

YEAR-END REPORT

JANUARY – DECEMBER 2015

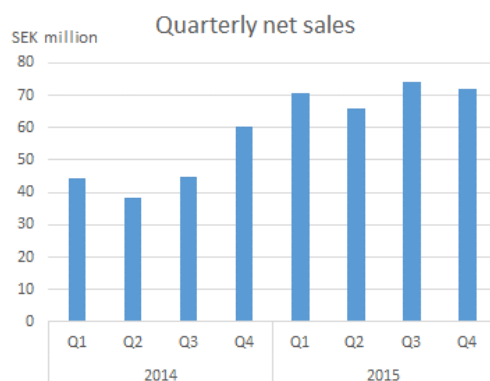
- Net sales amounted to SEK 283.2 (187.7) million
- EBITDA was SEK 12.8 (-34.1) million
- Basic earnings per share were SEK -0.27 (-0.82)

OCTOBER – DECEMBER 2015

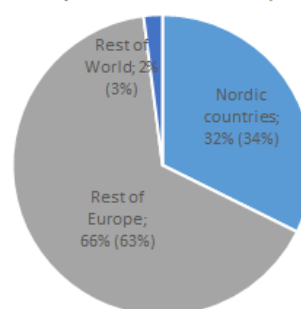
- Net sales amounted to SEK 72.4 (60.3) million
- EBITDA was SEK 3.6 (-1.4) million
- Basic earnings per share were SEK -0.06 (-0.09)

SIGNIFICANT EVENTS

- Significant increase in net sales and gross profit during the year
 - Net sales increased by 51% to SEK 283.2 million
 - Gross profit increased by 88% to SEK 132.5 million
- Positive EBITDA of SEK 12.8 million for the year
 - Strong sales growth and improved gross margin
 - Higher volumes provide economies of scale
- Future outlook 2016
 - Maintained net sales
 - Positive EBITDA



Net sales distribution
January-December 2015 (2014)



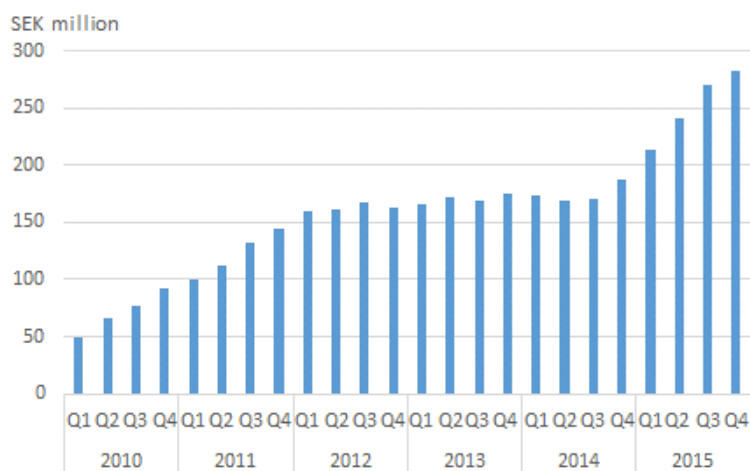
OPERATIONS

Strong sales growth and higher profitability

In 2015, Bluefish experienced strong growth in sales and higher profitability. Besides the expected sales growth in Spain, which was fueled by deliveries associated with tenders that had been won, there was also growth in the Nordic market, particularly in Sweden, where sales were considerably higher than the same period last year. For full-year 2015, net sales increased by 51% to SEK 283.2 (187,7) million, of which SEK 91.5 (64.5) million in the Nordic region, SEK 186.0 (118.5) million in Rest of Europe and SEK 5.7 (4.7) million in Rest of World. The distribution of sales across Nordic, Rest of Europe and Rest of World has remained basically the same, despite the strong growth in sales.

The increase in sales is also associated with an improvement in gross margin. For the full-year 2015, gross profit increased by 88% to SEK 132.5 (70.4) million compared to last year, which has also resulted in positive EBITDA of SEK 12.8 (-34.1) million. Accordingly, an important goal has been achieved, in that the higher level of sales and gross profit 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 48.5 million for the 2015 financial year.

Graph 1. Rolling 12-month net sales



Well-equipped for further growth

Efforts continued during the year to develop the organization. In order to meet the new market conditions and create competitive advantages, the organization has been developed and new positions have been filled. The leadership team was expanded by appointing a Chief Operating Officer, responsible for making the company's supply chain more efficient, which requires a strategic coordination of the activities within purchasing, logistics, quality assurance and regulatory affairs, and a Head of Business Development, responsible for identifying and developing business opportunities, along with optimizing the product portfolio. The sales organization was also reorganized, thereby creating the business areas Northern Europe and Southern Europe.

