

Newbury Pharmaceuticals AB

Year-end report September 2022 - August 2023

Quarter 4, June 2023 – August 2023

- Net revenue was 2 827 (4 570) tkr.
- EBITDA was -4 468 (-3 626) tkr.
- Operating cash flow was -3 631 (-4 987) tkr.

Year-end period, September 2022 – August 2023

- Net revenue was 10 266 (5 516) tkr.
- EBITDA was -18 332 (-13 661) tkr.
- Operating cash flow was -23 227 (-15 001) tkr.
- Cash position at the end of period was 8 528 (33 334) tkr.
- No of products in the portfolio at end of period were 36 (30).
- Products with marketing authorization at the end of the period were 13 (4).
- Products launched in Nordics at end of the period 3 (1).

Significant events during the quarter

- Interim report for third quarter 2022/2023 brought forward from July 7 to June 14.
- Newbury sets new financial goals for 2024 and 2028. By 2028, the company expects to achieve sales of SEK 350 million. The goal for EBITDA is an operating margin of 20% in 2028 and in 2024 to achieve a positive quarterly EBITDA. The new goals are replacing goals announced early 2022.
- Desmopressin Newbury approved by the Swedish Health Authorities.
- Newbury gains access to the Nordic hospital market with a new strategic partnership for prescription medicine

Significant events after the end of the quarter

- Newbury has signed a 15 MSEK loan agreement with a maturity date of 31 Dec 2024.
- Newbury is strengthening its portfolio with Levodopa/Benserazide.
- Newbury has entered into a partnership with AmaroX granting access to 6 registered products.

SEK thousands	Q4 Jun23 - Aug23	Q4 Jun22 - Aug22	Full year Sep22 - Aug23	Full year Sep21 - Aug22
Net revenue	2 827	4 570	10 266	5 516
EBITDA	-4 468	-3 626	-18 332	-13 661
Operating result / EBIT	-4 793	-3 895	-19 587	-14 667
Result before tax	-4 754	-3 895	-19 431	-14 667
Cash flow from operating activities	-3 631	-4 987	-23 227	-15 001
Cash at the end of the period	8 528	33 334	8 528	33 334

A word from the CEO

It has been another exciting quarter with strong sales from Scandinavia plus two new very important partnerships adding short and mid-term value. Furthermore, we are financially equipped to finance the planned sales growth based on a recently announced loan totalling 15 MSEK.

Sales and operations are running according to plans

Compared to previous year we close of the financial year with a growth in sales of +86% vs last year the growth has been driven by international business.

Sales during the 4th Quarter has shown very promising progress with regards to uptake from the products being launched in Scandinavia. Sales from Scandinavia has increased by 173% over previous quarter – and we continue sales growth in the first month of Q1. We have doubled the number of marketed products in Scandinavia from two to four. Another doubling will take place during the next months where we will launch products indicated for diseases like idiopathic pulmonary fibrosis, severe infections and breast cancer. With more products marketed, – we also expect higher sales during 2024 where we assume to launch additional products. It is our expectation to have app 14 products on the market by the end of 2024.

The nature of the business requires us to have sufficient stock at hand to bid for tenders. We have therefore successfully announced a loan amounting to 15 MSEK which we intend to use primarily for financing the inventory build-up.

Business development is securing three important deals

We have secured three new partnerships during the last couple of months as earlier announced.

A partnership focused on exclusive distribution rights for certain hospital products in the Nordics. We anticipate seeing the first launch from this partnership at the end of 2024 – and assume to expand the product range over time.

Another distribution partnership was recently announced where we will act as distributor for AmaroX who presently focus on the bigger markets in EU. We expect to launch the first products during the first half of 2024.

Lastly, we expanded the portfolio with in-licensing of the combination product Levodopa + benserazide which is offering access to an attractive future market for Newbury.

Outlook – looking forward seeing the impact on sales from several planned launches

We remain committed to achieve solid sales from the launches in Scandinavia while at the same time to grasp sales opportunities from international markets. We are entering a very exciting period with several launches and implementation of two new strategically important partnerships which will add short and mid-term value to shareholders.

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 the 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.

