

Newbury Pharmaceuticals AB

Year-end report September 2023 – August 2024

Quarter 4, June 2024 - August 2024

- Net revenue was 21 123 (2 827) tkr.
- EBITDA was 2 402 (-4 468) tkr.
- Operating cash flow was 130 (-3 631) tkr.

Year-end period, September 2023 – August 2024

- Net revenue was 36 829 (10 266) tkr.
- EBITDA was -12 340 (-18 332) tkr.
- Operating cash flow was -23 707 (-23 227) tkr.
- Cash position in the end of period was 15 303 (8 528) tkr.
- Licensed products at the end of period were 31 (33).
- Products with distribution rights at the end of the period were 12 (2).
- Products with marketing authorization in the end of the period were 21 (13).
- Products launched in Nordics at end of the period 13 (3).

Significant events during the quarter

- Newbury Pharmaceuticals is strengthening its portfolio with Dalbavancin Powder for infusion, replacing a previously signed product, Daptomycin, from the same partner. The commercial attractiveness is judged to be better for Dalbavancin and no additional in-licensing fees will be paid.
- Newbury Pharmaceuticals Secures Generic Approval for Liraglutide Pre-Filled Pen in Denmark.
- Initiated commercialisation of various AmaroX products in Sweden – a distribution partner.
- Newbury Pharmaceuticals held an extraordinary general meeting 31 July 2024 and elected two new board members, Ramon Vila Ramos and Ivailo S. Georgiev. The extraordinary general meeting also resolved on an incentive program to the board members comprising a directed issue of 1 000 000 warrants.

Significant events after the end of the quarter

- Newbury Pharmaceuticals is pleased to announce the successful Marketing Authorization (MA) of Varenicline Newbury in Sweden – a medicine treating smoking cessation.
- Newbury has agreed to a 12-month extension of the loan agreement announced on the 18th of September 2023. The loan terms remain unchanged except for a new maturity date of December 31st of 2025.

SEK thousands	Q4	Q4	Full year	Full year
	Jun24 - Aug24	Jun23 - Aug23	Sep23 - Aug24	Sep22 - Aug23
Net revenue	21 123	2 827	36 829	10 266
EBITDA	2 402	-4 468	-12 340	-18 332
Operating result / EBIT	1 899	-4 793	-14 078	-19 587
Result before tax	1 509	-4 754	-15 409	-19 431
Cash flow from operating activities	130	-3 631	-23 707	-23 227
Cash at the end of the period	15 303	8 528	15 303	8 528

A word from the CEO

We are closing the year with strong quarterly results. First of all, we deliver record sales with more than 21 MSEK in turnover during the 4th Quarter. Furthermore, we deliver the first positive quarterly EBITDA result and thereby deliver on the financial goal for 2024.

Strong sales uptake in Q4

We deliver strong turnover in this quarter, above 21 MSEK. Sales in the Nordics reached 11 MSEK while international sales reached close to 10 MSEK. The combination of strong sales in both segments is a result of more products having been launched in the Nordics, as well as a large international sales order having been delivered.

We are extremely pleased to report such strong sales which is a combination of a large international sales order and the result of an excellent launch of a new product in the Nordics resulting in a strong uptake by winning monthly tenders in a row. We will continue to pursue such opportunities while we acknowledge that tender sales by nature will fluctuate quarter by quarter.

Delivering on financial goal for 2024

We have previously communicated a goal to deliver a positive quarterly EBITDA during 2024. I am very pleased to report that we already achieve a positive EBITDA in this quarter (June-August). We reached an EBITDA of 2,4 MSEK which is an EBITDA margin of 11,3 %, and both the international sales as well as the Nordic sales units were able to deliver positive EBITDA for the quarter.

The strong sales combined with strong cost control have helped deliver this result. The growth in other operating expenses is related to sales driven costs and thus variable in nature.

Continuing to obtain registrations and launch new products

We continue to obtain more product approvals in the Nordics with 21 products approved and we therefor also plan to launch more products than the present 13 products during 2025. We see the advantage of having more products on the market which is providing more sales opportunities while it provides a balanced portfolio to minimize the impact from tender competition and regulatory delays. It is too early to anticipate the sales uptake for these new launches, but in general, we are moving in the right direction with more products on the market and thereby more opportunities to win tenders. International sales orders will always fluctuate over the year and similarly the monthly sales across the Nordics are to a large extent dependent on winning tenders and having enough inventory to supply the market. For that reason, fluctuating turnover will also occur in the Nordics while we maintain an ambition of continued annual sales growth.