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. Endeavors to optimise the portfolio continued, which, during the year, involved deregistration of numerous market approvals where maintenance costs were high and Bluefish considered there to be limited potential for generating income. To ensure the company's further growth, it is necessary to supplement the product portfolio with products that can make a valuable contribution to sales growth and enhanced profitability. Thus, the company continued investing in new product licenses and development projects. Investments are made selectively and only in the markets where Bluefish believes there is high potential in terms of both sales and profitability. During the fourth quarter, the product portfolio grew with the addition of four licensed products for a diverse number of markets. In total, 12 new products were added to the portfolio in 2015. The products are expected to be launched during the latter part of 2016 and 2017.

Meanwhile, the registration procedures for the company's two products developed in-house are progressing in accordance with plan, with expected launches in several of Bluefish's most important market during the latter part of 2016 and 2017.

FUTURE OUTLOOK

The growth in sales and improved profitability in 2015 has created a strong platform for the company's continued development. The company expects both sales and profitability to stabilize in the coming year at comparable levels to 2015, even though fluctuations will likely occur between quarters. New product launches during the latter part of 2016 and 2017 are expected to refuel sales growth, along with having a positive impact on profitability over time.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

At the start of 2016, Bluefish signed a licensing agreement pertaining to one of the two products (now in the registration phase) developed in-house. Product licensing provides the company with opportunities to create sales in markets where Bluefish does not have its own operations. Launch of the product is expected sometime during the 18-24 months subsequent to signing the agreement, since the product must first become registered and approved.

	31 Dec 2015	31 Dec 2014
Products under development or registration	20	16
Products in the market	64	61

FINANCIAL OVERVIEW

SEK million	2015 Oct-Dec	2014 Oct-Dec	change	2015 Jan-Dec	2014 Jan-Dec	change
Net sales	72.4	60.3	20%	283.2	187.7	51%
Gross profit	33.7	29.8	13%	132.5	70.4	88%
Gross margin	46.5%	49.5%		46.8%	37.5%	
EBITDA	3.6	-1.4		12.8	-34.1	
Cash flow from operating activities	21.1	9.0		48.5	-25.6	
Cash flow from investing activities	-5.6	-4.8		-22.6	-19.8	

Bluefish generated net sales of SEK 72.4 (60.3) million during the fourth quarter of the year, which corresponds to an increase of 20% compared to the same period in 2014. Gross profit was SEK 33.7 (29.8) million, with a corresponding gross margin of 46.5 (49.5)% for the period.

Net sales for the year were SEK 283.2 (187.7) million, which corresponds to an increase of 51% compared to last year. Gross profit was SEK 132.5 (70.4) million, with a corresponding gross margin of 46.8 (37.5)% for the period.

Economies of scale enhance profitability

Total operating costs during the fourth quarter, not including depreciation/amortization and impairment of property, plant and equipment and intangible assets, amounted to SEK 30.1 (31.3) million, which corresponds to an increase of 4% compared to last year. Adjusted for currency effects, the change represents an increase of 10% in operating costs, not including depreciation/amortization and impairment of property, plant and equipment and intangible assets, compared to the same period last year. The increase resulted from higher net sales, which has generated higher distribution costs, higher annual fees from market approvals and higher accruals for profit distribution for the products where the company has marketing collaborations in place.

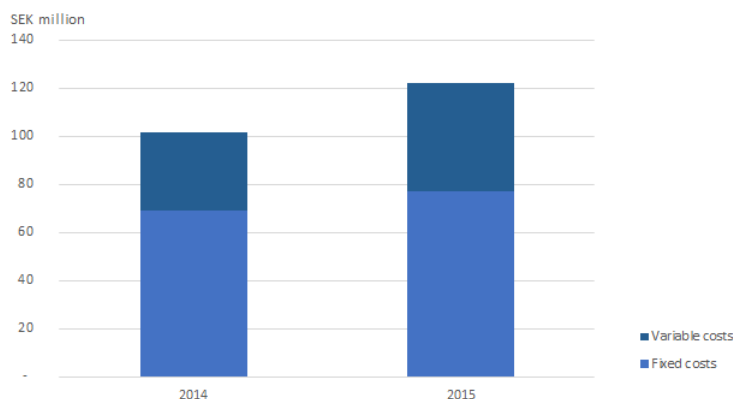
Total operating costs for the year, not including depreciation/amortization and impairment of property, plant and equipment and intangible assets, amounted to SEK 119.7 (104.5) million, which corresponds to an increase of 15% compared to full-year 2014. Adjusted for currency effects, the corresponding change represents an increase of 21%.

