sales will continue to fluctuate over the year, but the company expects to achieve higher net sales in 2015 compared to the previous year. Growth originates from prior contracts, planned product launches and an overall increase in market share. Additionally, gross margin is expected to exceed the prior year's level.

## SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

### Bluefish wins new contract in Spain

In July, Bluefish was selected as exclusive supplier of three products in a new two-year contract with Servicio Andaluz de Salud (SAS), the state health authority in Spanish Andalusia. The new contract pertains to Almotriptan 12.5 mg, Bicalutamide 150 mg and Eplerenone 25 and 50 mg. The first deliveries are planned for the end of 2015. The value of additional net sales from the contract is estimated at approximately SEK 19 million per year.

The contracts with SAS add substantial growth opportunity to the company's operations in Spain. Even if one of the contracts with SAS is terminated at year-end, the sales value of the remaining three contracts in effect during 2016 are expected to generate continued growth in Spain, along with a satisfactory gross margin. Accordingly, operations in Spain are expected to make a significant contribution to the company's financial performance in 2016 as well.

Bluefish is continuing to invest in the Spanish product portfolio in areas that are assessed as having good sales and profit potential.

Products under development or registration	18
Products in the market	63

## FINANCIAL OVERVIEW

SEK million	2015	2014	change	2015	2014	change
	April-June	April-June		Jan-June	Jan-June	
Net sales	65.9	38.3	72%	136.7	82.8	65%
Gross profit	28.5	11.6	145%	61.4	25.1	145%
Gross margin	43.2%	30.3%		44.9%	30.3%	
EBITDA	-0.9	-15.0		2.7	-25.7	
Cash flow from operating activities	-5.7	0.2		3.1	-18.3	
Cash flow from investing activities	-6.2	-4.1		-13.3	-10.3	

Bluefish generated net sales of SEK 65.9 (38.3) million during the second quarter of the year, which corresponds to an increase of 72% compared to the same period in 2014. Gross profit was SEK 28.5 (11.6) million, with a corresponding gross margin of 43.2 (30.3)% for the period.

Net sales for the first six months of 2015 were SEK 136.7 (82.8) million, which corresponds to an increase of 65% compared to the same period last year. Gross profit was SEK 61.4 (25.1) million, with a corresponding gross margin of 44.9 (30.3)% for the period. During the first half of 2014, there was a negative impact on both net sales and gross profit due to inventory shortage. The reason behind it was that one of the company's most important partners for batch analysis temporarily had its GMP certificate revoked. To a certain extent, this has impacted the comparison figures.

### Positive EBITDA during the first half of the year

Total operating costs during the second quarter, not including depreciation/amortization and impairment of property, plant and equipment and intangible assets, amounted to SEK 29.4 (26.7) million. This corresponds to an increase of 10% compared to the same period last year. Compared to the first quarter of 2015, however, costs have remained unchanged.

Total operating costs for the first six months of the year, not including depreciation/amortization and impairment of property, plant and equipment and intangible assets, amounted to SEK 58.7 (50.8) million, which corresponds to an increase of 15% compared to the same period in 2014. The increase is explained by an increase in net sales, which has generated higher distribution costs, higher annual fees and higher reserves for profit distribution for the products where the company has marketing collaborations in place.

During the second quarter, EBITDA was SEK -0.9 (-15.0) million and EBITDA for the first six months of 2015 was SEK 2.7 (-25.7) million. Currency gains had a positive impact on EBITDA of SEK 0.4 (-3.4) million for the second quarter and SEK 1.2 (-4.1) million for the first six months of the year.

For the second quarter, depreciation/amortization and impairment of property, plant and equipment and intangible assets was SEK 5.6 (6.3) million and SEK 12.7 (10.9) million for the first six months of 2015, of which impairment of intangible assets was SEK 1.4 (2.4) million for the second quarter and SEK 4.3 (3.3) million for the first six months of 2015. Impairment losses represent the decision to deregister the market approval for specific products in markets where Bluefish has assessed that there is limited potential for generating revenue.

For the second quarter, net financial income/expense was SEK -1.1 (-1.4) million and SEK -1.7 (-2.7) million for the first six months of 2015, which includes interest payments on convertible debt and bank overdraft.

