

## INTERIM REPORT

### JANUARY – SEPTEMBER 2015

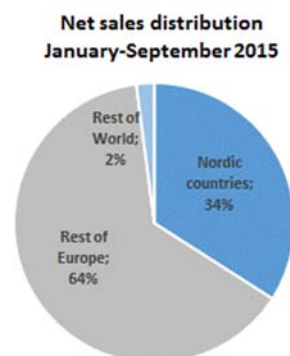
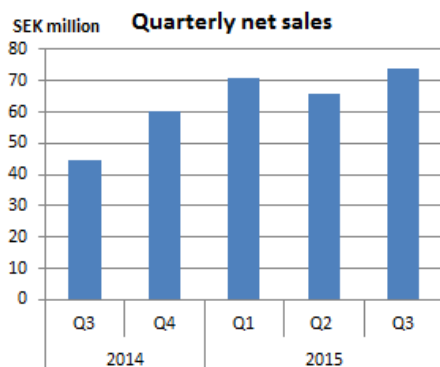
- Net sales amounted to SEK 210.9 (127.5) million
- EBITDA was SEK 9.2 (-32.7) million
- Basic earnings per share were SEK -0.21 (-0.73)

### JULY – SEPTEMBER 2015

- Net sales amounted to SEK 74.2 (44.7) million
- EBITDA was SEK 6.5 (-6.9) million
- Basic earnings per share were SEK -0.06 (-0.19)

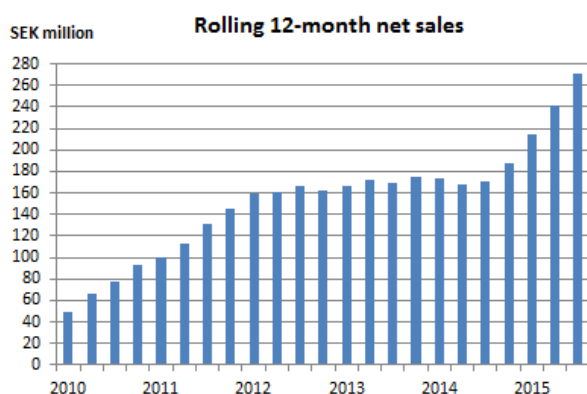
## SIGNIFICANT EVENTS

- Increase in net sales and gross profit during the first nine months of the year
  - Net sales increased by 65% to SEK 210.9 million
  - Gross profit increased by 144% to SEK 98.8 million
- Positive EBITDA of SEK 9.2 million during the first nine months of the year
  - Strong sales growth and improved gross margin
  - Lower percentage of fixed overhead costs in relation to net sales
- Future outlook 2015
  - Fluctuation in net sales and earnings between quarters
  - Positive EBITDA



## OPERATIONS

The healthy growth in net sales during the first half of 2015 persisted through the third quarter. During the first nine months of 2015, net sales increased by 65% to SEK 211 million, which exceeds full-year sales for 2014. 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 nine months of the year. On a 12-month rolling basis, sales at the end of the period amounted to SEK 271 million, which corresponds to a growth rate of 58%. The increase in sales is also associated with a higher-than-average gross margin. For the first nine months of the year, gross profit increased by 144% compared to the same period last year. This resulted in a positive EBITDA of SEK 9.2 million for the period. Accordingly, an important goal has been achieved, in that the higher level of sales achieved by the company in 2015 makes it easier to leverage the existing company structure. The positive sales development and improved profitability is also reflected in the company's cash flow. Cash flow from operating activities was positive at SEK 27 million during the period.



### Development of the product portfolio

The composition of the product portfolio in each market is critical to the company's future growth and profitability. The expected earnings potential of products is also continually evaluated. During the third quarter, the product portfolio grew with the addition of two licensed products for a diverse number of markets. In total, eight new products were added to the portfolio in 2015. The products are expected to be launched during the latter part of 2016 and 2017. In addition, Bluefish decided to deregister the market approval for a large number of products during the third quarter because of the high maintenance costs and limited potential for generating revenue. These deregistrations will result in annual saving of SEK 1.4 million starting in 2016 due to lower product maintenance costs. Meanwhile, the registration procedures for the company's own developed products are progressing in accordance with plan, with expected launches in several of Bluefish's most important markets during the latter part of 2016 and 2017.

