

JANUARY-MARCH 2020

- Sales according to expectations
- Net sales amounted to SEK 38,7 million (32,6), an increase of 18%
- Operating profit (EBIT) amounted to SEK 187 thousand (845)
- Profit after tax amounted to SEK 410 thousand (642)
- Equity ratio is 58% (32%)
- Sales of technology products amounted to SEK 1,69 million (0)
- Visma.Net cloud based financial system implemented and operational
- Appointment of Jessica Larsson as interim Chief Financial Officer
- PipeDrive CRM implemented for sales forecasting and customer relationship management
- Earnings per share 0,041 (1 284)

COVID-19

The COVID-19 outbreak has had a serious impact on the markets that we operate in and is expected to have a negative effect on demand and supply chain logistics among customers. There is a high level of uncertainty in customer forecasting for the remainder of 2020 and the availability of key materials for manufacturing of pharmaceutical ingredients. These areas are being monitored and solutions are being negotiated with customers and suppliers.

KEY FIGURES Q1

	January-March 2020	January-March 2019	Full Year 2019
Operating Highlights			
Net sales, TSEK	38 793	32 620	127 569
EBITDA, TSEK	2 855	3 508	13 393
EBITDA margin, %	7%	11%	11%
Operating profit, TSEK	187	845	136
Net profit/loss for the period, TSEK	410	642	747
Earnings per share, SEK	0,041	1 284	1 494
Operating cash flow, TSEK	8636	2 537	-7 085
Operating cash flow per share, SEK	0,8636	5 074	-14 170
Equity ratio, %	58%	32%	54%
Net debt, TSEK	-21 065	-67 459	-27 821

FIRST QUARTER 2020

With revenues of 38,7MSEK in the first quarter we report high sales in the first quarter. The growth was mainly driven by the increased manufacturing revenues in API and the continued supply of the medical device EmboCept S® that was launched in the last quarter of 2019. Increased demand for development and analytical chemistry services is a further driver in the quarter. The integration of Adroit Science AB in December 2019 is further contributing to the revenues in the quarter. Inventory value decreased with around -4 457 TSEK due to the recalculation of the overhead costs under the IAS2 accounting standard. The inventory impact is expected to fade away during the year. Market conditions remained generally favorable and the underlying business performed in line with plans.

In manufacturing we continued to see demand in line with expectations. We have made good progress to overcome the forecasting and customer ordering planning difficulties for APIs that we saw in the early quarters of 2019. Our global development services gained business momentum in the quarter and contributed to growth and improved performance in development services. While sales growth was generally good, we are seeing materially softer demand of several products as supply chains and medical demand slows as a result of the COVID-19 epidemic.

All our facilities remain operational and we have not experienced any significant disruption arising from issues related to COVID-19 operationally. Although, we are noticing a slowdown in the sales of medical devices that are used in the surgical sector and some drug substances that we manufacture and supply to territories that are adversely affected by the global lockdowns.

Royalties received from our longstanding royalty agreement for the Arista medical device are better than expected for the quarter by around 5MSEK. A slowdown in sales of the product are anticipated for the remainder of 2020 that will have a downward impact on royalty revenues for the remainder of the year.

The markets we operate in remain competitive but at the same time providing both growth and new business opportunities. In 2019 we invested heavily in our facilities, capabilities and increased our capacities and we will continue with our growth-driving strategies, including further optimisation and improvements of our structure, to support new business, especially in the service areas, where demand is expected to be high.

During the quarter our R&D efforts on our technology continued in accordance with our pipeline. Projects remain on track and we expect the next round of Notified Body product registration audit to be on track for the second quarter.

