

## INTERIM REPORT

### JANUARY – JUNE 2017

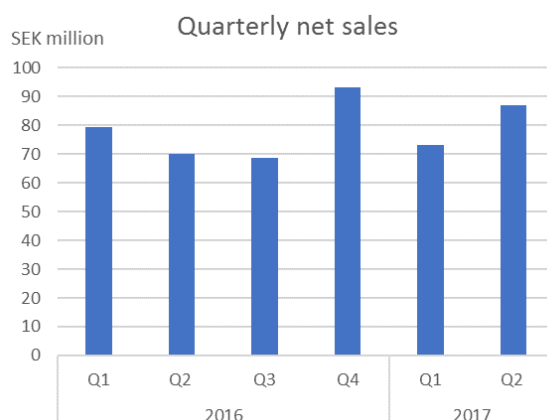
- Net sales amounted to SEK 159.8 (149.5) million
- EBITDA was SEK 1.2 (7.2) million
- Basic earnings per share were SEK -0.18 (-0.10)

### APRIL – JUNE 2017

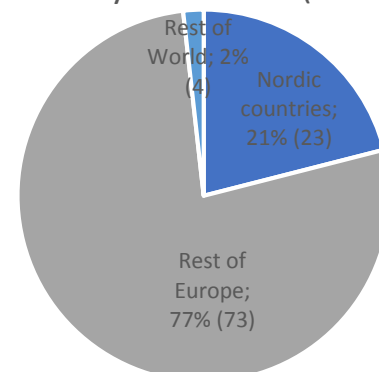
- Net sales amounted to SEK 86.8 (70.2) million
- EBITDA was SEK 4.1 (2.0) million.
- Basic earnings per share were SEK -0.04 (-0.07)

## SIGNIFICANT EVENTS

- First launch of inhouse developed product
- Seven launches of inlicensed products
- SAP roll-out to all European companies completed
- Future outlook 2017
  - Anders Svensson appointed CFO September 1, 2017
  - Opened new office in Ireland July 2017
  - Closed down office in Dubai July 2017
  - New convertible loan of SEK 100 million finalized early July 2017



Net sales distribution  
January-June 2017 (2016)

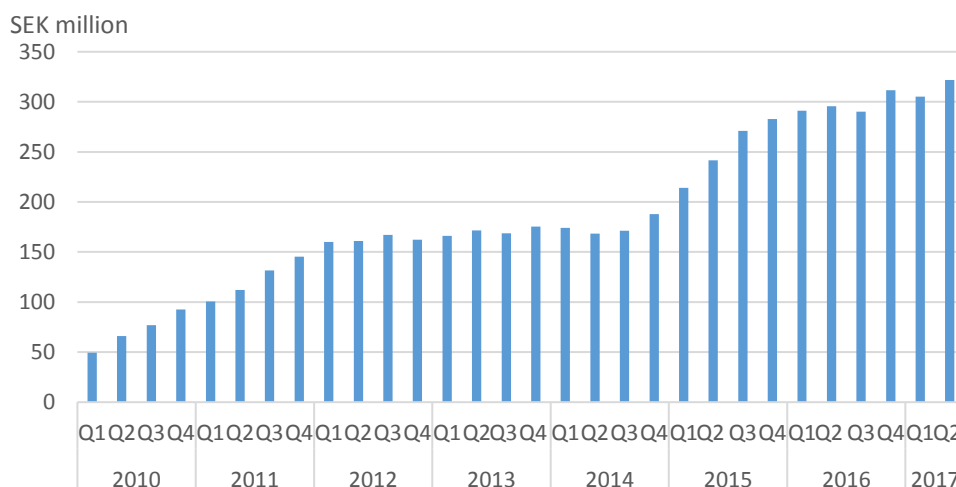


## OPERATIONS

### Sales increased

Sales increased by 7% during the first half of the year compared with the first half of 2016. SEK 159.8 (149.5) million, of which SEK 33.6 (34.8) million in the Nordic region, SEK 123.4 (108.4) million in Rest of Europe and SEK 2.8 (6.3) million in Rest of World. The sales has been fuelled by markets outside the Nordic region, eg Spain, Germany, UK and Polen.