## FUTURE OUTLOOK

Net sales per quarter have fluctuated over the years. The company expects that sales in the last quarter of the year will be below the level achieved in the third quarter, but that there will still be growth as compared to the same period last year. Accordingly, significant growth is anticipated for the full-year sales figures. The company also expects a slightly lower gross margin in the fourth quarter, compared to the previous quarters of 2015. However, gross margin for the full year is expected to exceed the level achieved last year. The growth in sales and improved profitability in 2015 has created a strong platform for the company's continued development. New product launches during the latter part of 2016 and 2017 are expected to fuel sales growth even further, and this is also expected to have a positive impact on profitability.

Products under development or registration	18
Products in the market	63

## FINANCIAL OVERVIEW

SEK million	2015	2014	change	2015	2014	change
	July-Sept	July-Sept		Jan-Sept	Jan-Sept	
Net sales	74.2	44.7	66%	210.9	127.5	65%
Gross profit	37.4	15.4	143%	98.8	40.5	144%
Gross margin	50.4%	34.6%		46.9%	31.8%	
EBITDA	6.5	-6.9		9.2	-32.7	
Cash flow from operating activities	24.3	-16.3		27.4	-34.6	
Cash flow from investing activities	-3.7	-4.5		-17.0	-14.9	

Bluefish generated net sales of SEK 74.2 (44.7) million during the third quarter of the year, which corresponds to an increase of 66% compared to the same period in 2014. Gross profit was SEK 37.4 (15.4) million, with a corresponding gross margin of 50.4 (34.6)% for the period.

Net sales for the first nine months of the year were SEK 210.9 (127.5) million, which corresponds to an increase of 65% compared to the same period last year. Gross profit was SEK 98.8 (40.5) million, with a corresponding gross margin of 46.9 (31.8)% for the period.

### Continued positive EBITDA

Total operating costs during the third quarter, not including depreciation/amortization and impairment of property, plant and equipment and intangible assets, amounted to SEK 31.0 (22.4) million, which corresponds to an increase of 38% compared to the same period last year. The increase is explained by increased sales, which has generated higher distribution costs, annual fees and accruals reserves for profit distribution for the products where the company has marketing collaborations in place.

Total operating costs for the first nine months of the year, not including depreciation/amortization and impairment of property, plant and equipment and intangible assets, amounted to SEK 89.6 (73.2) million, which corresponds to an increase of 22% compared to the same period in 2014.

The Group's overhead costs consist of a foundation of fixed costs, which are only impacted to a limited extent by changes in the Group's sales. During the first nine months of the year, fixed costs accounted for approximately 60 % of total overhead costs, not including depreciation/amortization and impairment of property, plant and equipment and intangible assets. Variable costs accounted for approximately 40 % of overhead costs for the first nine months of the year and they increase in line with the Group's sales growth. During the first nine months of the year, variable costs increased by 52 % compared to the same period last year, while fixed costs only grew by 5% during the same period.

The variable portion of costs has been stable in relation to sales during the 2014 financial year and the first nine months of 2015, while fixed costs' share has declined from 41 % during the first nine months of 2014 to 26 % during the same period of 2015. As the Group's sales increase, the share of fixed costs is expected to decrease, which, in turn, will improve profitability.

During the third quarter, EBITDA was SEK 6.5 (-6.9) million and EBITDA for the first nine months of the year was SEK 9.2 (-32.7) million. Exchange rate differences had a negative impact on EBITDA of SEK -1.5 (-0.7) million for the third quarter and SEK -0.3 (-4.8) million for the first nine months of the year.

