

Newbury Pharmaceuticals AB

Interim report September 2023 – May 2024

Quarter 3, March 2024 - May 2024

- Net revenue was 1 386 (5 680) tkr.
- EBITDA was -7 861 (-3 872) tkr.
- Operating cash flow was -10 182 (-8 532) tkr.

Interim period, September 2023 – May 2024

- Net revenue was 15 706 (7 439) tkr.
- EBITDA was -14 742 (-13 864) tkr.
- Operating cash flow was -23 837 (-19 596) tkr.
- Cash position in the end of period was 15 431 (12 927) 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 (12).
- Products launched in Nordics at end of the period 8 (2).

Significant events during the quarter

- Newbury carried out a directed share issue of approximately 19 mkr at a subscription price on 4 kr per share. After the Share Issue, the number of outstanding shares in Newbury increases by 4 737 500 shares, from 19 521 154 to 24 258 654 shares.

Significant events after the end of the quarter

- Newbury Pharmaceuticals is strengthening its portfolio with Dalbavancin Powder, 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.

SEK thousands	Q3 Mar24 - May24	Q3 Mar23 - May23	Period Sep23 - May24	Period Sep22 - May23	Full year Sep22 - Aug23
Net revenue	1 386	5 680	15 706	7 439	10 266
EBITDA	-7 861	-3 872	-14 742	-13 864	-18 332
Operating result / EBIT	-8 296	-4 187	-15 977	-14 794	-19 587
Result before tax	-8 658	-4 094	-16 918	-14 677	-19 431
Cash flow from operating activities	-10 182	-8 532	-23 837	-19 596	-23 227
Cash at the end of the period	15 431	12 927	15 431	12 927	8 528

A word from the CEO

A slow quarter due to delayed invoicing of an international sales order, but optimistic future ahead of us.

Sales uptake in Scandinavia and a delayed international sales order

Sales during this quarter were lower than anticipated, but for a good reason. The announced international sales order (8 800 tkr) planned for shipment in May was postponed to June which is the next reporting period.

The direct sales in Scandinavia reached +146% growth over the same period last year attributed to the launch of more products. This growth continues with record sales in June which is the next reporting period. As of today, we have launched 11 products in Scandinavia, and we see the fruits of having a diverse portfolio with more options to win tenders where June will be a strong month.



We have also started sell the first products from the partnership with AmaroX Ltd. In June we made the first launches and won the monthly tender for two products. This collaboration is an excellent supplement to our own portfolio. Furthermore, it has financial advantages with limited risk and investments on our side.

Portfolio development

We have recently obtained registration of Liraglutide Newbury which will be launched to compete with Victoza from Novo Nordisk and thereby help diabetic patients access this product which has been faced with supply challenges over the past couple of months. As a result of the supply challenges, many patients have been upgraded to Ozempic. However, we believe that we can offer an alternative to these patients and thereby also reduce the supply risk for patients. We are currently evaluating the expected sales uptake in this volatile treatment segment - e.g. reimbursement in Denmark has been removed recently.

We have also been able to switch Daptomycin to the more interesting product Dalbavancin. We see much more potential for this product, and we are pleased to enrich our portfolio with this specialty product.

We have a good foundation for continued growth and will pursue to broaden the business during the coming months with more launches, more product approvals and potentially new partnerships.

Financial development

Sales was impacted by the delayed order while the operating result is impacted by one-off items hitting this quarter. We have ahead of the Q4 report and based on sound accounting policies made reservations for delayed payment from an international sales order totalling (2 796 tkr) and at the same time made reservation for a product with low shelf life left for sales amounting to 366 tkr.

The cash position was improved with the directed share issue and we expect further payments of outstanding international sales. However, as any company we closely monitor our cash position to be equipped for new investment opportunities as well as safeguarding financials by strict monitoring of account receivables.

Looking ahead

Strong sales in June will help fuel growth in the next quarter and we have some interesting sales opportunities for a couple of products ahead of us – both short-term and long-term opportunities.