Graph 1. Rolling 12-month net sales



### Investments in continued growth

During the year, 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, France 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, marketing and quality activities, all of which is aimed at strengthening the platform for continued growth.

## Optimization of the product portfolio

During the period, work has progressed according to plan with the company's third product that has been developed in-house. The product was submitted for registration in several EU countries in April 2017. The company launched its first in-house developed product, Hydroxyzine tablets, in May 2017 in Sweden, Germany and Spain, and through our first out-licensing partner in Poland. Launches in subsequent countries are progressing according to plan. A second in-house developed product, Aspirine tablets, is expected to be launched during 2017.

In addition to the in-house developed product that was launched in the first half of 2017, this period also saw another seven newly licensed products being launched in various European markets.

As part of a European roll-out strategy, four of the existing products already for sale in certain markets were launched into other European markets.

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. The company is continuing to invest in additional new product licenses and in new development projects at our R&D unit. At the rate that Bluefish grows and gains more market share, we become noticed as a potential partner by companies offering unique products. Investments are made selectively and only in the markets where Bluefish see a high potential in terms of both sales and profitability. During the first two quarters, the product portfolio grew with the addition of signed contracts for another two in-licensed products for a diverse number of markets in the EU.

## FUTURE OUTLOOK

In 2017, the company expects an increase in sales growth compared to the prior year. Sales growth will primarily be fuelled by sales of newly launched products, which is a result of investments that were made in 2016. 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.

A strategic decision was also made to close our Dubai office in order to focus resources and efforts on the European markets. Dubai office was closed in July 2017.

	30 June 2017	30 June 2016
Products under development or registration	21	21
Products in the market	72	63

## FINANCIAL OVERVIEW

SEK million	2017 April-June	2016 April-June	Change	2017 Jan-June	2016 Jan-June	Change
Net sales	86.8	70.2	24%	159.8	149.5	7%
COGS	-45.4	-35.3	29%	-88.2	-76.2	16%
Gross profit	41.3	34.9	18%	71.6	73.3	-2%
Gross margin	47.7%	49.7%		44.8%	49.0%	
EBITDA	4.1	2.0	108%	1.2	7.2	-83%
Cash flow from operating activities	-14.1	-20.6		-18.3	-22.6	
Cash flow from investing activities	-7.2	-6.6		-12.7	-11.2	

Bluefish generated net sales of SEK 86.8 (70.2) million during the second quarter of the year, which corresponds to a increase of 24% compared to the same period in 2016. Gross profit was SEK 41.3 (34.9) million, with a corresponding gross margin of 47.7 (49.7)% for the period.

### Economies of scale enhance profitability

Total operating costs during the second quarter, not including depreciation/amortization and impairment of property, plant and equipment and intangible assets, amounted to SEK 37.2 (32.9) million, which corresponds to a increase of 13% compared to the same period last year.

EBITDA for the second quarter amounted to SEK 4.1 (2.0) million and EBITDA for the first six months of the year was SEK 1.2 (7.2) million.

### Net loss for the second quarter of the year

Depreciation/amortization and impairment of property, plant and equipment and intangible assets was SEK 6.1 (6.1) million for the second quarter and SEK 12.0 (11.9) million for the first six months.

For the second quarter net financial expenses amounted to SEK -0.1 (-1.4) million and SEK -1.9 (-2.0) million for the first six months.

Net loss was SEK -2.9 (-6.1) million for the second quarter and SEK -14.2 (-7.8) million for the first six months.

## Cash flow

Cash flow from operating activities amounted to SEK -14.1 (-20.6) million for the second quarter of 2017, of which SEK -19.9 (-25.9) million was the change in working capital. Cash flow from accounts receivable and other current receivables decreased by SEK -10.4 (12.4) million, and cash flow from accounts payable and other operating liabilities increased by SEK 3.2 (-35.4) million during the second quarter of 2017.

Cash flow from operating activities amounted to SEK -18.3 (-22.6) million for the first six months of 2017, of which SEK -16.5 (-37.7) million was the change in working capital. Cash flow from accounts receivable and other current receivables decreased by SEK -22.9 (0.0) million, and cash flow from accounts payable and other operating liabilities increased by SEK 25.9 (-30.1) million during the first six months of 2017.