Justin Pierce, CEO Magle Chemoswed



"The site and facilities investments completed in 2019 are fully implemented and ready to support our growth strategy"



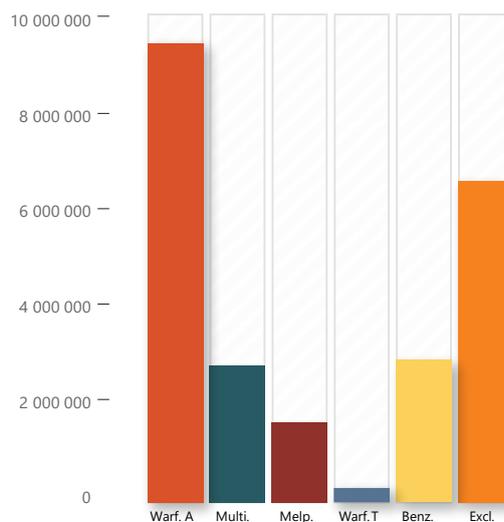
Magle Chemoswed offers commercial active pharmaceutical ingredients and medical device manufacturing under full cGMP conditions with speed, efficiency and dedication to quality.

MANUFACTURING SERVICES

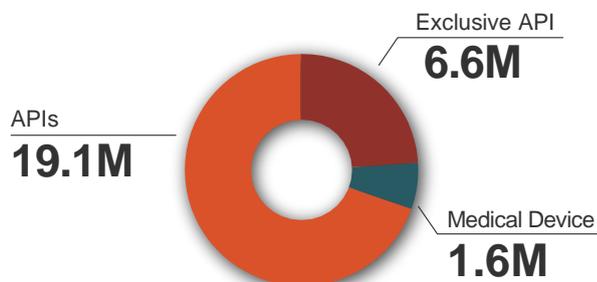
Manufacturing services covers the manufacturing of active pharmaceutical ingredients on a contract manufacturing basis for exclusive and non-exclusive customers. Manufacturing also covers medical device for customers and for the company's owned medical device products.

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Sales for the period showed an increase of 21 percent compared with the corresponding period last year, an increase to SEK 27,41 million compared to SEK 22,57 million in 2019. The increased revenues include SEK 1,69 million from sales of medical devices (0) based on the company technology and an increased API manufacturing under an exclusive license accounting for SEK 6,6 million (0).



Manufacturing	January-March 2020	January-March 2019
Revenues (TSEK)		
APIs	25 720	22 575
Medical Devices	1 698	0
Total	27 418	22 572





Magle Chemoswed offers contract development and analytical chemistry services. We pride ourselves in having a highly experienced and flexible team on our service segment with a dedication to quality and a wide range of services all carried out on-site by our dedicated team.

DEVELOPMENT SERVICES

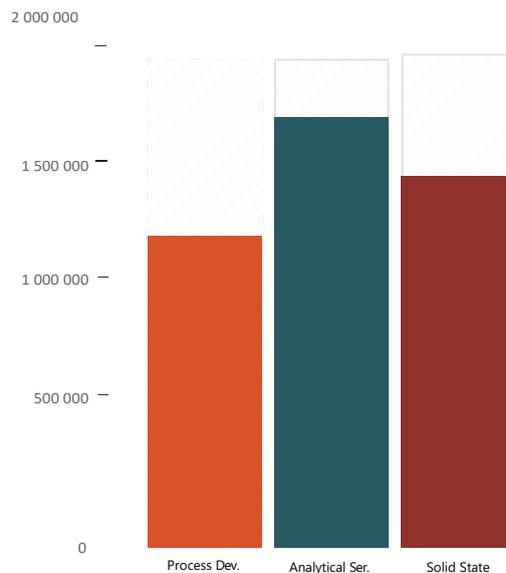
Development services covers a wide range of services, including the development of chemical processes, analytical methods for product release, product

Characterization and solid state analytics support alongside our formulation experts.

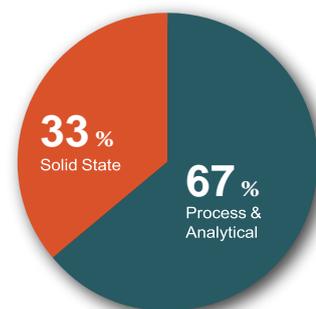
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Sales for the period showed a decrease of 46 percent compared with the corresponding period last year, a decrease of SEK 3,8 million to SEK 4,5 million compared to SEK 8,4 million in 2019. The decreased revenues are a result of clinical manufacturing revenues no longer being reflected as development services, in the first quarter of 2019 this amounted to SEK 2,9 million. Clinical

manufacturing is now recognised under exclusive manufacturing as a revenue. Solid state services account for SEK 1,52 million (0).