The AmaroX partnership will continue to fuel new launches in the next months which will help expand the number of launched products.

We work very hard to achieve sales and thereby reach a positive EBITDA during one of the coming quarters, but one challenge is the volatility in tender sales as we rely on only a few products.

We are pleased with our achievements which will secure the continued focus 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.

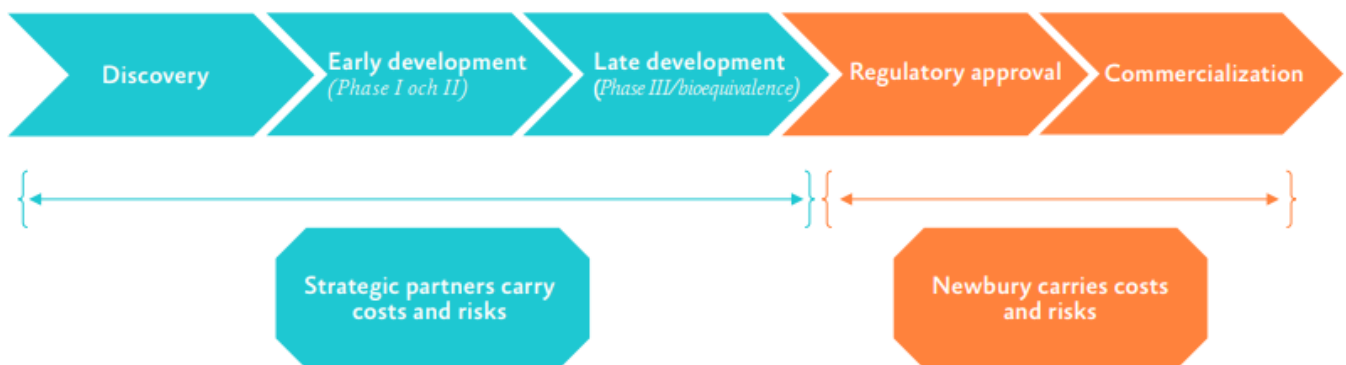
The Company does not have its own drug development but relies on partnerships to expand its drug portfolio. The Company’s partnership therefore constitutes a strategic pillar in the business model of offering value-creating specialty drugs and own brands to both patients and other stakeholders.

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 1 386 (5 680) tkr and for the interim period 15 706 (7 439) tkr. Of the total net revenue attributable to international sales for the quarter amounted to 0 (5 091) tkr and for the interim period 9 753 (6 319) tkr.

Operating results amounted to -8 296 (-4 187) tkr for the quarter and for the interim period to -15 977 (-14 794) tkr. Results for the period after taxes amounted to -8 658 (-4 094) tkr and for the interim period -16 198 (-14 677) tkr.

Due to prevailing uncertainties, we have taken precautionary measures. These include a reservation for inventory with short shelf life amounting to 366 tkr, and a reservation for accounts receivable where payment is uncertain, totaling 3 706 tkr. Consequently, a previously expensed profit share of 1 278 tkr has been reversed. As a result, the net impact on the profit has been a charge of 2 794 tkr.

INVESTMENTS

Newbury Pharmaceuticals continues to invest in the development of the portfolio. During the quarter -878 (-266) tkr was invested and for the interim period investments amount to 2 744 (808) tkr.

During the quarter Newbury invested 44 tkr in an acquisition of a newly formed Dubai, UAE, company.

LIQUIDITY AND FINANCING

Operating cashflow amounted to -10 182 (-8 532) tkr for the quarter and for the interim period to -23 837 (-19 596) tkr. Cashflow from financing activities amounted to 18 367 (36) tkr and for the interim period to 33 528 (-3).

Of the group's total receivables at end of the period, 6 554 tkr (after reservation of 3 706 tkr) relates to customer receivables from international sales where some of payments are delayed. A reservation has been made on 3 706 tkr for this. The company is in a dialogue with the customer who has confirmed the rest of the payments in the coming months. The subsidiary in Switzerland has during the quarter acquired a subsidiary in Dubai, UAE, as supplement to the established branch in Dubai, UAE, to have closer banking relationships with international customers in the Middle East.