As of 30 June 2017, inventory was SEK 107.7 million, compared with SEK 94.0 million at 30 June 2016, which represents an increase of 14%. The increase results mainly from higher sales level and to stock build for new launches and tenders.

Cash flow from investing activities was SEK -7.2 (-6.6) million for the second quarter, of which investments in intangible assets were SEK -7.2 (-6.0) million. Cash flow from investing activities was SEK -12.7 (-11.2) million for the first half of the year, of which investments in intangible assets were SEK -12.5 (-9.7) million. Investments comprise product development, licenses, and market approvals. Investments in property, plant and equipment amounted to SEK 0.0 (-0.6) million for the second quarter and SEK -0.2 (-1.5) million for the first half of the year.

Cash flow from financing activities amounted to SEK 21.6 (20.3) million for the second quarter and SEK 24.1 (14.3) million for the first half of the year. The increase in cash flow results mainly from an increase in the utilization level on bank overdraft, a loan from a major shareholder offset by repayment of a convertible loan.

## Financial position as of 30 June 2017

### Cash and cash equivalents

At the end of the period, cash and cash equivalents amounted to SEK 26.7 million, compared with SEK 33.6 million at the beginning of the year. As of 30 June 2017, utilized bank credit was SEK 104.4 million, compared to SEK 83.6 million at the beginning of the year.

Aside from the bank credit, there are also shareholder loans of SEK 40 million, which results in total loans of SEK 144.4 million. A convertible loan of SEK 21.7 million matured on 30 June 2017. Bluefish secured new financing through a new convertible loan of SEK 100 million, with cash being available in early July 2017. This additional capital will ensure the company's future growth and planned investments. The new convertible loan was partly offset by repayment of a shareholder loan of SEK 25 million.

### Equity

At the end of the period, equity was SEK 63.2 million, compared to SEK 77.0 million at the beginning of the year. That corresponds to SEK 0.89 (0.95) per share.

## Equity ratio

At the end of the period, the equity ratio was 15.7 %, compared to 20.6% 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 1.03 compared to 0.49 at the beginning of the year.

## OTHER

### Employees

As of 30 June 2017, the company had 115 (108) employees, of which 24 (25) in Sweden, 73 (67) in India, 4 (4) in Germany, 5 (3) in Poland, 1 (1) in Portugal, 2 (1) in France, 3 (4) in United Arab Emirates and 3 (3) in Spain, compared to 31 December 2016.

### 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 2016 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 2017.

### 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 for SEB credit, the company must maintain a gearing ratio, in accordance with a special calculation, of at most one (1), along with available liquidity of SEK 5 million. However, due to the new convertible debt issued early July 2017, SEB has agreed to waive the gearing ratio requirement for the period ending June 30, 2017.

### 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 AB, which is one of the Group's largest shareholders, has provided a guarantee for this loan. The company also has shareholder loans totaling SEK 40 million from two of the Group's major shareholders, one of which is for SEK 32.5 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 second quarter of 2017, net sales were SEK 74.1 (65.0) million, and operating loss was -8.9 (-4.3) million. For the first half of the year, net sales were SEK 143.8 (138.0) million, and operating loss was -17.7 (-6.1) million. As of 31 June 2017, cash and cash equivalents for the Parent Company amounted to SEK 10.2 million, compared with SEK 10.2 million at the beginning of the year.