We are pleased with our achievements, and we continue focusing on executing our growth plans by launching additional products and building a stronger company for the future.

Lars Minor



ABOUT

Newbury is a fast-growing company with an in-licensed product portfolio of prescription drugs and a focus on specialty drugs and own brands. Founded in 2020, Newbury in-license proprietary product rights and strives to be an expert in the registration and commercialization of pharmaceuticals with focus on the Scandinavian markets. Along with the focus on building direct business in the Nordics, Newbury is pursuing sales orders from international customers via an indirect business model outside of the Nordics. This gives the Company the opportunity to be a cost-effective organization where the employment of key people is combined with consultants for specialist roles.

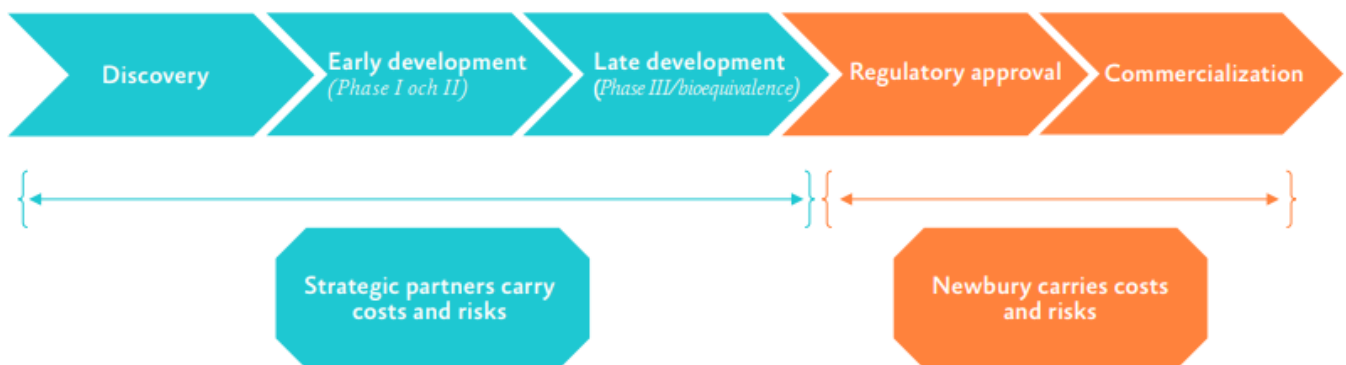
The Company does not have its own drug development but relies on partnerships to expand its drug portfolio. The Company’s partnership therefore constitutes a strategic pillar in the business model of offering value-creating specialty drugs and own brands to both patients and other stakeholders.

BUSINESS MODEL

Products are licensed through partnerships. In this way, traditional risks and investments in capital goods, research and development (“R&D”) and production are minimized so that Newbury has a business model with a focus on registration and commercialization of pharmaceuticals. As a result of this business model, Newbury can offer its partners and customers a competitive advantage with the opportunity to be among the first in the market with a deep market knowledge. This model is the result of strong partnerships and a network of suppliers that offer flexibility, speed and scalability.

The business model enables Newbury to utilize the strengths of its partners together with the Company’s deep knowledge of the Scandinavian market. After building a foundation in the Scandinavian market, the Company wants to strengthen its offering to other markets.

Newbury’s partnership model minimizes costs and risks



PORTFOLIO

As of the date of this report, Newbury has built a strong portfolio. Newbury’s existing portfolio is focused on the Scandinavian market with an estimated current annual sales value of approximately EUR 800 million in the existing categories in which Newbury will launch its products. The portfolio consists of drugs from several different therapeutic areas with products, including oncology, rare diseases and neurology that represent more than 50 percent.

The existing product portfolio is expected to generate a steady stream of product launches in the coming years. In addition, Newbury has a strong focus on continuously expanding its portfolio of strategically important products.

REVENUE AND PROFIT

Net revenue for the quarter amounted to 21 123 (2 827) tkr and for the financial year 36 829 (10 266) tkr. Of the total net revenue attributable to international sales for the quarter amounted to 9 954 (1 215) tkr and for the financial year 19 707 (9 753) tkr.