For the third quarter, depreciation/amortization and impairment of property, plant and equipment and intangible assets was SEK 9.9 (6.1) million and SEK 22.7 (17.0) million for the first nine months of 2015, of which impairment of intangible assets was SEK 5.9 (2.2) million for the third quarter and SEK 10.3 (5.5) million for the first nine months of 2015. Impairment losses reflect the decision to deregister the market approval for specific products in markets where the maintenance costs are high and where Bluefish has assessed that there is limited potential for generating revenue. Impairment losses in the period will result in annual saving of SEK 1.4 million starting in 2016 due to lower product maintenance costs. The composition of the product portfolio is evaluated on an ongoing basis.

For the third quarter, net financial income/expense was SEK -1.1 (-1.4) million and SEK -2.8 (-4.2) million for the first nine months of 2015, which includes interest payments on convertible debt and bank overdraft.

The currency effect on earnings was negative at SEK -1.6 (-0.5) for the third quarter and SEK -0.6 (-4.2) million for the first nine months of the year.

### Continued positive cash flow from operating activities

Cash flow from operating activities amounted to SEK 24.3 (-16.3) million for the third quarter and SEK 27.4 (-34.6) million for the first nine months of the year. Cash flow from the change in working capital was SEK 12.7 (-10.9) million for the third quarter and SEK 9.4 (-9.8) million for the first nine months of the year. Accounts receivable and other current receivables increased by SEK 19.0 (0.2) million during the first nine months of the year, while accounts payable and other operating liabilities increased by SEK 41.6 (2.5) million. The substantially improved cash flow from operating activities is also an effect of the positive sales growth and improved profitability during the period.

As of 30 September 2015, inventory was SEK 86.7 million, compared with SEK 85.8 million as of 31 December 2014. Inventory impairment was SEK 12.3 (9.2) million accumulated over the first three quarters. The current inventory level is estimated as corresponding to 212 (252) days sales and it has remained at a stable level during the current financial year.

For the third quarter, cash flow from investing activities was SEK -3.7 (-4.5) million and SEK -17.0 (-14.9) million for the first nine months of the year, of which investments in intangible assets was SEK -3.2 (-3.1) million for the third quarter and SEK -12.2 (-11.0) million for the first nine months of the year.

Investments comprise product development, licenses, and market approvals. For the first nine months of the year, investments in property, plant and equipment amounted to SEK -4.8 (-3.9) million, which consisted primarily of laboratory equipment for the company's development and analysis activities.

Cash flow from financing activities amounted to SEK 0.0 (4.9) million for the third quarter and SEK -0.4 (29.8) million for the first nine months of the year.

## Financial position as of 30 September 2015

### Cash and cash equivalents

At the end of the period, cash and cash equivalents amounted to SEK 54.4 million, compared with SEK 44.2 million at the beginning of the year. As of 30 September 2015, utilized bank credit was SEK 80.0 million, compared with SEK 79.4 million at the beginning of the year. Total available bank credit was SEK 100 million.

### Equity

At the end of the period, equity was SEK 84.2 million, compared to SEK 99.9 million at the beginning of the year. That corresponds to SEK 1.04 (1.23) per share.

### Equity ratio

At the end of the period, the equity ratio was 21.2%, compared to 26.8% at the beginning of the year. At the end of the period, the gearing ratio was 0.19 compared to 0.24 at the beginning of the year.

## OTHER

### Employees

As of 30 September 2015, the company had 97 (90) employees, of which 23 (22) in Sweden, 59 (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 United Arab Emirates 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.

### Leveraging conditions

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.

## PARENT COMPANY

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

For the third quarter of 2015, net sales were SEK 72.6 (46.7) million, and operating loss was -1,6 (-9,9) million. For the first nine months of the year, net sales were SEK 204.7 (127.9) million, and operating loss was SEK -10,3 (-46,8) million. As of 30 September 2015, cash and cash equivalents for the parent company amounted to SEK 29.7 million, compared with SEK 20.4 million at the beginning of the year.

## FUTURE REPORTS

Year-end report January - December 2015, 25 February 2016.

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

*Stockholm, 19 November 2015*

Karl Karlsson  
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 organisation 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 by increasing gross margin via a more advantageous product and market mix, along with better leverage of the company structure.