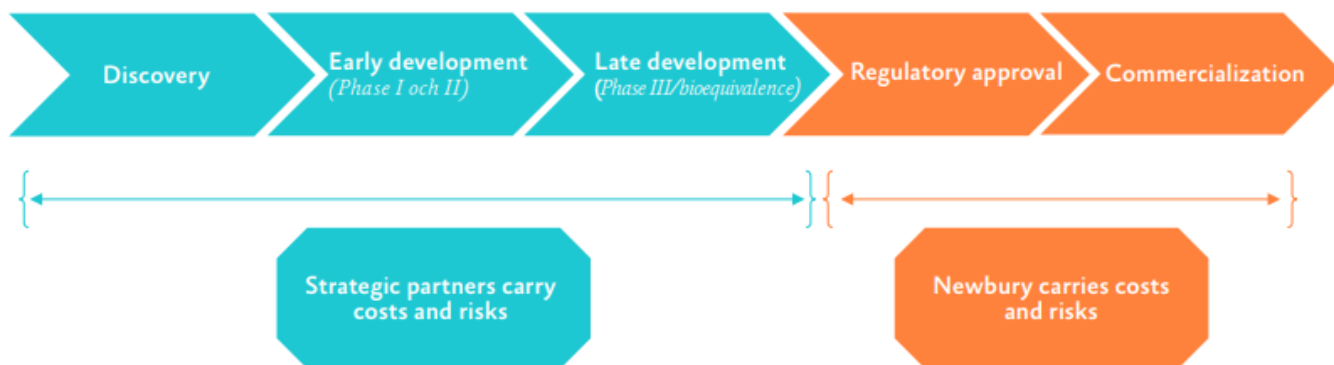
The Company does not have its own drug development but relies on partnerships to expand its drug portfolio. The Company's partnership therefore constitutes a strategic pillar in the business model of offering value-creating specialty drugs and own brands to both patients and other stakeholders.

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 2 827 (4 570) tkr and for the financial year to 10 266 (5 516) tkr. International sales for the quarter amounted to 1 215 (4 204) tkr and for the financial year to 7 533 (4 204) tkr.

Operating results amounted to -4 793 (-3 895) tkr for the quarter and for the financial year to -19 587 (-14 667) tkr. Results for the period after taxes amounted to -4 754 (-3 895) tkr for the quarter and for the financial year to -19 431 (-14 667) tkr.

INVESTMENTS

Newbury Pharmaceuticals continues to invest in the development of the portfolio. During the quarter 54 (842) tkr was invested. For the financial year investments amount to 862 (24 398) tkr.

During the quarter it was decided to terminate one product. End of Q3 the investment in this product was 4 353 tkr. The license investment from the partner will be compensated with 4 075 tkr, and invested cost in registration of 279 tkr is accounted as a cost in the quarter. Assets have been reduced and the compensation is accounted for as a receivable.

LIQUIDITY AND FINANCING

Operating cashflow amounted to -3 631 (-4 987) tkr for the quarter and for the financial year to -23 227 (-15 001) tkr. Cashflow from financing activities amounted to -714 (448) tkr for the quarter and for the financial year to -717 (59 588) tkr.

Of the group's total receivables at year-end, 7 846 tkr relates to customer receivables from international sales where payments are delayed. No reservation has been made for this as the company is in a dialogue with the customer who has confirmed payments in the coming months. Of the total receivables, 4 075 tkr relates to a receivable on a partner for the canceled product and can be used for acquiring new products from the partner.

After the year-end Newbury went into a loan agreement totaling 15 mkr from a private investor with maturity 2024-12-31 and 11 percents interest per year. The board confirms that the company has sufficient funding for the upcoming financial year.

Newbury Pharmaceutical cash and cash equivalents amounted to 8 528 (33 3334) tkr at the end of the period.

EQUITY

Newbury Pharmaceuticals equity in the end of the period amounted to 49 380 (68 770) tkr and equity per share to 2,53 (3,52) kr.

Share capital at the end of the period was 622 684 kr divided on 19 521 154 shares. Each share has a quota value amounting to approx. 0,032 kr.

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 SEK 0 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 authorization, the Company's share capital will increase by SEK 31,898, which will result in a dilution effect of approximately 4.9 percent after the Offer. 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.

Newbury has five employee stock option agreement with a total of 590 000, 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 219 491 options. Costs for the employee stock option programs amounted to 34 (-60) tkr for the quarter and for the interim period to 68 (148) tkr.

PERSONNEL

The average number of employees in the quarter amounted to 6 (5). The number of employees at the end of the period was 6 (6). During the quarter, one person was employed. 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 1 612 (366) tkr and for the financial year to 2 733 (1 312) tkr. Operating results amounted to -4 897 (-3 655) tkr for the quarter and for the financial year to -20 528 (-13 173) tkr.

TRANSACTIONS WITH RELATED PARTIES

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

Apart from the above no transactions took place between Newbury and related parties during the 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 2021/2022, 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 2021/2022 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, 11 October 2023

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

Income Statement - Group

SEK thousands	Q4 Jun23 - Aug23	Q4 Jun22 - Aug22	Full year Sep22 - Aug23	Full year Sep21 - Aug22
Net revenue	2 827	4 570	10 266	5 516
Other operating income	362	754	903	1 724
Cost of goods sold	-1 572	-3 656	-6 318	-3 952
Other external expenses	-2 992	-2 577	-10 851	-7 719
Personnel expenses	-2 538	-1 810	-9 963	-6 941
Depreciation and amortization	-325	-269	-1 255	-1 006
Other operating expenses	-555	-907	-2 369	-2 289
Operating result / EBIT	-4 793	-3 895	-19 587	-14 667
Financial net	39	0	156	0
Result before tax	-4 754	-3 895	-19 431	-14 667
Tax	0	0	0	0
Result for the period	-4 754	-3 895	-19 431	-14 667