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. For the full-year 2015, fixed costs accounted for approximately 63% of total overhead costs, not including depreciation/amortization and impairment of property, plant and equipment and intangible assets. Variable costs accounted for 37% of overhead costs for the year and they increased in line with the Group's sales growth. During the year, variable costs increased by 40% compared to last year, while fixed costs only grew by 11% during the same period.

The variable portion of costs has been stable in relation to sales during the 2014 and 2015 financial years. While the variable portion of costs has been stable, fixed portion of costs has declined from 37% in 2014 to 27% in 2015. As the Group's sales increase, the share of fixed costs is expected to decrease, which, in turn, will improve profitability.

In the fourth quarter, EBITDA was SEK 3.6 (-1.4) million and for the full year, EBITDA was SEK 12.8 (-34.1) million, which is an improvement of SEK 46.9 million. Currency fluctuations had a positive impact on EBITDA of SEK 2.0 (-3.4) million for the fourth quarter and SEK 1.8 (-8.2) million for the year.

Graph 2. Variable costs are reason for higher operational costs



Significantly lower net loss

For the fourth quarter, depreciation/amortization and impairment of property, plant and equipment and intangible assets was SEK 5.4 (5.0) million and SEK 28.1 (22.0) million for the full-year 2015, of which impairment of intangible assets was SEK 1.4 (1.0) million for the fourth quarter and SEK 11.7 (6.5) million for the full-year 2015. Impairment losses reflect the decision to deregister market approval for specific products in markets where the maintenance costs are high and where Bluefish considers there to be limited potential for generating income. The composition of the product portfolio is evaluated on an ongoing basis.

For the fourth quarter, net financial income/expense was SEK -1.7 (-1.1) million and SEK -4.6 (-5.3) million for the full-year 2015, which includes interest payments on convertible debt and bank overdraft.

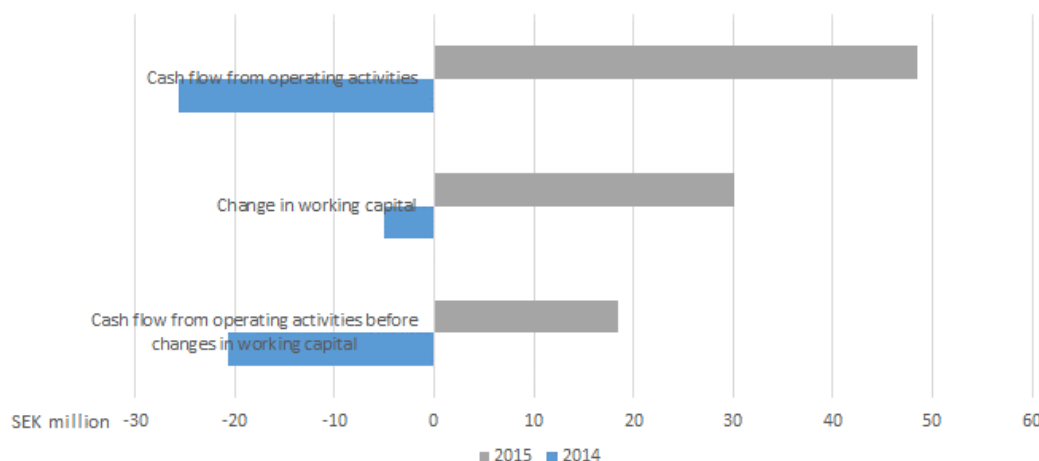
The net loss was SEK -4.8 (-7.6) million for the fourth quarter and SEK -22.2 (-62.5) for the year. The currency effect on earnings was positive at SEK 1.5 (-3.4) for the fourth quarter of 2015 and SEK 1.0 (-7.5) million for year, whereof SEK -0.8 (-0.2) million was realized in the fourth quarter and SEK -0.9 (-1.4) million was realized for the year.

