

30 MAY 2018

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# First quarter 2018

PRESENTED BY TOM RÖNNLUND, CEO

Q1 2018

# Q1 Summary

- Navamedic reported revenues of NOK 42.6 million, compared to NOK 78.2 in Q1 2017
- The Q1 2018 revenues decreased by 4.0 % compared to Q1 2017, excluding Aspen products.
- Strengthened gross margin to over 30%, improvement through growth in higher margin products
- Launch of anti-obesity drug Mysimba® well underway in the Nordics to strong feedback from clinicians and patients
- Quarterly EBITDA affected by 4.1 MNOK in expenses relating to strategic process
- Subsequent events:
  - Strengthened international IP position with two new patents in the U.S. for the Sippi® base technology and for Sippcoat®
  - Finalisation of Sippi® wireless connectivity to Patient Data Monitoring Systems (PDMS), the first on the market. Backlog of clinics across Europe awaiting testing
  - Appointed a renowned advisor for the process of maximizing the value of Sippi® and is evaluating several strategic alternatives for the global Sippi® launch

| (NOK million)     | Q1 2018 | Q1 2017 |
|-------------------|---------|---------|
| Revenue           | 42.6    | 78.2    |
| Gross profit      | 12.9    | 17.3    |
| Gross margin      | 30.3%   | 22.1%   |
| EBITDA            | -5.0    | 3.3     |
| EBIT              | -6.6    | 0.1     |
| Result before tax | -7.6    | -2.7    |
|                   |         |         |
| Cash              | 8.3     | 15.9    |
| Total assets      | 214.5   | 292.7   |
| Equity            | 80.9    | 104.2   |
| Equity ratio      | 37.7%   | 35.6%   |

# This is Navamedic

Navamedic ASA is a Norwegian medtech and pharmaceutical products company, delivering products to patients, hospitals and pharmacies in the Nordic and selected European markets. The Group's Medtech business has developed and is currently introducing the next generation of digital urine meter Sippi®. Navamedic's Pharma and Healthcare business segment is a distributor of products supplied by a number of pharmaceutical manufacturers. Navamedic is listed on the Oslo Stock Exchange (ticker: NAVA)



## Pharma & Healthcare

Marketing and distribution of pharmaceuticals, non-prescription drugs and healthcare products

- Well-established market position and track record, main focus on Nordic region
- Strategic partnership and distribution agreements providing cash flow and margins
- Products are sold to pharmacies, hospitals and to medical professionals



## Medtech

Navamedic Medtech's vision is to develop innovative technology products that benefit patients and healthcare professionals

- Global potential for next generation digital urine measurement, the Sippi® product family
- Innovative, patented technology addressing a global market need
- Ongoing commercialisation with multiple future revenue streams and significant annual long-term revenue opportunity

# Recognised pharma and healthcare distribution platform

Well-established market position and track record in the Nordic region and select European markets

Navamedic is today actively selling pharma products in 13 European markets

Nordic region covered with direct presence

Eight additional European countries covered with established partners



## Cardiology/GP



IMDUR



NITROLINGUAL



GONITRO



MYSIMBA

## Urology



4DRYFIELD



SILDENAFIL



URACYST

## Medical nutrition



PKU



GLUCOSADE



TYR

## Women's health



AMNISURE



ELLEN



NIPT



PARTOSURE

## Dermatology



ALLERGEAZE



NYDA



FINN CHAMBERS



TRUE TEST



WOULGAN



BETTAMOUSSE

## Other



GELOREVOICE



SNOREEZE



SUPERSEAL



DENTOFIX



AFTAMED

The background features a collage of light blue and white patterns, including a grid of circles, a grid of squares, and a grid of squares containing various medical icons like a microscope, a heart, and a DNA helix. In the foreground, several white, round, tablet-like pills are scattered on a light blue surface. One pill is standing upright on the left, while others are lying flat or slightly tilted in the center and right.