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.

During the interim period Newbury took out a loan totaling 15 000 tkr from a private investor with maturity 2024-12-31 and 11 percents interest per year.

During the quarter Newbury carried out a directed issue of 18 950 tkr, 18 162 tkr after transaction costs.

Newbury Pharmaceutical cash and cash equivalents amounted to 15 431 (12 927) tkr at the end of the period.

EQUITY

Newbury Pharmaceuticals equity in the end of the period amounted to 50 066 (54 317) tkr and equity per share to 2,06 (2,78) kr.

Share capital at the end of the period was 773 801 kr divided on 24 258 654 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 2.4 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 301 396 options. Costs for the employee stock option programs amounted to -8 (-177) tkr for the quarter and for the interim period to -95 (35) tkr.

PERSONNEL

The average number of employees in the quarter amounted to 5 (6). The number of employees at the end of the period amounted to 5 (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 1 455 (613) tkr and for the interim period 5 952 (1 121) tkr. Operating results amounted to -5 159 (-5 548) tkr for the quarter and for the interim period to -15 198 (-15 437) tkr.

TRANSACTIONS WITH RELATED PARTIES

Newbury has rented an apartment from chairman Karl Karlsson for three 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.

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, 10 July 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

Income Statement - Group

SEK thousands	Q3 Mar24 - May24	Q3 Mar23 - May23	Period Sep23 - May24	Period Sep22 - May23	Full year Sep22 - Aug23
Net revenue	1 386	5 680	15 706	7 439	10 266
Other operating income	613	111	2 365	541	903
Cost of goods sold	-1 080	-3 506	-9 304	-4 746	-6 318
Other external expenses	-5 632	-3 155	-13 664	-7 859	-10 851
Personnel expenses	-2 051	-2 274	-7 343	-7 425	-9 963
Depreciation and amortization	-435	-315	-1 235	-930	-1 255
Other operating expenses	-1 097	-728	-2 502	-1 814	-2 369
Operating result / EBIT	-8 296	-4 187	-15 977	-14 794	-19 587
Financial net	-362	93	-941	117	156
Result before tax	-8 658	-4 094	-16 918	-14 677	-19 431
Tax	0	0	-225	0	0
Result for the period	-8 658	-4 094	-17 143	-14 677	-19 431

(Attributable to the parent company's shareholders)

Balance Sheet - Group

SEK thousands	31 May 2024	31 May 2023	31 Aug 2023
Assets			
Fixed Assets			
Intangible fixed assets	47 235	50 309	45 682
Total Fixed Assets	47 235	50 309	45 682
Current Assets			
Inventory	6 346	1 506	2 105
Other receivables	21 749	10 536	16 603
Cash and bank balances	15 431	12 927	8 528
Total Current Assets	43 526	24 969	27 236
Total Assets	90 761	75 278	72 918
Equity and Liabilities			
Equity	50 066	54 317	49 380
Liabilities			
Long-term Liabilities	12 135	12 953	11 769
Short-term Liabilities	28 560	8 008	11 769
Total Liabilities	40 695	20 961	23 538
Total Equity and Liabilities	90 761	75 278	72 918

Cash Flow Analysis - Group

SEK thousands	Q3 Mar24 - May24	Q3 Mar23 - May23	Period Sep23 - May24	Period Sep22 - May23	Full year Sep22 - Aug23
Cash flow from operating activities before changes in working capital	-8 439	-3 762	-16 241	-13 524	-17 856
Cash flow from working capital	-1 743	-4 770	-7 596	-6 072	-5 371
Cash flow from operating activities	-10 182	-8 532	-23 837	-19 596	-23 227
Cash flow from investing activities	834	266	-2 788	-808	-862
Cash flow from financing activities	18 367	36	33 528	-3	-717
Cash flow for the period	9 019	-8 230	6 903	-20 407	-24 806
Cash and cash equivalents opening balance	6 412	21 157	8 528	33 334	33 334
Cash and cash equivalents closing balance	15 431	12 927	15 431	12 927	8 528