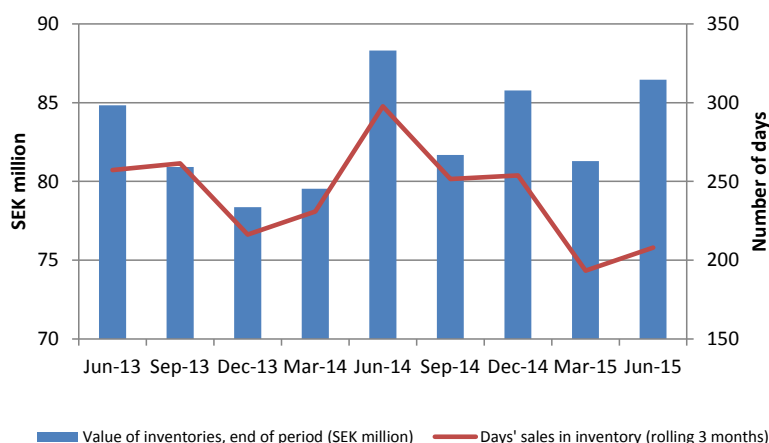
The currency effect on earnings was SEK 0.0 (-3.1) for the second quarter of 2015 and SEK 1.0 (-3.7) million for the first six months of the year.

### Positive cash flow from operating activities for the first half of the year

Cash flow from operating activities was SEK -5.7 (0.2) million for the second quarter and SEK 3.1 (-18.3) million for the first six months of the year. Cash flow from changes in working capital amounted to SEK -5.6 (12.2) million for the second quarter and SEK -3.3 million (1.1) for the first half of the year. Accounts receivable increased by SEK 25.0 (2.3) million during the first six months, while accounts payable and other operating liabilities increased by SEK 35.3 (19.7) million.

As of 30 June 2015, inventory was SEK 86.5 million, compared with SEK 85.8 million as of 31 December 2014. Inventory impairment was SEK 8.7 (6.2) million for the first half of the year. On the current inventory level, days sale of inventory is 208 (292) days.

### Inventory and days sale of inventory



For the second quarter, cash flow from investing activities was SEK -6.2 (-4.1) million and SEK -13.3 (-10.4) million for the first six months of 2015, of which investments in intangible assets was SEK -6.0 (-3.6) million for the second quarter and SEK -8.9 (-7.9) million for the first six months of 2015. Investments comprise product development, licenses, and market approvals. For the first half of the year, investments in property, plant and equipment amounted to SEK -4.3 (-2.5) million, which consisted of laboratory equipment for the company's development and analysis activities.

Cash flow from financing activities amounted to SEK 8.1 (31.5) million for the second quarter and SEK -0.4 (24.8) million for the first half of the year. The increase in cash flow from financing activities during the second quarter was due to a higher level of utilization of overdraft facilities.

## Financial position as of 30 June 2015

### Cash and cash equivalents

At the end of the period, cash and cash equivalents amounted to SEK 33.5 million, compared with SEK 44.2 million at the beginning of the year. As of 30 June 2015, utilized bank credit was SEK 79.9 million, compared with SEK 79.4 million at the beginning of the year. Total available bank credit was SEK 100 million.

### Financing

As in the past, inventory credit and invoice factoring from SEB is conditional on the company maintaining certain levels of equity and liquidity. During the second quarter, the company renegotiated its terms with SEB. Gearing will now be used instead of the previous terms, where there was a requirement on maintaining an equity ratio of at least 25%. According to the new terms for SEB credit, the company must maintain a gearing ratio, in accordance with a special calculation, of at most one (1). The condition of maintaining available liquidity of at least SEK 5 million remains.

### Equity

At the end of the period, equity was SEK 89.2 million, compared to SEK 99.9 million at the beginning of the year. That corresponds to SEK 1.10 (1.49) per share.

### Equity ratio

At the end of the period, the equity ratio was 22.8%, compared to 26.8% at the beginning of the year.

## OTHER

### Employees

As of 30 June 2015, the company had 92 (90) employees, of which 22 (22) in Sweden, 55 (54) in India, 4 (4) in Germany, 1 (1) in Italy, 3 (3) in Poland, 1 (1) in Portugal, 1 (1) in France, 2 (2) in the UAE and 3 (2) in Spain, compared to 31 December 2014.

### Risks and uncertainties

The Group's business is exposed to financial risks. An explanation of how these risks are managed is provided on page 19 of the 2014 Annual Report. In addition, the Group's business is impacted by a number of other factors that are not fully within the company's control. Factors deemed particularly important to Bluefish's future development are: competitors and pricing, government actions, partnerships, market valuations, key individuals and recruitment, product liability, patents and trademarks.