Operating results amounted to 1 899 (-4 793) tkr for the quarter and for the financial year to -14 078 (-19 587) tkr. Results for the quarter after taxes amounted to 1 738 (-4 754) tkr and for the financial year -15 405 (-19 431) tkr.

Due to prevailing uncertainties, we have taken precautionary measures in the financial year. These include a reservation for the inventory with short shelf life amounting to 268 tkr, and a reservation for accounts receivable where payment is uncertain, totaling 3 837 tkr. Consequently, a previously expensed profit share of 1 306 tkr has been reversed. As a result, the net impact on the profit has been a charge of 2 799 tkr.

INVESTMENTS

Newbury Pharmaceuticals continues to invest in the development of the portfolio. During the quarter 166 (54) tkr was invested and for the financial year investments amounted to 2 954 (862) tkr.

During the financial year the subsidiary in Switzerland invested 45 tkr in the acquisition of a newly formed Dubai, UAE, company, to have closer banking relationships with international customers in the Middle East. The subsidiary in Switzerland has also during the financial period established a branch in Dubai, UAE, to have closer banking relationships with international customers in the Middle East.

LIQUIDITY AND FINANCING

Operating cashflow amounted to 130 (-3 631) tkr for the quarter and for the financial year to -23 707 (-23 227) tkr. Cashflow from financing activities amounted to -92 (-714) tkr and for the financial year to 33 436 (-717).

Of the group's total receivable at end of the year, 4 616 tkr (after reservation of 3 837 tkr) relates to customer receivables from international sales where the payments are delayed. The company is in a dialogue with the customer who has confirmed the rest of the payments in the coming months.

Of the total receivables, 6 939 tkr relates to a receivable from a partner for canceled pipeline products and can be used for acquisition of new licensed products from the partner.

On 18 September 2023 Newbury took out a loan totaling 15 000 tkr from a private investor with maturity 2024-12-31 and 11 percents interest per year. On 30 September 2024 Newbury agreed to a 12-month extension of the loan agreement. The loan terms remain unchanged except for a new maturity date of 31 December 2025.

During the financial year Newbury carried out a directed share issue of 18 950 tkr, 18 162 tkr after transaction costs. The share issue consisted of a total of 4 737 500 shares.

Newbury Pharmaceutical cash and cash equivalents amounted to 15 303 (8 528) tkr at the end of the financial year.

EQUITY

Newbury Pharmaceuticals equity in the end of the financial year amounted to 51 917 (49 380) tkr and equity per share to 2,53 (2,14) kr.

Share capital at the end of the financial year was 773 801 kr divided on 24 258 654 shares. Each share has a quota value amounting to approx. 0,032 kr.

Newbury Pharmaceuticals carried out a directed share issue during the financial year of approximately 4 737 500 shares, corresponding to approximately 24.3 per cent of the number of outstanding shares before the share issue, at a subscription price of SEK 4 per share to a limited number of current shareholders and new qualified investors. Through the share issue, Newbury received a gross of 18 950 tkr before transaction costs.

SHARE-BASED INCENTIVE PROGRAMS

On May 20, 2021, the Company's Board of Directors, in accordance with the authorization from the Extraordinary General Meeting on November 18, 2020, decided to issue 1 000 000 warrants to the Company. The price was 0 kr per option, for the warrants. Each warrant entitles the holder to subscribe for one new share in the Company at a subscription price of SEK 5.5 during the period 21 June 2021 to 21 June 2031. Upon full utilization of the warrants, the Company's share capital will increase by 31 898 kr, which will result in a dilution effect of approximately 4 percent. The purpose of the warrants is to be used as hedging for the Company's obligations under current (see below) and future employee benefit programs. Usual conversion terms apply to the warrants.

On July 31, 2024, the Extraordinary General Meeting decided to issue 1 000 000 warrants to directors of the Company. The price was 0 kr per option, for the warrants. Each warrant entitles the holder to subscribe for one new share in the Company at a subscription price of SEK 5,0 during the period 1 September 2028 to 30 November 2028. Upon full utilization of the warrants, the Company's share capital will increase by 31 898 kr, which will result in a dilution effect of approximately 4 percent.