(Attributable to the parent company's shareholders)

Balance Sheet - Group

SEK thousands	31 Aug 2023	31 Aug 2022
Assets		
Fixed Assets		
Intangible fixed assets	45 682	50 431
Total Fixed Assets	45 682	50 431
Current Assets		
Inventory	2 105	1 774
Other receivables	16 603	1 366
Cash and bank balances	8 528	33 334
Total Current Assets	27 236	36 474
Total Assets	72 918	86 905
Equity and Liabilities		
Equity	49 380	68 770
Liabilities		
Long-term Liabilities	11 769	12 076
Short-term Liabilities	11 769	6 059
Total Liabilities	23 538	18 135
Total Equity and Liabilities	72 918	86 905

Cash Flow Analysis - Group

SEK thousands	Q4 Jun23 - Aug23	Q4 Jun22 - Aug22	Full year Sep22 - Aug23	Full year Sep21 - Aug22
Cash flow from operating activities before changes in working capital	-4 332	-3 670	-17 856	-13 638
Cash flow from working capital	701	-1 317	-5 371	-1 363
Cash flow from operating activities	-3 631	-4 987	-23 227	-15 001
Cash flow from investing activities	-54	-842	-862	-24 398
Cash flow from financing activities	-714	448	-717	59 588
Cash flow for the period	-4 399	-5 381	-24 806	20 189
Cash and cash equivalents opening balance	12 927	38 715	33 334	13 145
Cash and cash equivalents closing balance	8 528	33 334	8 528	33 334

Changes In Equity - Group

SEK thousands	Q4 Jun23 - Aug23	Q4 Jun22 - Aug22	Full year Sep22 - Aug23	Full year Sep21 - Aug22
Opening balance	54 317	72 709	68 770	38 469
Issue (including issue costs)	0	0	0	44 945
Employee stock option program	33	-60	68	148
Translation differences	-216	16	-27	-125
Result for the period	-4 754	-3 895	-19 431	-14 667
Closing balance	49 380	68 770	49 380	68 770

Key figures - Group

	Q4 Jun23 - Aug23	Q4 Jun22 - Aug22	Full year Sep22 - Aug23	Full year Sep21 - Aug22
Net revenue (tkr)	2 827	4 570	10 266	5 516
EBITDA (tkr)	-4 468	-3 626	-18 332	-13 661
Earnings per share (kr)	neg.	neg.	neg.	neg.
Earnings per share after full dilution (kr)	neg.	neg.	neg.	neg.
Cash at the end of the period (tkr)	8 528	33 334	8 528	33 334
Equity (tkr)	49 380	68 770	49 380	68 770
Equity per share (kr)	2,53	3,52	2,53	3,52
Equity per share after full dilution(kr)	2,50	3,50	2,50	3,50
Solidity	68%	79%	68%	79%
Number of shares, average (thousands)	19 521	19 521	19 521	17 799
Number of shares, end of period (thousands)	19 521	19 521	19 521	19 521
Number of shares after full dilution (thousands)	19 740	19 623	19 740	19 623

Income Statement - Parent Company

SEK thousands	Q4 Jun23 - Aug23	Q4 Jun22 - Aug22	Full year Sep22 - Aug23	Full year Sep21 - Aug22
Net revenue	1 612	366	2 733	1 312
Other operating income	291	442	761	1 241
Cost of goods sold	-846	-273	-1 493	-569
Other external expenses	-3 433	-1 866	-12 430	-6 393
Personnel expenses	-1 956	-1 633	-7 634	-6 764
Depreciation and amortization	-97	-41	-343	-94
Other operating expenses	-468	-650	-2 122	-1 906
Operating result / EBIT	-4 897	-3 655	-20 528	-13 173
Financial net	84	17	278	64
Result before tax	-4 813	-3 638	-20 250	-13 109
Tax	0	0	0	0
Result for the period	-4 813	-3 638	-20 250	-13 109

Balance Sheet - Parent Company

SEK thousands	31 Aug 2023	31 Aug 2022
Assets		
Fixed Assets		
Intangible fixed assets	43 554	47 391
Shares in group companies	4 000	4 000
Receivables from group companies	5 930	2 178
Total Fixed Assets	53 484	53 569
Current Assets		
Inventory	2 105	1 774
Other receivables	6 440	1 207
Cash and bank balances	7 878	32 192
Total Current Assets	16 423	35 173
Total Assets	69 907	88 742
Equity and Liabilities		
Equity	50 691	70 872
Liabilities		
Long-term Liabilities	11 769	12 076
Short-term Liabilities	7 447	5 794
Total Liabilities	19 216	17 870
Total Equity and Liabilities	69 907	88 742

Financial calendar

Annual Report September 2022 – August 2023	13 Dec 2023
Interim report September 2023 – November 2023	10 Jan 2024
Annual General Meeting	10 Jan 2024

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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