### 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 2014 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 2015.

## PARENT COMPANY

Bluefish Pharmaceuticals AB is the parent company for the Bluefish Pharmaceuticals Group.

For the second quarter of 2015, net sales were SEK 63.2 (37.3) million, of which -6,2 (-21,9) million was operating loss. For the first half of 2015, net sales were SEK 132.0 (81.2) million, of which SEK -8,7 (-36,9) million was operating loss. As of 30 June 2015, cash and cash equivalents amounted to SEK 16.8 million, compared with SEK 20.4 million at the beginning of the year.

## FUTURE REPORTS

Interim report for January - September 2015, 19 November 2015

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

*Stockholm, 27 August 2015*

Karl Karlsson  
President and CEO

Consolidated income statement SEK thousands	2015 April-June	2014 April-June	2015 Jan-June	2014 Jan-June	2014 Jan-Dec
<b>Net sales</b>	<b>65,880</b>	<b>38,316</b>	<b>136,662</b>	<b>82,806</b>	<b>187,748</b>
Cost of goods sold	-37,414	-26,698	-75,264	-57,711	-117,364
<b>Gross profit</b>	<b>28,466</b>	<b>11,618</b>	<b>61,398</b>	<b>25,095</b>	<b>70,384</b>
<i>Gross margin</i>	<i>43.2%</i>	<i>30.3%</i>	<i>44.9%</i>	<i>30.3%</i>	<i>37.5%</i>
Selling expenses	-16,397	-15,247	-32,852	-28,349	-60,257
Administrative expenses	-4,514	-4,826	-9,615	-9,219	-17,846
Research and development expenses	-14,053	-12,907	-28,924	-24,156	-48,381
Other operating expenses/income	-	-	-	-2	-2
<b>Operating profit (loss)<sup>1)</sup></b>	<b>-6,498</b>	<b>-21,362</b>	<b>-9,993</b>	<b>-36,631</b>	<b>-56,102</b>
Net financial income/expense	-1,109	-1,400	-1,717	-2,748	-5,275
<b>Profit (loss) after financial items</b>	<b>-7,607</b>	<b>-22,762</b>	<b>-11,710</b>	<b>-39,379</b>	<b>-61,377</b>
Income tax	-381	-166	-881	-361	-1,142
<b>Profit (loss) for the period</b>	<b>-7,988</b>	<b>-22,928</b>	<b>-12,591</b>	<b>-39,740</b>	<b>-62,519</b>
<b>Earnings per share</b>					
Basic earnings per share (SEK)	-0.10	-0.32	-0.16	-0.55	-0.82
Diluted earnings per share (SEK)	-0.10	-0.32	-0.16	-0.55	-0.82
<sup>1)</sup> of which					
Amortization of intangible assets	4,840	5,905	11,285	10,290	20,429
Depreciation of property, plant and equipment	733	413	1,436	610	1,564
<b>EBITDA</b>	<b>-925</b>	<b>-15,044</b>	<b>2,728</b>	<b>-25,731</b>	<b>-34,109</b>
<b>Statement of comprehensive income</b>					
Profit (loss) for the period	-7,988	-22,928	-12,591	-39,740	-62,519
<b>Other comprehensive income</b>					
Hedging reserve	140	-406	969	-260	64
Exchange rate differences	-1,234	475	897	621	2,014
<b>Other comprehensive income, net after tax</b>	<b>-1,094</b>	<b>69</b>	<b>1,866</b>	<b>361</b>	<b>2,078</b>
<b>Comprehensive income for the period, attributable to parent company shareholders</b>	<b>-9,082</b>	<b>-22,859</b>	<b>-10,725</b>	<b>-39,379</b>	<b>-60,441</b>