### Bluefish organisation

Bluefish has an efficient organisation, 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 centre in Bangalore, India.

## GROUP

Consolidated income statement	2015	2014	2015	2014	2014
SEK thousands	July-Sept	July-Sept	Jan-Sept	Jan-Sept	Jan-Dec
<b>Net sales</b>	<b>74,208</b>	<b>44,671</b>	<b>210,870</b>	<b>127,477</b>	<b>187,748</b>
Cost of goods sold	-36,786	-29,228	-112,050	-86,939	-117,364
<b>Gross profit</b>	<b>37,422</b>	<b>15,443</b>	<b>98,820</b>	<b>40,538</b>	<b>70,384</b>
<i>Gross margin</i>	<i>50.4 %</i>	<i>34.6%</i>	<i>46.9%</i>	<i>31.8%</i>	<i>37.5%</i>
Selling expenses	-18,101	-12,656	-50,953	-41,005	-60,257
Administrative expenses	-4,850	-3,877	-14,465	-13,096	-17,846
Research and development expenses	-17,935	-11,937	-46,859	-36,093	-48,381
Other operating expenses/income	-	-	-	-2	-2
<b>Operating profit (loss)<sup>1)</sup></b>	<b>-3,464</b>	<b>-13,027</b>	<b>-13,457</b>	<b>-49,658</b>	<b>-56,102</b>
Net financial income/expense	-1,130	-1,403	-2,847	-4,151	-5,275
<b>Profit (loss) after financial items</b>	<b>-4,594</b>	<b>-14,430</b>	<b>-16,304</b>	<b>-53,809</b>	<b>-61,377</b>
Income tax	-184	-703	-1,065	-1,064	-1,142
<b>Profit (loss) for the period</b>	<b>-4,778</b>	<b>-15,133</b>	<b>-17,369</b>	<b>-54,873</b>	<b>-62,519</b>
<b>Earnings per share</b>					
Basic earnings per share (SEK)	-0.06	-0.19	-0.21	-0.73	-0.82
Diluted earnings per share (SEK)	-0.06	-0.19	-0.21	-0.73	-0.82
<sup>1)</sup> of which					
Amortization and impairment of intangible assets	9,328	5,650	20,613	15,940	20,429
Depreciation of property, plant and equipment	600	445	2,036	1,055	1,564
<b>EBITDA</b>	<b>6,464</b>	<b>-6,932</b>	<b>9,192</b>	<b>-32,663</b>	<b>-34,109</b>
<b>Statement of comprehensive income</b>					
Profit (loss) for the period	-4,778	-15,133	-17,369	-54,873	-62,519
<b>Other comprehensive income</b>					
Hedging reserve	-	819	969	559	64
Exchange rate differences	-235	611	662	1,232	2,014
<b>Other comprehensive income, net after tax</b>	<b>-235</b>	<b>1,430</b>	<b>1,631</b>	<b>1,791</b>	<b>2,078</b>
<b>Comprehensive income for the period, attributable to parent company shareholders</b>	<b>-5,013</b>	<b>-13,703</b>	<b>-15,738</b>	<b>-53,082</b>	<b>-60,441</b>

Consolidated balance sheet SEK thousands	2015 30 Sept	2014 30 Sept	2014 31 Dec
<b>Non-current assets</b>			
Intangible assets	160,781	166,979	169,144
Property, plant and equipment	11,877	8,730	8,895
Financial assets	1,736	1,615	1,700
<b>Total non-current assets</b>	<b>174,394</b>	<b>177,324</b>	<b>179,739</b>
<b>Current assets</b>			
Inventories	86,661	81,680	85,778
Current receivables	81,711	56,475	62,573
Cash and cash equivalents	54,351	43,952	44,165
<b>Total current assets</b>	<b>222,723</b>	<b>182,107</b>	<b>192,516</b>
<b>Total assets</b>	<b>397,117</b>	<b>359,431</b>	<b>372,255</b>
<b>Equity</b>	<b>84,170</b>	<b>107,267</b>	<b>99,908</b>
<b>Non-current liabilities</b>			
Non-current liabilities, interest-bearing	21,369	21,201	21,242
Non-current liabilities, non interest-bearing	3,494	1,854	2,863
<b>Total non-current liabilities</b>	<b>24,862</b>	<b>23,055</b>	<b>24,105</b>
<b>Current liabilities</b>			
Current liabilities, interest-bearing	79,966	83,269	79,362
Current liabilities, non interest-bearing	208,119	145,840	168,880
<b>Total current liabilities</b>	<b>288,085</b>	<b>229,109</b>	<b>248,242</b>
<b>Total equity and liabilities</b>	<b>397,117</b>	<b>359,431</b>	<b>372,255</b>