Development	January-March 2020	January-March 2019
Revenues (TSEK)		
Process & Analytical	3 049	8 454
Solid State	1 528	0
Total	4 577	8 454



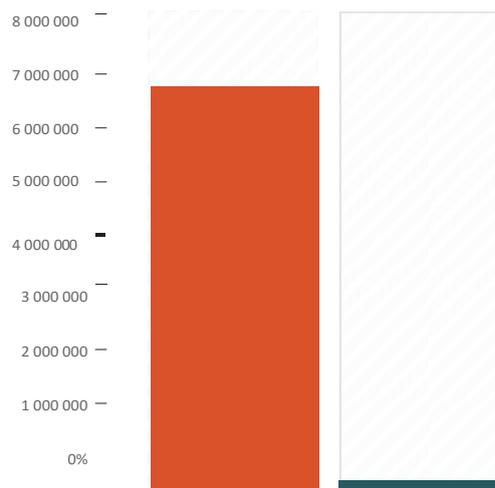
Magle Chemoswed has a long-term license agreement with Medafor Inc. a Becton Dickinson Inc. company. Magle Chemoswed receives a royalty in return for the use of its technology in a hemostatic medical device.

TECHNOLOGY ROYALTY

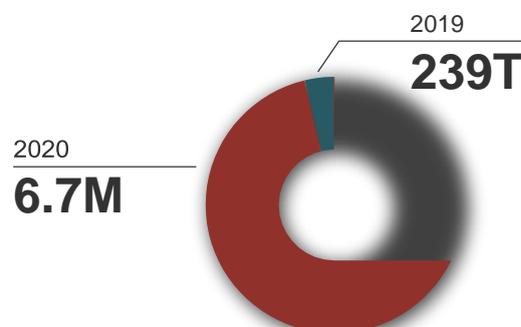
The technology royalty is paid quarterly in arrears within 30 days of the close of the quarter. The agreement is a long term agreement and is based on royalties paid on goods manufactured during the period.