Newbury has four employee stock option agreement with a total of 490 000, in accordance with Swedish employee stock option program. The agreements contain an earnings clause which states that the number of options that the holder can use to subscribe for new shares in the Company depends on how long the employee has been employed. In other respects, the agreement contains customary terms for an employee stock option agreement. Vested employee options at the end of the period were 296 073 options. Costs for the employee stock option programs amounted to -9 (34) tkr for the quarter and for the financial year to -86 (68) tkr.

PERSONNEL

The average number of employees in the quarter amounted to 6 (6). The number of employees at the end of the year amounted to 6 (6). Newbury are using a wide range of specialist consultants to support the ongoing operating activities.

PARENT COMPANY

Newbury Pharmaceuticals AB is the parent company. Net revenue for the Parent Company during the quarter amounted to 11 170 (1 612) tkr and for the financial year 17 122 (2 733) tkr. Operating results amounted to 376 (-4 897) tkr for the quarter and for the financial year to -14 030 (-2 528) tkr.

TRANSACTIONS WITH RELATED PARTIES

Newbury has rented an apartment from chairman Karl Karlsson for twelve months for 15 tkr per month during the financial year. The rent has taken place on market terms and is used to facilitate housing for an expat employee.

Newbury has acquired a newly formed company in Dubai from chairman Karl Karlsson for 15 000 AED. The acquisition took place on market terms and was a quicker process to establish a subsidiary in Dubai.

Apart from the above, no transactions took place between Newbury and related parties during the financial year.

ACCOUNTING PRINCIPLES

Newbury Pharmaceuticals prepares its accounts in accordance with the Annual Accounts Act and the Accounting Boards general advice 2012:1(K3). Information on accounting principles in general is provided in the Annual Report for 2022/2023, available on newburypharma.com/investors/.

RISKS AND UNCERTAINTIES

Newbury Pharmaceuticals operations, financial position and earnings can be affected by several risks and uncertainties. These are described in Newbury Pharmaceuticals Annual Report for 2022/2023 and in Newbury Pharmaceuticals prospectus of 11 January 2022, pages 28-30. Both documents are available on newburypharma.com/investors/.

AUDIT

This report has not been reviewed by Newbury Pharmaceuticals auditor.

Lund, 23 October 2024

The Board of Directors and the CEO assure that the year-end report provides a fair overview of the group's operations, position and results.

Lars Minor
CEO

Karl Karlsson
Chairman

Andreas Hedskog

Anil Okay

Johan Strömqvist

Ramon Vila

Ivailo S. Georgiev

Income Statement - Group

SEK thousands	Q4	Q4	Full year	Full year
	Jun24 - Aug24	Jun23 - Aug23	Sep23 - Aug24	Sep22 - Aug23
Net revenue	21 123	2 827	36 829	10 266
Other operating income	542	362	2 907	903
Cost of goods sold	-11 492	-1 572	-20 796	-6 318
Other external expenses	-5 306	-2 992	-18 970	-10 851
Personnel expenses	-2 453	-2 538	-9 796	-9 963
Depreciation and amortization	-503	-325	-1 738	-1 255
Other operating expenses	-12	-555	-2 514	-2 369
Operating result / EBIT	1 899	-4 793	-14 078	-19 587
Financial net	-390	39	-1 331	156
Result before tax	1 509	-4 754	-15 409	-19 431
Tax	229	0	4	0
Result for the period	1 738	-4 754	-15 405	-19 431

(Attributable to the parent company's shareholders)

Balance Sheet - Group

SEK thousands	31 Aug 2024	31 Aug 2023
Assets		
Fixed Assets		
Intangible fixed assets	46 898	45 682
Total Fixed Assets	46 898	45 682
Current Assets		
Inventory	4 995	2 105
Other receivables	23 675	16 603
Cash and bank balances	15 303	8 528
Total Current Assets	43 973	27 236
Total Assets	90 871	72 918
Equity and Liabilities		
Equity	51 917	49 380
Liabilities		
Long-term Liabilities	9 508	11 769
Short-term Liabilities	29 446	11 769
Total Liabilities	38 954	23 538
Total Equity and Liabilities	90 871	72 918