Change in equity, Group	2015	2014	2015	2014	2014
SEK thousands	July-Sept	July-Sept	Jan-Sept	Jan-Sept	Jan-Dec
Opening balance	89,183	120,995	99,908	110,129	110,129
Equity component of convertible debt	-	-	-	338	338
Conversion of convertible debt	-	-	-	-	-
New share issue	-	-	-	50,000	50,000
Issuance expenses	-	-25	-	-118	-118
Other comprehensive income for the period	-5,013	-13,703	-15,738	-53,082	-60,441
<b>Closing balance</b>	<b>84,170</b>	<b>107,267</b>	<b>84,170</b>	<b>107,267</b>	<b>99,908</b>

Share data	2015	2014	2015	2014	2014
Number, 000s	July-Sept	July-Sept	Jan-Sept	Jan-Sept	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	80,942	80,942	75,304	76,312
Average number of shares after dilution	80,942	80,942	80,942	75,304	76,312
Equity per share (SEK)	1.04	1.33	1.04	1.33	1.23
Equity ratio (%)	21.2%	29.8%	21.2%	29.8%	26.8%

Consolidated cash flow statement	2015	2014	2015	2014	2014
SEK thousands	July-Sept	July-Sept	Jan-Sept	Jan-Sept	Jan-Dec
Cash flow from operating activities before changes in working capital	11,634	-5,432	18,011	-24,849	-20,619
Change in working capital	12,703	-10,870	9,436	-9,777	-5,012
<b>Cash flow from operating activities</b>	<b>24,337</b>	<b>-16,302</b>	<b>27,447</b>	<b>-34,625</b>	<b>-25,632</b>
Cash flow from investing activities	-3,705	-4,540	-16,979	-14,914	-19,752
Cash flow from financing activities	-30	4,942	-394	29,787	24,913
<b>Cash flow for the period</b>	<b>20,602</b>	<b>-15,900</b>	<b>-10,075</b>	<b>-19,752</b>	<b>-20,471</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>33,547</b>	<b>59,707</b>	<b>44,165</b>	<b>63,065</b>	<b>63,065</b>
Exchange rate differences in cash and cash equivalents	203	145	112	639	1,571
<b>Cash and cash equivalents at end of period</b>	<b>54,351</b>	<b>43,952</b>	<b>54,351</b>	<b>43,952</b>	<b>44,165</b>

## PARENT COMPANY

Parent Company income statement SEK thousands	2015 July-Sept	2014 July-Sept	2015 Jan-Sept	2014 Jan-Sept	2014 Jan-Dec
Net sales	72,622	46,671	204,652	127,889	185,148
Operating profit (loss)	-1,610	-9,871	-10,330	-46,770	-54,217
Net profit (loss) for the period	-3,251	-12,066	-15,219	-53,175	-61,951

Parent Company balance sheet SEK thousands	2015 30 Sept	2014 30 Sept	2014 31 Dec
Non-current assets	163,970	203,742	176,607
Current assets	181,163	162,272	161,445
<b>Total assets</b>	<b>345,133</b>	<b>366,014</b>	<b>338,052</b>
Equity	82,787	106,308	97,038
Non-current liabilities	24,661	91,089	23,872
Current liabilities	237,685	168,617	217,142
<b>Total equity and liabilities</b>	<b>345,133</b>	<b>366,014</b>	<b>338,052</b>