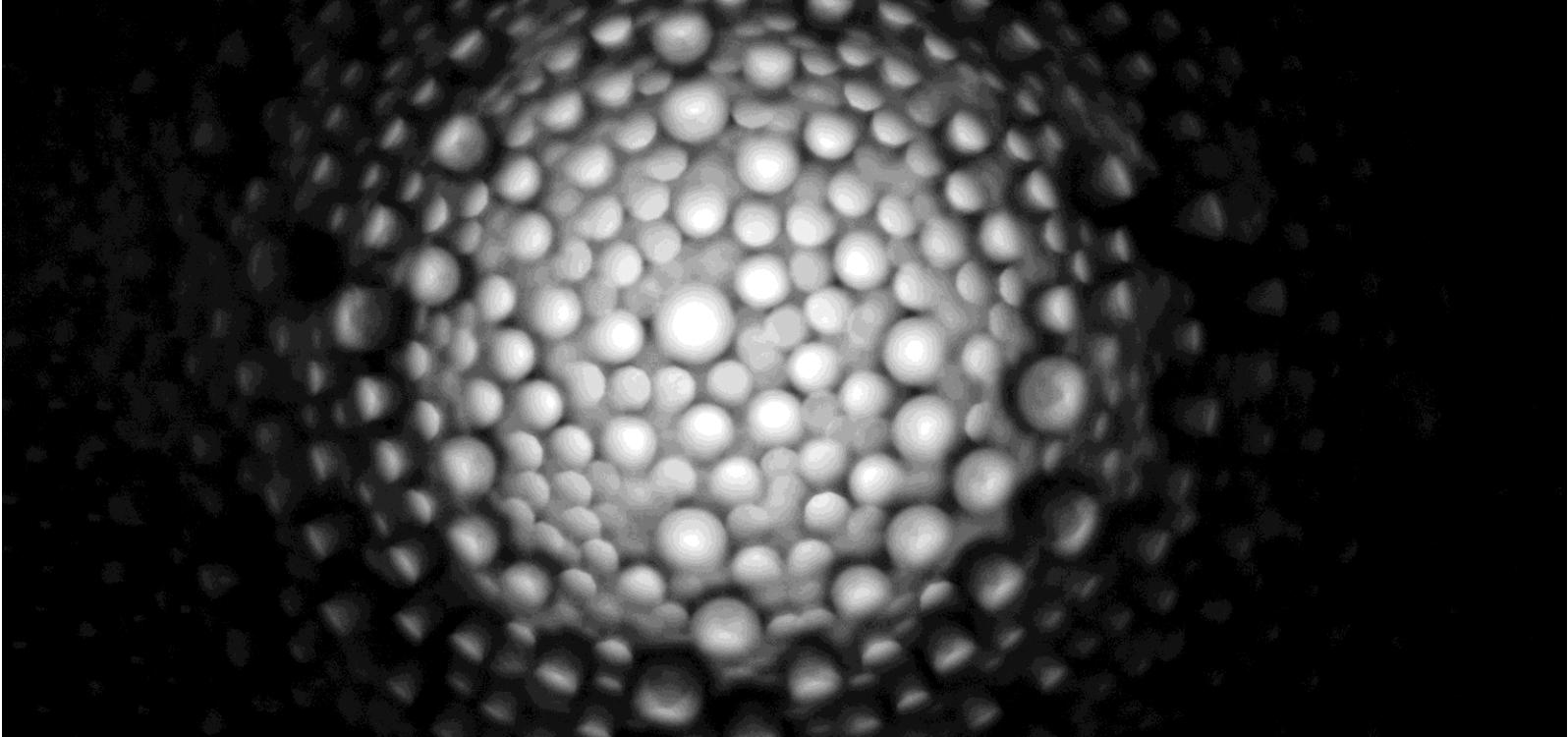
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The technology royalty for the period showed an increase of 2 774 percent compared with the corresponding period last year, an increase of SEK 6,5 million to SEK 6,8 million compared to SEK 239 thousand in 2019. The increased revenues are a result of more stable manufacturing of the licensed technology and larger batch sizes being delivered. Under IFRS 15 the portion of the royalty revenue that relates to the agreement's annual minimum amount is reported at the time of fulfillment of the performance commitment, and therefore the minimum is adjusted by 750.000 USD.



Royalty	January-March 2020	January-March 2019
Revenues (TSEK)		
Technology Royalty	6 798	239
Total	6 798	239





Magle Chemoswed continues to find innovative solutions to pressing medical needs providing a rich and exciting pipeline that will provide valuable solutions to patients and healthcare providers in the future and contribute to sustainable growth of the Company.

TECHNOLOGY PLATFORM

The technology is based on purified starch which is reformulated through chemical processes to provide starch microspheres with desirable properties. The technology supports formulation methods in combination with proteins, peptides, drug and stem cells in various therapeutic areas.

SMARTGEL

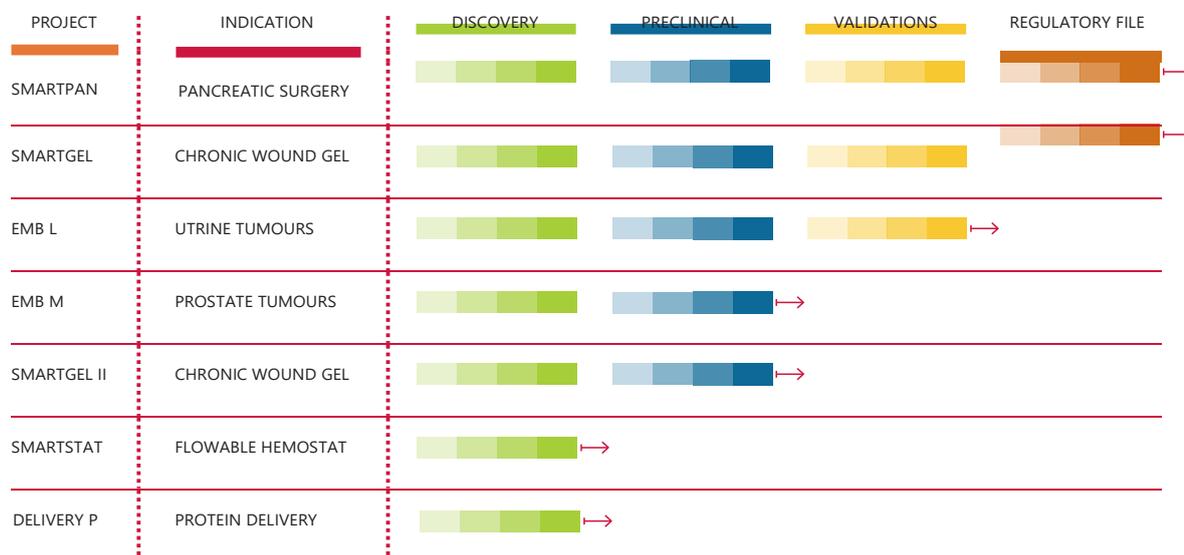
The medical device technical file is under review by a European Notified Body for approval to market the medical device under the CE certification for medical devices in Europe. The device is indicated for the treatment of chronic wounds and will be manufactured entirely in-house and distributed through a marketing partner.