Positive cash flow from operating activities

Cash flow from operating activities amounted to SEK 21.1 (9.0) million for the fourth quarter of 2015 and SEK 48.5 (-25.6) million for the year. The improvement in cash flow resulted in part from higher profitability, but the main reason was a decrease in the amount of capital that was tied up. Cash flow from the change in working capital amounted to SEK 20.6 (4.8) million for the fourth quarter and SEK 30.1 (-5.0) million for the year. Cash flow from accounts receivable and other current receivables increased by SEK 14.5 (-4.6) million in the fourth quarter and decreased by SEK -4.5 (-4.3) million for the year. Cash flow from accounts payable and other operating liabilities increased by SEK 15.8 (15.7) million in the fourth quarter and by SEK 57.4 (18.2) million for the year. Liabilities increased during the financial year due to higher provisions for net sales deductions pertaining to supplier invoices that have not yet been received. However, the liability is expected to decrease via repayment of a portion of these during the first quarter of 2016, which will have a negative impact on cash flow.

As of 31 December 2015, inventory was SEK 92.3 million, compared with SEK 85.8 million at 31 December 2014, which represents an increase of 8%. The increase results from the higher sales level and volumes, compared to last year. Inventory impairment amounted to SEK 4.1 (-2.3) million for the fourth quarter and SEK 16.4 million (11.5) for the full-year 2015. The current inventory level is estimated as corresponding to 215 (254) days sales, a measure that has remained at a stable level during the current financial year.

Graph 3. Cash flow from operating activities



For the fourth quarter, cash flow from investing activities was SEK -5.6 (-4.8) million and SEK -22.6 (-19.8) million for the full year, of which investment in intangible assets was SEK -5.7 (-4.5) million for the fourth quarter and SEK -17.8 (-15.5) million for the year. Investments comprise product development, licenses, and market approvals. For the full year, investments in property, plant and equipment amounted to SEK -4.8 (-4.3) million, which consisted primarily of laboratory equipment for the company's development and analysis activities.

Cash flow from financing activities amounted to SEK -3.7 (4.9) million for the fourth quarter of 2015 and SEK -4.0 (24.9) million for the year.

Financial position as of 31 December 2015

Cash and cash equivalents

At the end of the period, cash and cash equivalents amounted to SEK 65.3 million, compared with SEK 44.2 million at the beginning of the year. As of 31 December 2015, utilized bank credit was SEK 76.8 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 79.6 million, compared to SEK 99.9 million at the beginning of the year. That corresponds to SEK 0.98 (1.23) per share. The Board of Directors proposes that no dividends are paid to shareholders for 2015.

Equity ratio

At the end of the period, the equity ratio was 19.8%, compared to 26.8% at the beginning of the year. At the end of the period, the gearing ratio, obtained via a specific calculation (see Leveraging conditions, below) was 0.03 compared to 0.24 at the beginning of the year.

OTHER

Employees

As of 31 December 2015, the company had 94 (90) employees, of which 22 (22) in Sweden, 56 (54) in India, 4 (4) in Germany, 1 (1) in Italy, 3 (3) in Poland, 1 (1) in Portugal, 1 (1) in France, 3 (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.

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 loan of SEK 15 million from Nordea. Färna Invest, who is one of the Groups significant shareholders, has provided a guarantee for this loan.

PARENT COMPANY

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

For the fourth quarter of 2015, net sales were SEK 69.7 (57.3) million, and operating loss was -1.9 (-7.4) million. For the full-year 2015, net sales were SEK 274.4 (185.1) million, of which SEK -12.2 (-54.2) million was operating loss. As of 31 December 2015, cash and cash equivalents for the parent company amounted to SEK 33.6 million, compared with SEK 20.4 million at the beginning of the year.

FINANCIAL CALENDAR

Interim report January - March 2016, 18 May 2016

Annual General Meeting, 18 May 2016

This year-end report has not been audited by the company's auditors.