Changes In Equity - Group

SEK thousands	Q3 Mar24 - May24	Q3 Mar23 - May23	Period Sep23 - May24	Period Sep22 - May23	Full year Sep22 - Aug23
Opening balance	40 779	58 393	49 380	68 770	68 770
Issue (including issue costs)	18 162	0	18 162	0	0
Employee stock option program	-13	-176	-95	35	68
Translation differences	-204	194	-238	189	-27
Result for the period	-8 658	-4 094	-17 143	-14 677	-19 431
Closing balance	50 066	54 317	50 066	54 317	49 380

Key figures - Group

	Q3 Mar24 - May24	Q3 Mar23 - May23	Period Sep23 - May24	Period Sep22 - May23	Full year Sep22 - Aug23
Net revenue (tkr)	1 386	5 680	15 706	7 439	10 266
EBITDA (tkr)	-7 861	-3 872	-14 742	-13 864	-18 332
Earnings per share (kr)	neg.	neg.	neg.	neg.	neg.
Earnings per share after full dilution (kr)	neg.	neg.	neg.	neg.	neg.
Cash at the end of the period (tkr)	15 431	12 927	15 431	12 927	8 528
Equity (tkr)	50 066	54 317	50 066	54 317	49 380
Equity per share (kr)	2,06	2,78	2,06	2,78	2,53
Equity per share after full dilution(kr)	2,04	2,76	2,04	2,76	2,50
Solidity	55%	72%	55%	72%	68%
Number of shares, average (thousands)	22 302	19 521	20 455	19 521	19 521
Number of shares, end of period (thousands)	24 259	19 521	24 259	19 521	19 521
Number of shares after full dilution (thousands)	24 560	19 711	24 560	19 711	19 740

Income Statement - Parent Company

SEK thousands	Q3 Mar24 - May24	Q3 Mar23 - May23	Period Sep23 - May24	Period Sep22 - May23	Full year Sep22 - Aug23
Net revenue	1 455	591	5 952	1 121	2 733
Other operating income	613	69	2 365	470	761
Cost of goods sold	-1 131	-191	-1 994	-647	-1 493
Other external expenses	-2 990	-3 575	-11 387	-8 997	-12 430
Personnel expenses	-2 060	-1 655	-6 395	-5 678	-7 634
Depreciation and amortization	-207	-87	-551	-246	-343
Other operating expenses	-839	-700	-2 396	-1 654	-2 122
Operating result / EBIT	-5 159	-5 548	-14 406	-15 631	-20 528
Financial net	-311	134	-792	194	278
Result before tax	-5 470	-5 414	-15 198	-15 437	-20 250
Tax	0	0	0	0	0
Result for the period	-5 470	-5 414	-15 198	-15 437	-20 250

Balance Sheet - Parent Company

SEK thousands	31 May 2024	31 May 2023	31 Aug 2023
Assets			
Fixed Assets			
Intangible fixed assets	45 747	47 952	43 554
Shares in group companies	4 000	4 000	4 000
Receivables from group companies	9 178	5 262	5 930
Total Fixed Assets	58 925	57 214	53 484
Current Assets			
Inventory	6 346	1 506	2 105
Other receivables	10 434	2 150	6 440
Cash and bank balances	12 868	12 764	7 878
Total Current Assets	29 648	16 420	16 423
Total Assets	88 573	73 634	69 907
Equity and Liabilities			
Equity	53 560	55 470	50 691
Liabilities			
Long-term Liabilities	12 135	12 953	11 769
Short-term Liabilities	22 878	5 211	7 447
Total Liabilities	35 013	18 164	19 216
Total Equity and Liabilities	88 573	73 634	69 907

Financial calendar

Year-end report June 2024 – August 2024	9 Oct 2024
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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