# Pharma and healthcare

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COMMERCIAL UPDATE

# Pharma and healthcare commercial update

- Reported revenues in Q1 2018 in line with expectations following the discontinuation of the Aspen agreement by 30 June, 2017
- Excluding Aspen products, Q1 2018 represented a revenue decrease of 3.9% compared to Q1 2017.
- New product launches performing ahead of expectations, contributing to improved gross margin
- The change in revenues is impacted by generic competition on one low margin product and temporary supply issues in mature brands
- EBITDA affected by strategic process project cost of NOK 4.1 million in Q1 2018
- Year 2018 important transition year with focus on building a solid base portfolio of licensed and distributed products with longer contractual periods, higher gross margins and strong growth outlook.

| (NOK million)                              | Q1 2018    | Q1 2017    |
|--|------------|------------|
| Revenue                                    | 42.6       | 78.1       |
| Gross profit                               | 12.9       | 17.5       |
| Gross Margin                               | 30.3%      | 22.3%      |
| EBITDA                                     | -2.7       | 5.5        |
| EBITDA margin                              | -6.3%      | 7.1%       |
| <i>EBITDA excl. strategic project cost</i> | <i>1.4</i> | <i>5.5</i> |

## Rapidly launching new products



# Strategic project update

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- Navamedic entered a competitive process of acquiring a portfolio of products with yearly revenues beyond 600 MNOK, a transaction which would have been transformative for Navamedic
- Total valuation of the portfolio came in well over NOK 2.0 billion. While Navamedic was unable to compete with the final valuation, the company participated in the auction to the end, with a bid financed through well-known Norwegian investors
- Navamedic will continue to evaluate ambitious opportunities for acquisitions of portfolios or companies with products matching the company's competence and distribution power
- The strength of Navamedic's Nordic distribution network was very much visible in the project process and was a confirmation for the company that continued focus to buy and build in combination with organic growth is the most viable way forward to move Navamedic to the next level

# Pharma and healthcare product portfolio

| Products          | Growth:<br>Q1 2018 vs Q1 2017 | Growth:<br>Moving Annual Total** |
|-------------------|-------------------------------|----------------------------------|
| Mysimba*          | +51.2%                        | N.A.                             |
| Medical Nutrition | +1.1%                         | +6.6%                            |
| Uracyst           | -6.0%                         | +1.3%                            |
| Nitrolingual      | +8.5%                         | +43.0%                           |
| Imdur             | -17.3%                        | N.A.                             |
| Woulgan           | +77.7%                        | +143.6%                          |

\*Q1'18 vs Q4'17  
 \*\*Rolling 12 months  
 Q2/16 - Q1/17 vs  
 Q2/17 - Q1/18



**Mysimba®** - strong sales uptake, even after pharmacy stock up in Q4 2017. Sales of approximately NOK 1.5 mill in Q1 - great uptake after short period on the market.



**Uracyst®** - experienced temporary supply issues during first quarter. Underlying demand still strong, expecting improvement throughout they year



**Nitrolingual®** – continued strong performance in light of favourable competitive situation combined with pricing tactics



**Imdur®** - continued pressure from generic competition on 30 mg tablet in the Nordic region. Quarterly sales was NOK 16 mill, initiation of Imdur in Greece planned for Q3 will support higher sales.



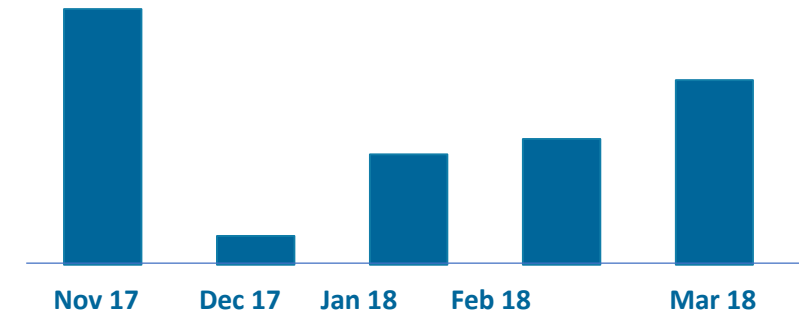
**Woulgan®** - continued growth, albeit from low levels. Positive feedback from tenders in Sweden as well as successful establishment of unique tender position in additional upcoming county council tenders provides foundation for continued growth