<b>Consolidated balance sheet</b>	<b>2015</b>	<b>2014</b>	<b>2014</b>
<b>SEK thousands</b>	<b>30 June</b>	<b>30 June</b>	<b>31 Dec</b>
<b>Non-current assets</b>			
Intangible assets	166,091	169,763	169,144
Property, plant and equipment	12,124	7,452	8,895
Financial assets	1,757	1,544	1,700
<b>Total non-current assets</b>	<b>179,972</b>	<b>178,759</b>	<b>179,739</b>
<b>Current assets</b>			
Inventories	86,460	88,315	85,778
Current receivables	90,455	58,211	62,573
Cash and cash equivalents	33,547	59,707	44,165
<b>Total current assets</b>	<b>210,462</b>	<b>206,233</b>	<b>192,516</b>
<b>Total assets</b>	<b>390,434</b>	<b>384,992</b>	<b>372,255</b>
<b>Equity</b>	<b>89,183</b>	<b>120,995</b>	<b>99,908</b>
<b>Non-current liabilities</b>			
Non-current liabilities, interest-bearing	21,323	21,160	21,242
Non-current liabilities, non interest-bearing	3,051	2,244	2,863
<b>Total non-current liabilities</b>	<b>24,374</b>	<b>23,404</b>	<b>24,105</b>
<b>Current liabilities</b>			
Current liabilities, interest-bearing	79,917	77,787	79,362
Current liabilities, non interest-bearing	196,960	162,806	168,880
<b>Total current liabilities</b>	<b>276,877</b>	<b>240,593</b>	<b>248,242</b>
<b>Total equity and liabilities</b>	<b>390,434</b>	<b>384,992</b>	<b>372,255</b>

Change in equity, Group	2015	2014	2015	2014	2014
SEK thousands	April-June	April-June	Jan-June	Jan-June	Jan-Dec
Opening balance	98,265	93,609	99,908	110,129	110,129
Equity component of convertible debt	-	338	-	338	338
Conversion of convertible debt	-	-	-	-	-
New share issue	-	50,000	-	50,000	50,000
Issuance expenses	-	-93	-	-93	-118
Other comprehensive income for the period	-9,082	-22,859	-10,725	-39,379	-60,441
<b>Closing balance</b>	<b>89,183</b>	<b>120,995</b>	<b>89,183</b>	<b>120,995</b>	<b>99,908</b>

Share data	2015	2014	2015	2014	2014
Number, 000s	April-June	April-June	Jan-June	Jan-June	Jan-Dec
Number of shares at end of period before dilution	80,942	80,942	80,942	80,942	80,942
Average number of shares before dilution	80,942	72,261	80,942	71,605	76,312
Average number of shares after dilution	80,942	72,261	80,942	71,605	76,312
Equity per share (SEK)	1.10	1.49	1.10	1.49	1.23
Equity ratio (%)	22.8%	31.4 %	22.8%	31.4 %	26.8%

Consolidated cash flow statement	2015	2014	2015	2014	2014
SEK thousands	April-June	April-June	Jan-June	Jan-June	Jan-Dec
Cash flow from operating activities before changes in working capital	-54	-12,023	6,377	-19,417	-20,619
Change in working capital	-5,630	12,243	-3,267	1,093	-5,012
<b>Cash flow from operating activities</b>	<b>-5,684</b>	<b>220</b>	<b>3,111</b>	<b>-18,324</b>	<b>-25,632</b>
Cash flow from investing activities	-6,175	-4,133	-13,274	-10,374	-19,752
Cash flow from financing activities	8,147	31,480	-364	24,845	24,913
<b>Cash flow for the period</b>	<b>-3,712</b>	<b>27,567</b>	<b>-10,527</b>	<b>-3,853</b>	<b>-20,471</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>37,735</b>	<b>31,761</b>	<b>44,165</b>	<b>63,065</b>	<b>63,065</b>
Exchange rate differences in cash and cash equivalents	-477	379	-91	494	1,571
<b>Cash and cash equivalents at end of period</b>	<b>33,547</b>	<b>59,707</b>	<b>33,547</b>	<b>59,707</b>	<b>44,165</b>

## PARENT COMPANY

Parent Company income statement	2015	2014	2015	2014	2014
SEK thousands	April-June	April-June	Jan-June	Jan-June	Jan-Dec
Net sales	63,234	37,256	132,030	81,218	185,148
Operating profit (loss)	-6,164	-21,936	-8,720	-36,899	-54,217
Net profit (loss) for the period	-8,117	-23,954	-11,968	-41,109	-61,951

Parent Company balance sheet	2015	2014	2014
SEK thousands	30 June	30 June	31 Dec
Non-current assets	170,620	207,104	176,607
Current assets	165,628	181,986	161,445
<b>Total assets</b>	<b>336,247</b>	<b>389,089</b>	<b>338,052</b>
Equity	86,038	117,580	97,038
Non-current liabilities	24,157	23,168	23,872
Current liabilities	226,053	248,341	217,142
<b>Total equity and liabilities</b>	<b>336,247</b>	<b>389,089</b>	<b>338,052</b>