Cash Flow Analysis - Group

SEK thousands	Q4	Q4	Full year	Full year
	Jun24 - Aug24	Jun23 - Aug23	Sep23 - Aug24	Sep22 - Aug23
Cash flow from operating activities before changes in working capital	2 355	-4 332	-13 886	-17 856
Cash flow from working capital	-2 225	701	-9 821	-5 371
Cash flow from operating activities	130	-3 631	-23 707	-23 227
Cash flow from investing activities	-166	-54	-2 954	-862
Cash flow from financing activities	-92	-714	33 436	-717
Cash flow for the period	-128	-4 399	6 775	-24 806
Cash and cash equivalents opening balance	15 431	12 927	8 528	33 334
Cash and cash equivalents closing balance	15 303	8 528	15 303	8 528

Changes In Equity - Group

SEK thousands	Q4	Q4	Full year	Full year
	Jun24 - Aug24	Jun23 - Aug23	Sep23 - Aug24	Sep22 - Aug23
Opening balance	50 066	54 317	49 380	68 770
Issue (including issue costs)	0	0	18 162	0
Employee stock option program	9	33	-86	68
Translation differences	104	-216	-134	-27
Result for the period	1 738	-4 754	-15 405	-19 431
Closing balance	51 917	49 380	51 917	49 380

Key figures - Group

	Q4	Q4	Full year	Full year
	Jun24 - Aug24	Jun23 - Aug23	Sep23 - Aug24	Sep22 - Aug23
Net revenue (tkr)	21 123	2 827	36 829	10 266
EBITDA (tkr)	2 402	-4 468	-12 340	-18 332
Earnings per share (kr)	0,07	neg.	neg.	neg.
Earnings per share after full dilution (kr)	0,07	neg.	neg.	neg.
Cash at the end of the period (tkr)	15 303	8 528	15 303	8 528
Equity (tkr)	51 917	49 380	51 917	49 380
Equity per share (kr)	2,14	2,53	2,14	2,53
Equity per share after full dilution(kr)	2,11	2,50	2,11	2,50
Solidity	57%	68%	57%	68%
Number of shares, average (thousands)	24 259	19 521	21 411	19 521
Number of shares, end of period (thousands)	24 259	19 521	24 259	19 521
Number of shares after full dilution (thousands)	24 555	19 740	24 555	19 740

Income Statement - Parent Company

SEK thousands	Q4	Q4	Full year	Full year
	Jun24 - Aug24	Jun23 - Aug23	Sep23 - Aug24	Sep22 - Aug23
Net revenue	11 170	1 612	17 122	2 733
Other operating income	533	291	2 898	761
Cost of goods sold	-3 522	-846	-5 516	-1 493
Other external expenses	-5 011	-3 433	-16 398	-12 430
Personnel expenses	-1 979	-1 956	-8 374	-7 634
Depreciation and amortization	-273	-97	-824	-343
Other operating expenses	-542	-468	-2 938	-2 122
Operating result / EBIT	376	-4 897	-14 030	-20 528
Financial net	-317	84	-1 109	278
Result before tax	59	-4 813	-15 139	-20 250
Tax	0	0	0	0
Result for the period	59	-4 813	-15 139	-20 250

Balance Sheet - Parent Company

SEK thousands	31 Aug 2024	31 Aug 2023
Assets		
Fixed Assets		
Intangible fixed assets	45 639	43 554
Shares in group companies	4 000	4 000
Receivables from group companies	10 878	5 930
Total Fixed Assets	60 517	53 484
Current Assets		
Inventory	4 995	2 105
Other receivables	18 842	6 440
Cash and bank balances	7 564	7 878
Total Current Assets	31 401	16 423
Total Assets	91 918	69 907
Equity and Liabilities		
Equity	53 628	50 691
Liabilities		
Long-term Liabilities	9 508	11 769
Short-term Liabilities	28 782	7 447
Total Liabilities	38 290	19 216
Total Equity and Liabilities	91 918	69 907

Financial calendar

Annual report 2023-2024	11 Dec 2024
Interim report September 2024 – November 2024	15 Jan 2025
Annual general meeting	15 Jan 2025

Certified Adviser

Västra Hamnen Corporate Finance is the Company's Certified Adviser on Nasdaq First North and can be reached at ca@vhcorp.se or +46 (0) 40 200 250.

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