# Mysimba® represents significant market potential



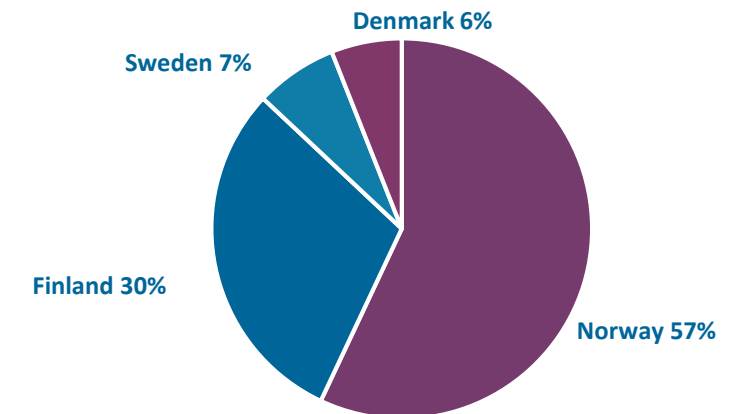
Mysimba®  
Units by month since launch



First prescription anti-obesity drug to gain EU approval in over 10 years. High launch activity across the Nordic region during the quarter, product continuing to show significant market potential

- Centrally-acting anti-obesity pharmaceutical believed to affect two separate areas of the brain, the hunger centre and the reward system, to reduce hunger and control cravings
- Addresses large unmet medical need. Nordic clinical obesity specialists positive to availability of additional treatment options for patient group
- Active attendance by Navamedic at medical congresses, symposiums and meetings, reaching thousands of treating clinicians
- Norway best performing market so far into the launch, quickly achieving a 15% unit market share.

Mysimba® Q1 2018 Nordic launch performance by unit sale distribution



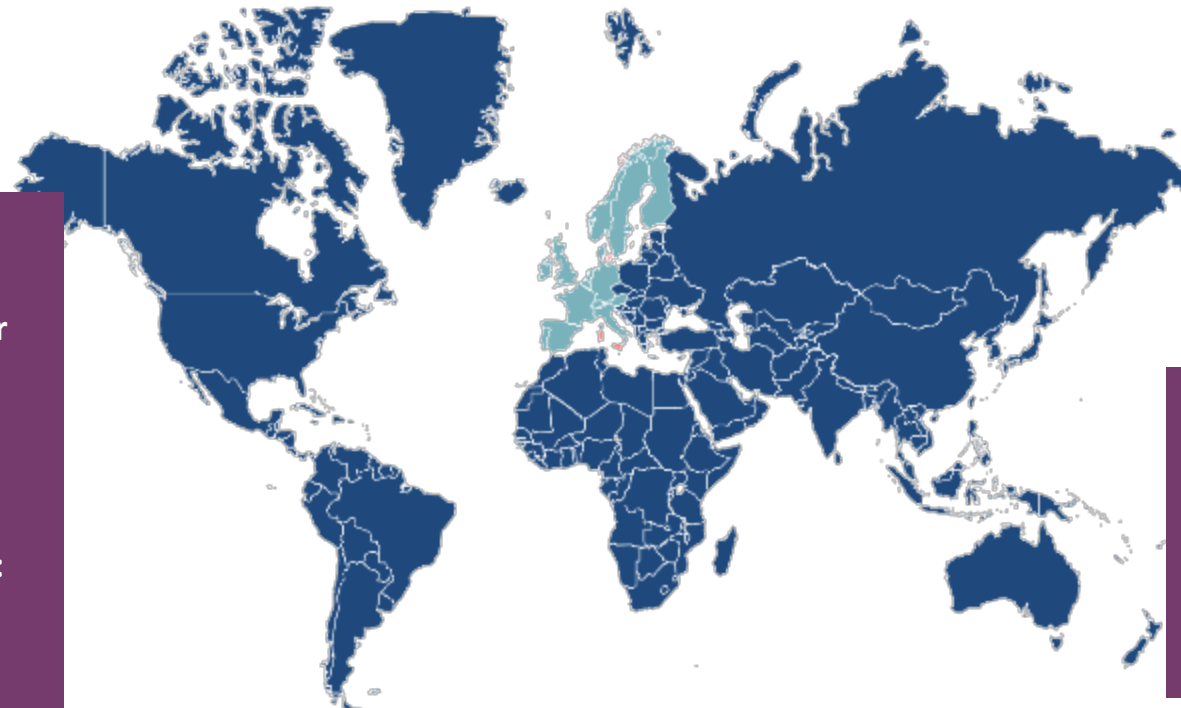
A medical device with a digital display and a clear plastic bag labeled 'sippi' are hanging from a metal bar. The device is white and blue, and the bag is clear with blue markings and the 'sippi' logo. A clear tube connects the device to the bag.