SMARTPAN

SmartPan is indicated for use in pancreatic surgeries and is used to detect and indicate where pancreatic fluid leakage is occurring following suturing. The device technical file is under review by a European Notified Body for approval to market the medical device under the CE certification for medical devices in Europe.

RESEARCH AND DEVELOPMENT

Research and development is according to plan and following the pipe- line. In conjunction to this there are two drug delivery discovery projects under investigation with strategic partners incorporating their new drug candidates.



net sales

Net sales amounted to TSEK 38 793 (32 620), an increase of 19 percent compared with the same period previous year. The API revenues decreased by 7 percent to TSEK 20 936 (22 572). Sales in CDMO services increased by 11 percent to TSEK 9 361 (8 454). Medical device sales were at TSEK 1 698 (0). The technology royalties for the period were TSEK 6 798 (239). The currency translation effect was positive by TSEK 360 (145).

raw materials, consumables

Raw materials and consumables amounted to TSEK 13 627 (9 229), which resulted in a gross margin of 64,4 percent (59,4), as effect of a favorable product mix.

other external expenses

Other external expenses amounted to TSEK 8 296 (8 609), which resulted in a decrease of 4 percent (17).

personnel costs

Staff costs totaled to TSEK 16 584 (12 314). Personnel costs increased by 35 percent to TSEK 16 584, driven by the expansion of the project management organization and increased development activities.

research and development

Research and development costs amounted to TSEK 1 880 (3 564), a decrease of 47 percent. Staff costs corresponded to TSEK 879 (794). Other expenses totaled TSEK 1001 (2 770).

other operating income, expenses

Other operating income and expenses consisted mainly of exchange gains and losses on operating assets and liabilities and sale of media to neighboring business. Other operating income amounted to TSEK 2 569 (1 040) and other operating expenses amounted to TSEK 0 (0) for the quarter.

operating result

Operating profit amounted to TSEK 187 (845)

net financial items

Net financial items amounted to TSEK 351 (-28). Interest was charged in the quarter amounting to TSEK 92. The corresponding period last year was charged with interest expenses of TSEK 294.

profit/loss for period

For the reasons explained above, the profit/loss for the first quarter amounted to TSEK 410 (642), which corresponds to earnings per share of SEK 0,041 (1 284).

Financial Position	31 March 2020	31 March 2019
TSEK		
Cash & cash equivalents	2 684	1 249
Interest-bearing debt	12 153	11 461
Net debt	9 648	10 212
Equity	113 516	51 700

Cashflow	31 March 2020	31 March 2019
TSEK		
Operations	8 636	2 537
Investing activities	-1 915	-7 155
Financing activities	-7 331	3 851

OTHER DISCLOSURES

this report

This report has not been reviewed by the company's auditor.

assurance

The CEO confirm that this interim report provides a true and fair view of the development of the group's and company's operations, position and performance, as well as describing material risks and uncertainties faced by the companies that form part of the group.