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

*Stockholm, 20 September 2017*

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	2017	2016	2017	2016	2016
SEK thousands	April-June	April-June	Jan-June	Jan-June	Jan-Dec
<b>Net sales</b>	<b>86 754</b>	<b>70 202</b>	<b>159 796</b>	<b>149 501</b>	<b>311 627</b>
Cost of goods sold	-45 405	-35 289	-88 242	-76 178	-152 887
<b>Gross profit</b>	<b>41 349</b>	<b>34 913</b>	<b>71 554</b>	<b>73 323</b>	<b>158 740</b>
<i>Gross margin</i>	<i>47.7%</i>	<i>49.7%</i>	<i>44.8%</i>	<i>49.0%</i>	<i>50.9%</i>
Selling expenses	-19 438	-18 152	-36 270	-37 615	-72 092
Administrative expenses	-5 760	-5 315	-11 714	-10 479	-21 246
Research and development expenses	-18 117	-15 749	-34 309	-30 587	-62 114
Other operating expenses/income	-	155	-	642	569
<b>Operating profit (loss)<sup>1)</sup></b>	<b>-1 966</b>	<b>-4 148</b>	<b>-10 739</b>	<b>-4 716</b>	<b>3 857</b>
Net financial income/expense	-68	-1 383	-1 911	-1 979	-5 158
<b>Profit (loss) after financial items</b>	<b>-2 034</b>	<b>-5 531</b>	<b>-12 650</b>	<b>-6 695</b>	<b>-1 301</b>
Income tax	-855	-539	-1 553	-1 136	-2 327
<b>Profit (loss) for the period</b>	<b>-2 889</b>	<b>-6 070</b>	<b>-14 203</b>	<b>-7 831</b>	<b>-3 628</b>
<b>Earnings per share</b>					
Basic earnings per share (SEK)	-0.04	-0.07	-0.18	-0.10	-0.04
Diluted earnings per share (SEK)	-0.04	-0.07	-0.18	-0.10	-0.04
<sup>1)</sup> of which					
Amortization and impairment of intangible assets	5 279	5 465	10 431	10 644	22 713
Depreciation of property, plant and equipment	812	662	1 521	1 269	2 569
<b>EBITDA</b>	<b>4 125</b>	<b>1 979</b>	<b>1 213</b>	<b>7 197</b>	<b>29 139</b>
<b>Statement of comprehensive income</b>					
Profit (loss) for the period	-2 889	-6 070	-14 203	-7 831	-3 628
<b>Other comprehensive income</b>					
Hedging reserve	-	-	-	-	-
Exchange rate differences	-342	393	452	120	1 063
<b>Other comprehensive income, net after tax</b>	<b>-342</b>	<b>393</b>	<b>1 063</b>	<b>120</b>	<b>1 063</b>
<b>Comprehensive income for the period, attributable to parent company shareholders</b>	<b>-3 231</b>	<b>-5 677</b>	<b>-13 751</b>	<b>-7 711</b>	<b>-2 565</b>



Consolidated balance sheet	2017	2016	2016
SEK thousands	30 June	30 June	31 Dec
<b>Non-current assets</b>			
Intangible assets	163 096	165 350	161 551
Property, plant and equipment	9 476	11 293	10 981
Financial assets	1 871	1 382	1 861
<b>Total non-current assets</b>	<b>174 443</b>	<b>178 025</b>	<b>174 393</b>
<b>Current assets</b>			
Inventories	107 668	94 064	95 042
Current receivables	94 580	67 802	70 648
Cash and cash equivalents	26 788	46 530	33 607
<b>Total current assets</b>	<b>229 036</b>	<b>208 396</b>	<b>199 297</b>
<b>Total assets</b>	<b>403 479</b>	<b>386 421</b>	<b>373 690</b>
<b>Equity</b>	<b>63 250</b>	<b>71 855</b>	<b>77 001</b>
<b>Non-current liabilities</b>			
Non-current liabilities, interest-bearing	-	21 503	-
Non-current liabilities, non interest-bearing	3 806	3 803	2 729
<b>Total non-current liabilities</b>	<b>3 806</b>	<b>25 306</b>	<b>2 729</b>
<b>Current liabilities</b>			
Current liabilities, interest-bearing	144 361	91 162	120 181
Current liabilities, non interest-bearing	192 062	198 098	173 779
<b>Total current liabilities</b>	<b>336 423</b>	<b>289 260</b>	<b>293 960</b>
<b>Total equity and liabilities</b>	<b>403 479</b>	<b>386 421</b>	<b>373 690</b>
Pledged assets	89 361	64 081	70 313
Contingent liabilities	None	None	None