# Medtech

## COMMERCIAL UPDATE

# Sippi® market potential

Prioritised EU markets  $\approx$  50,000 ICU beds  
Volume measurements per month  $\approx$  400,000 - 500,000  
Assumed market value: EUR 50 million



Total ICU beds globally:

Volume measurements per  
month  
 $\approx$  2 – 2.5 million

Estimated current market  
value with old technology:  
> EUR 200 million

Additional potential:

Sippi® in adjacent segments,  
assumed market value of  
EUR 200 million

# Medtech commercial update

## Sippi® - a major global opportunity

Post period: Strengthened international IP position with two new patents in the U.S., yielding major licensing opportunities and positioning Navamedic for an accelerated growth path in a multi-million market. Patents granted:

1. **Sippi® base technology** for using capacitance as a volume measurement and silicone oil as surface protection in digital urine handling systems.  
Global addressable market of > \$200 million
2. **Sippcoat®** use in body fluid handling system to prevent bacteria migration.  
Global addressable market of > 500 million urine bags annually



**Sippi® - a new standard for urine monitoring by enabling automated digital measurement.**

**Sippi® also prevents biofilm build-up via its proprietary technology and alerts healthcare professionals if biofilm reaches critical levels**



# Setting the stage for accelerated Sippi® growth

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Based on market feedback and continued developments during 2017 and during the first quarter of 2018, Navamedic expects Sippi® to thrive in two areas:  
wireless connectivity to Patient Data Monitoring Systems (PDMS), and controlling the risk of intraluminal induced urinary tract infections (UTIs), a major challenge to the healthcare system

## Subsequent events set the stage for Sippi's global market potential:

- Navamedic announced the finalisation of Sippi® wireless connectivity to Patient Data Monitoring Systems (PDMS), the first on the market
- Current backlog of 30 clinics across Europe awaiting testing
- Appointed renowned advisor for process of maximising the value of Sippi®. Currently evaluating several strategic alternatives for the global Sippi® launch

# Outlook

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Leveraging the Navamedic platform

# Leveraging our growth platform



- Solid, cost effective and attractive licensing and distribution platform
- Regulatory, market access and sales/marketing capabilities
- Great launch experience – well positioned for new product opportunities
- Long term partnerships on critical products – foundation for future growth
- Active strategy to license, acquire and partner new products in attractive segments



- Unique patented technology targeting global market opportunity in Intensive Care and beyond – Sippi product family
- Early stages of commercialisation with imminent opportunities for accelerated growth
- First available dedicated urine volume measurement system with wireless data transfer – Sippi
- Additional product opportunities in preventing bacteria migration in body fluid collection systems - Sippcoat
- Navamedic seeking collaboration with strategically well positioned partners to accelerate commercialisation
- Internationally renowned advisor engaged to accelerate partner search

# Outlook

## Pharma and healthcare:

- Navamedic is building a leading Nordic pharmaceutical and medical device business through product acquisitions, license and distribution agreements in attractive therapeutic areas
- Driven by new launches, target of bringing the company back on an accelerated growth track in the medium term perspective
- Launch of Mysimba® well underway, strong initial interest from physicians and positive sales start in the Nordics reaffirms the potential of the product
- Second high-potential product, Elmiron®, first market availability expected during Q2 with subsequent launches throughout the Nordics in fall
- These new, innovative products represents a combined annual peak sales potential of NOK 100-150 million in the Nordic region
- Additional revenue potential from new partnerships on GoNitro® and Zorflex®
- Company actively pursuing multiple opportunities for additional products with launches scheduled for next 6-18 months

## Medtech:

- Navamedic is developing its proprietary product, Sippi®, offering a new standard for urine monitoring in hospitals by enabling automated digital measurement, creating opportunities for multiple future revenue streams
- The Sippi® product family holds significant future revenue potential for Navamedic
- The key to faster sales uptake of Sippi is wireless PDMS-connection, finalised recently and moving into clinical testing in Q2. Large pipeline of hospitals waiting for testing and implementation
- The company has appointed a renowned advisor for the process of maximizing the value of Sippi® and is evaluating several strategic alternatives for the global Sippi® launch