Justin Pierce, CEO

Condensed consolidated income statement

	January-March 2020	January-March 2019	January-Dec. 2019
TSEK			
Revenues			
License revenues	6 798	239	29 273
API revenues	25 720	22 572	69 520
Services revenues	4 577	8 454	28 195
Medical devices	1 698	0	581
Work performed by the company for its own use and capitalized	0	1 355	4 214
Other revenues	2 569	1 040	7 706
Total	41 362	33 660	139 489
Expenses			
Raw materials and consumables	-13 627	-9 229	-27 576
Other external expenses	-8296	-8609	-38416
Personnel costs	-16 584	-12 314	-57 345
Depreciation and amortization	-2 668	-2 663	-13 257
Other operating expenses			-2 759
Total operating expenses	-41 175	-32 815	-139 353
Operating profit/loss	187	845	136
Profit/loss from financial items			
Financial income	443	266	1 473
Financial expenses	-92	-294	-546
Profit before tax	538	817	1 063
Taxes for the period	-128	-175	-316
Net profit/loss for the period	410	642	747

Condensed consolidated statement of comprehensive income

	January-March 2020	January-March 2019	January-Dec. 2019
TSEK			
Profit/loss for the period	410	642	747
Other comprehensive income			
Items to be reclassified to profit or loss in subsequent periods			
Exchange differences			72
Total comprehensive income for the period	410	642	819

Earnings per share

	January-March 2020	January-March 2019	January-Dec. 2019
TSEK			
Equityholders of the parent			
Earnings per share before dilution	0,041	1 284	1 494
Earnings per share after dilution	0,041	1 284	1 494
Profit/loss for the period TSEK	410	642	747
Average number of shares, thousands	10 000	0,5	0,5

Condensed consolidated balance sheet

	31 March 2020	31 March 2019	31 Dec. 2019
TSEK			
ASSETS			
Intangible assets	27 159	13 779	27 998
Tangible assets	102 102	67 874	102 090
Deferred tax asset	1 494	6 352	1 437
Other non-current assets	55	0	3 277
Total non-current assets	130 810	88 005	134 802
Inventories	16 773	29 910	27 243
Trade receivables	17 634	19 018	18 424
Other operating receivables	29 150	22 089	28 515
Cash and cash equivalents	2 683	1 249	3 294
Total current assets	66 240	72 266	77 476
TOTAL ASSETS	197 050	160 271	212 278
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent	113 516	51 700	113 659
Liabilities to credit institutions	4 688	4 938	4 750
Leasing debt	2 546	2 134	3 057
Deferred tax liability	3 676	6 338	4 992
Total non-current liabilities	10 910	13 410	12 799
Liabilities to credit institutions	3 060	1 667	10 365
Leasing debt	1 858	2 722	800
Trade payables	20 907	13 506	17 190
Other operating liabilities	46 799	77 266	57 465
Total current liabilities	72 624	95 161	85 820
TOTAL EQUITY AND LIABILITIES	197 050	160 271	212 278

Consolidated statement of changes in equity

	Share capital	Other paid in capital	Reserves	Retained earnings incl. P/L for year	Total equity
TSEK					
As at 1 January 2019	50	36 834	-72	13 860	50 672
Profit/loss as at 31 March 2018				642	642
Other comprehensive income as at 31 March 2019				386	386
Equity as at 31 March 2019	50	36 834	-72	14 888	51 700
As at 1 January 2020	50	98 927	0	14 682	113 659
Profit/loss as at 31 March 2020				410	410
Other comprehensive income as at 31 March 2020	450			-1003	-553
Equity as at 31 March 2020	500	98 927	0	14 089	113 516

Consolidated statement of cashflows

	January-March 2020	January-March 2019	January-Dec. 2019
TSEK			
Operating profit/loss	186	845	136
Non-cash adjustments:			
- Sale of subsidiary company			290
- depreciation	2 668	2 663	13 257
Interests received	146	266	266
Interests paid	-92	-294	-274
Income tax paid	-301	-584	931
Net cash flows from operating activities before changes in working capital	2 607	2 896	14 606
Changes in working capital	6 029	-359	-21 691
Net cash flow from operating activities	8 636	2 537	-7 085
Acquisition of subsidiary company			-11 733
Investments in intangible assets	-18	-1 640	-3 160
Investments in tangible assets	-1 897	-5 515	-51 707
Net cash flows from investing activities	-1 915	-7 155	-66 600
Loans raised		4 938	14 948
Repayments of bank loan	-6 952	-417	-1 917
Repayments of leasing	-379	-670	-386
Shareholders contribution			62 093
Net cash flow from financing activities	-7 331	3 851	74 738
Net cash flow	-610	-767	1 053
Cash and cash equivalents at beginning of period	3 294	2 016	2 241
Cash and cash equivalents at end of period	2 684	1 249	3 294