Change in equity, Group	2017	2016	2017	2016	2016
SEK thousands	April-June	April-June	Jan-June	Jan-June	Jan-Dec
Opening balance	66 481	77 532	77 001	79 566	79 566
Other comprehensive income for the period	-3 231	-5 677	-13 751	-7 711	-2 565
<b>Closing balance</b>	<b>63 250</b>	<b>71 855</b>	<b>63 250</b>	<b>71 855</b>	<b>77 001</b>

Share data	2017	2016	2017	2016	2016
Number, thousands	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	80 942	80 942	80 942	80 942
Average number of shares after dilution	80 942	80 942	80 942	80 942	80 942
Equity per share (SEK)	0.78	0.89	0.78	0.89	0.95
Equity ratio (%)	15.7	18.6	15.7	18.6	20.6

Consolidated cash flow statement	2017	2016	2017	2016	2016
SEK thousands	April-June	April-June	Jan-June	Jan-June	Jan-Dec
Cash flow from operating activities before change in working capital	5 799	5 320	-1 742	15 113	38 016
Change in working capital	-19 918	-25 930	-16 525	-37 706	-71 103
<b>Cash flow from operating activities</b>	<b>-14 119</b>	<b>-20 610</b>	<b>-18 267</b>	<b>-22 593</b>	<b>-33 087</b>
Cash flow from investing activities	-7 234	-6 639	-12 706	-11 216	-21 826
Cash flow from financing activities	21 595	20 319	24 098	14 329	21 746
<b>Cash flow for the period</b>	<b>242</b>	<b>-6 930</b>	<b>-6 875</b>	<b>-19 480</b>	<b>-33 167</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>26 541</b>	<b>53 077</b>	<b>33 607</b>	<b>65 313</b>	<b>65 313</b>
Exchange rate differences in cash and cash equivalents	5	383	56	697	1 461
<b>Cash and cash equivalents at end of period</b>	<b>26 788</b>	<b>46 530</b>	<b>26 788</b>	<b>46 530</b>	<b>33 607</b>

## PARENT COMPANY

Parent Company income statement	2017	2016	2017	2016	2016
SEK thousands	April-June	April-June	Jan-June	Jan-June	Jan-Dec
<b>Net sales</b>	<b>74 133</b>	<b>65 010</b>	<b>143 784</b>	<b>137 984</b>	<b>283 438</b>
Cost of goods sold	-43 443	-34 091	-86 208	-73 628	-143 648
<b>Gross profit</b>	<b>30 690</b>	<b>30 919</b>	<b>57 576</b>	<b>64 356</b>	<b>139 790</b>
<i>Gross margin</i>	<i>41.4%</i>	<i>47.6%</i>	<i>40.0%</i>	<i>46.6%</i>	<i>49.3%</i>
Operating costs	-39 627	-35 337	-75 302	-71 107	-137 988
Other operating expenses/income	0	155	-	642	569
<b>Operating profit (loss)</b>	<b>-8 937</b>	<b>-4 263</b>	<b>-17 726</b>	<b>-6 109</b>	<b>2 371</b>
Net financial income/expense	-1 683	-1 880	-3 506	-3 188	-6 835
<b>Profit (loss) after financial items</b>	<b>-10 620</b>	<b>-6 143</b>	<b>-21 232</b>	<b>-9 297</b>	<b>-4 464</b>
Income tax	-	-	-	-	-
<b>Profit (loss) for the period</b>	<b>-10 620</b>	<b>-6 143</b>	<b>-21 232</b>	<b>-9 297</b>	<b>-4 464</b>

Parent Company balance sheet	2017	2016	2016
SEK thousands	30 June	30 June	31 Dec
Non-current assets	181 886	183 754	180 554
Current assets	152 273	164 126	149 610
<b>Total assets</b>	<b>334 159</b>	<b>347 880</b>	<b>330 164</b>
Equity	46 464	62 864	67 697
Non-current liabilities	3 714	25 152	2 599
Current liabilities	283 981	259 864	259 868
<b>Total equity and liabilities</b>	<b>334 159</b>	<b>347 880</b>	<b>330 164</b>
Pledged assets	89 361	64 081	70 313
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