Stockholm, 25 February 2016

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 SEK thousands	2015 Oct-Dec	2014 Oct-Dec	2015 Jan-Dec	2014 Jan-Dec
Net sales	72,359	60,271	283,229	187,748
Cost of goods sold	-38,681	-30,425	-150,730	-117,364
Gross profit	33,678	29,846	132,499	70,384
<i>Gross margin</i>	<i>46.5%</i>	<i>49.5%</i>	<i>46.8%</i>	<i>37.5%</i>
Selling expenses	-14,505	-19,252	-65,459	-60,257
Administrative expenses	-5,641	-4,750	-20,106	-17,846
Research and development expenses	-15,352	-12,288	-62,211	-48,381
Other operating expenses/income	-	-	-	-2
Operating profit (loss)¹⁾	-1,820	-6,444	-15,277	-56,102
Net financial income/expense	-1,733	-1,125	-4,580	-5,275
Profit (loss) after financial items	-3,553	-7,569	-19,857	-61,377
Income tax	-1,253	-78	-2,318	-1,142
Profit (loss) for the period	-4,806	-7,647	-22,175	-62,519
Earnings per share				
Basic earnings per share (SEK)	-0.06	-0.09	-0.27	-0.82
Diluted earnings per share (SEK)	-0.06	-0.09	-0.27	-0.82
¹⁾ of which				
Amortization and impairment of intangible assets	4,766	4,489	25,379	20,429
Depreciation of property, plant and equipment	642	509	2,678	1,564
EBITDA	3,588	-1,446	12,780	-34,109
Statement of comprehensive income				
Profit (loss) for the period	-4,806	-7,647	-22,175	-62,519
Other comprehensive income				
Hedging reserve	-	-495	969	64
Exchange rate differences	204	783	864	2,014
Other comprehensive income, net after tax	204	288	1,833	2,078
Comprehensive income for the period, attributable to parent company shareholders	-4,604	-7,359	-20,342	-60,441

Consolidated balance sheet	2015	2014
SEK thousands	31 Dec	31 Dec
Non-current assets		
Intangible assets	165,678	169,144
Property, plant and equipment	11,087	8,895
Financial assets	1,709	1,700
Total non-current assets	178,474	179,739
Current assets		
Inventories	92,255	85,778
Current receivables	65,743	62,573
Cash and cash equivalents	65,313	44,165
Total current assets	223,311	192,516
Total assets	401,785	372,255
Equity	79,566	99,908
Non-current liabilities		
Non-current liabilities, interest-bearing	21,413	21,242
Non-current liabilities, non interest-bearing	4,220	2,863
Total non-current liabilities	25,633	24,105
Current liabilities		
Current liabilities, interest-bearing	76,833	79,362
Current liabilities, non interest-bearing	219,753	168,880
Total current liabilities	296,586	248,242
Total equity and liabilities	401,785	372,255
Pledged assets	62,374	60,991
Contingent liabilities	none	none

Change in equity, Group	2015	2014	2015	2014
SEK thousands	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Opening balance	84,170	107,267	99,908	110,129
Equity component of convertible debt	-	-	-	338
Conversion of convertible debt	-	-	-	-
New share issue	-	-	-	50,000
Issuance expenses	-	-	-	-118
Other comprehensive income for the period	-4,604	-7,359	-20,342	-60,441
Closing balance	79,566	99,908	79,566	99,908

Share data	2015	2014	2015	2014
Number, 000s	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Number of shares at end of period before dilution	80,942	80,942	80,942	80,942
Average number of shares before dilution	80,942	80,942	80,942	76,312
Average number of shares after dilution	80,942	80,942	80,942	76,312
Equity per share (SEK)	0.98	1.23	0.98	1.23
Equity ratio (%)	19.8	26.8	19.8	26.8

Consolidated cash flow statement	2015	2014	2015	2014
SEK thousands	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Cash flow from operating activities before changes in working capital	438	4,229	18,449	-20,619
Change in working capital	20,629	4,764	30,064	-5,012
Cash flow from operating activities	21,066	8,994	48,514	-25,632
Cash flow from investing activities	-5,638	-4,838	-22,617	-19,752
Cash flow from financing activities	-3,653	-4,874	-4,047	24,913
Cash flow for the period	11,775	-719	21,849	-20,471
Cash and cash equivalents at beginning of period	54,351	43,952	44,165	63,065
Exchange rate differences in cash and cash equivalents	-813	932	-701	1,571
Cash and cash equivalents at end of period	65,313	44,165	65,313	44,165

PARENT COMPANY

Parent Company income statement	2015	2014	2015	2014
SEK thousands	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net sales	69,730	57,259	274,382	185,148
Operating profit (loss)	-1,865	-7,447	-12,195	-54,217
Net profit (loss) for the period	-10,626	-8,776	-25,845	-61,951

Parent Company balance sheet	2015	2014
SEK thousands	31 Dec	31 Dec
Non-current assets	183,462	176,607
Current assets	165,743	161,445
Total assets	349,205	338,052
Equity	72,161	97,038
Non-current liabilities	25,450	23,872
Current liabilities	251,594	217,142
Total equity and liabilities	349,205	338,052

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