Condensed parent company income statement

	January-March 2020	January-March 2019	January-Dec. 2019
TSEK			
Net sales		7 192	45 220
Other revenues	74	2 007	233
Total	74	9 199	45 453
Other external expenses	-153	-466	-2586
Personnel costs	-1 153	-1 606	-6 901
Depreciation and amortization		-41	-
Other operating expenses		-	-82
Operating profit/loss	-1 232	7 086	35 884
Net financial items	-8	251	-168
Profit loss after financial items	-1 240	7 337	35 716
Appropriations			-35650
Taxes for the period	0	-1570	-27
Net profit/loss for the period	-1 240	5 767	39

Condensed parent company balance sheet

	March 2020	March 2019	Dec. 2019
TSEK			
ASSETS			
Non-current assets	44 645	32 330	44 627
Other receivables	132 836	88 304	127 423
Prepaid expenses	106	547	11 983
Cash and cash equivalents	219	678	2
TOTAL ASSETS	177 806	121 859	184 035
EQUITY AND LIABILITIES			
Equity			
Restricted equity	500	50	50
Unrestricted equity	69 590	8 822	71 283
Total equity	70 090	8 872	71 333
Current liabilities	107 716	112 987	112 702
TOTAL EQUITY AND LIABILITIES	177 806	121 859	184 035

note 1

GENERAL INFORMATION, ACCOUNTING PRINCIPLES

This interim report was prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The parent company's reporting has been prepared in accordance with RFR 2, Reporting for Legal Entities, and the Swedish Annual Accounts Act. Accounting principles have been applied as reported for the Annual Report per 31 December 2019. New or amended standards or interpretations of standards effective as of 1 January 2020 have not had any significant impact on Magle Chemoswed's financial statements.

note 2

SIGNIFICANT RISKS AND UNCERTAINTIES

The Group is exposed to various financial risks. The business is impacted by many factors that could affect the Group's result and financial position. It is Magle Chemoswed's strategy to continuously identify and manage risks.

note 3

TRANSACTIONS WITH RELATED PARTIES

The financial reports include costs related to the following transactions between Magle Chemoswed and related parties.

		Jan-Mar	
Related party	Service	2019	2018
Crowberry Group AB (Hedvig Lidgard Ström, board member)	Consultancy	113	0

note 4

FINANCIAL ASSETS AND LIABILITIES

Fair values of current financial assets and liabilities are assessed agree with values accounted for.

note 5

SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the function responsible for allocating resources and assessing the performance of the operating segments. In the Magle Chemoswed Group, the CEO has been identified as the chief operating decision maker who evaluates the Group's financial position and performance and makes strategic decisions. The CEO analyzes and monitors the business performance based on the Group as a whole. The assessment is thus that the Group's operations consist of one operating segment.

Note 6

NUMBER OF SHARES

Ordinary Shares

31 December 2019	500
31 March 2020	10 000 000

Share split was made on 27th of March 2020.



Definitions

Magle Chemoswed uses Alternative Performance Measures (APM) to enhance understandability of the information in the financial reports, both for external analysis and comparison and internal performance assessment.

Alternative Performance Measures are key figures not defined in financial reports prepared according to IFRS. The following key figures are used:

sales growth

The difference in net sales between two periods in relation to net sales for the earlier period. Shows the operations sales performance.

interest bearing debt

Borrowings from banks, financial institutions and lease liabilities, short and long term. Shows the debt level of the group and forms the base for interest expenses.

net debt

Interest bearing debt minus cash and cash equivalents. Shows the group's net debt and is used to measure the leverage level of the group.