# Q&A

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Welcome back to our Q2 2018 presentation 24 August 2018

# Financials

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# Extracts from consolidated comprehensive income

| (NOK million)              | Q1 2018 | Q1 2017 | FY 2017 |
|----------------------------|---------|---------|---------|
| Revenue                    | 42.6    | 78.2    | 257.9   |
| Gross profit               | 12.9    | 17.3    | 70.3    |
| Gross margin               | 30.3%   | 22.1%   | 27.2%   |
| Operating costs            | -17.9   | -14.0   | -63.3   |
| EBITDA                     | -5.0    | 3.3     | 7.0     |
| EBITDA margin              | -11.8%  | 4.2%    | 2.7%    |
| EBIT                       | -6.6    | 0.1     | -10,6   |
| Net profit                 | -7.3    | -2.7    | -15,5   |
| Total comprehensive income | -15.8   | -1.5    | -9.0    |

# Extracts from consolidated financial position

| (NOK million) Unaudited | 31.03.2018 | 31.03.2017 | 31.12.2017 |
|-------------------------|------------|------------|------------|
| Non-current assets      | 118.0      | 131.6      | 125.9      |
| Other Current assets    | 88.3       | 145.3      | 91.2       |
| Cash at hand, in banks  | 8.3        | 15.9       | 30.2       |
| Equity                  | 80.9       | 104.2      | 96.7       |
| Long-term liabilities   | 39.4       | 42.8       | 38.8       |
| Short-term liabilities  | 94.3       | 145.7      | 111.8      |
| Total balance           | 214.5      | 292.7      | 247.3      |
| Equity ratio            | 37.7%      | 35.6%      | 39.1%      |

# Appendix

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# Condensed consolidated statement of comprehensive income

| (In NOK'000)           | Q1 2018        | Q1 2017        | 2017           |
|------------------------|----------------|----------------|----------------|
| Operating revenues     | 42 638         | 78 173         | 257 921        |
| Cost of materials      | -29 713        | -60 860        | -187 647       |
| <b>Gross profit</b>    | <b>12 925</b>  | <b>17 314</b>  | <b>70 273</b>  |
| Payroll expense        | -8 123         | -7 786         | -29 832        |
| Other operating cost   | -9 818         | -6 226         | -33 433        |
| <b>Operating costs</b> | <b>-17 942</b> | <b>-14 012</b> | <b>-63 265</b> |
| <b>EBITDA</b>          | <b>-5 017</b>  | <b>3 301</b>   | <b>7 008</b>   |

|                                |               |           |                |
|--------------------------------|---------------|-----------|----------------|
| Depreciation                   | -34           | -97       | -249           |
| Amortization                   | -1 565        | -3 114    | -11 507        |
| Impairment                     | -             | -         | -5 825         |
| <b>OPERATING RESULT (EBIT)</b> | <b>-6 615</b> | <b>90</b> | <b>-10 573</b> |

|  |                |               |                |
|--|----------------|---------------|----------------|
| <b>Financial income and expenses</b>       |                |               |                |
| Financial income                           | 7 011          | 1 377         | 14 454         |
| Change fair value contingent consideration | -1 074         | -1 078        | -2 618         |
| Financial expenses                         | -6 949         | -3 074        | -18 396        |
| <b>Net financial result*</b>               | <b>-1 012</b>  | <b>-2 775</b> | <b>-6 559</b>  |
| <b>RESULT BEFORE TAX</b>                   | <b>-7 627</b>  | <b>-2 685</b> | <b>-17 132</b> |
| Tax on ordinary result                     | 321            | -27           | 1 589          |
| <b>NET PROFIT / LOSS (-)</b>               | <b>-7 306</b>  | <b>-2 712</b> | <b>-15 542</b> |
| <b>Total comprehensive income</b>          | <b>-15 834</b> | <b>-1 484</b> | <b>-9 030</b>  |

\*Includes changes in loss and gains, previously reported under operating costs

# Condensed consolidated financial position

| (In NOK'000)              | 31 March 2018  | 31 March 2017  | 31 December 2017 |
|---------------------------|----------------|----------------|------------------|
| <b>Assets</b>             |                |                |                  |
| Intangible assets         | 31 544         | 41 036         | 34 630           |
| Goodwill                  | 76 918         | 78 870         | 81 969           |
| Deferred tax assets       | 8 928          | 10 713         | 8 714            |
| Tangible assets           | 572            | 962            | 600              |
| <b>Non-current assets</b> | <b>117 963</b> | <b>131 580</b> | <b>125 913</b>   |
| Inventories               | 41 740         | 72 991         | 44 698           |
| Short term receivables    | 41 041         | 68 563         | 44 376           |
| Prepaid income taxes      | 5 488          | 3 717          | 2 041            |
| Cash at hand, in banks    | 8 316          | 15 888         | 30 246           |
| <b>Current assets</b>     | <b>96 584</b>  | <b>161 158</b> | <b>121 362</b>   |
| <b>Total assets</b>       | <b>214 547</b> | <b>292 738</b> | <b>247 274</b>   |

# Condensed consolidated financial position

| (In NOK'000)                                     | 31 March 2018  | 31 March 2017  | 31 December 2017 |
|--|----------------|----------------|------------------|
| <b>Equity and liabilities</b>                    |                |                |                  |
| <b>Total equity</b>                              | <b>80 866</b>  | <b>104 246</b> | <b>96 700</b>    |
| <b>Liabilities</b>                               |                |                |                  |
| Contingent consideration                         | 27 260         | 24 646         | 26 186           |
| Long term part of license liability              | 11 789         | 12 908         | 12 043           |
| Borrowings from Financial Institutions           | 0              | 3 607          | 0                |
| Deferred tax                                     | 335            | 1 620          | 528              |
| <b>Non-current liabilities</b>                   | <b>39 385</b>  | <b>42 781</b>  | <b>38 757</b>    |
| Trade account payables                           | 50 379         | 68 003         | 72 109           |
| Short term liabilities to Financial Institutions | 20 158         | 53 463         | 12 208           |
| Short term part of license liability             | 4 266          | 2 110          | 4 266            |
| Income taxes payable                             | 985            | 3 555          | 1 347            |
| Other short term liabilities                     | 18 509         | 18 581         | 21 887           |
| <b>Current liabilities</b>                       | <b>94 297</b>  | <b>145 712</b> | <b>111 818</b>   |
| <b>Total liabilities</b>                         | <b>133 681</b> | <b>188 493</b> | <b>150 575</b>   |
| <b>Total shareholders equity and liabilities</b> | <b>214 547</b> | <b>292 739</b> | <b>247 275</b>   |



# Condensed consolidated cash flow

| (In NOK'000)  | Q1 2018        | Q1 2017       | 2017           |
|---|----------------|---------------|----------------|
| Profit/loss (-) before tax                                | -7 627         | -2 685        | -17 132        |
| Taxes paid  | -3 577         | -539          | 2 627          |
| Depreciation, amortization and impairment                 | 1 598          | 3 211         | 17 581         |
| Interest and currency without cash effect                 | 820            | 955           | 3 787          |
| Changes in inventory                                      | 2 958          | -11 648       | 16 644         |
| Changes in trade accounts receivables                     | 915            | -4 676        | 23 666         |
| Changes in trade accounts payables                        | -21 731        | 5 716         | 9 768          |
| Changes in other current items                            | -958           | 376           | 2 132          |
| <b>Net cash flow from operating activities</b>            | <b>-27 602</b> | <b>-9 290</b> | <b>59 074</b>  |
| <b>Cash flow from investments</b>                         |                |               |                |
| Purchase/disposal of tangible and intangible assets       | -281           | -332          | -6 997         |
| <b>Net cash flow from investing activities</b>            | <b>-281</b>    | <b>-332</b>   | <b>-6 997</b>  |
| <b>Cash flow from financing</b>                           |                |               | 0              |
| Short term liabilities to financial institutions          | 7 951          | -5 391        | -41 648        |
| Long term liabilities to Financial Institutions and other | 0              | 3 607         | -6 974         |
| <b>Net cash flow from financing activities</b>            | <b>7 951</b>   | <b>-1 784</b> | <b>-48 622</b> |
| Changes in currency                                       | -1 997         | 493           | -9             |
| Net change in cash  | -21 930        | -10 914       | 3 445          |
| Cash and cash equivalents start period                    | 30 246         | 26 801        | 26 801         |
| <b>Cash and cash equivalents end period</b>               | <b>8 316</b>   | <b>15 887</b> | <b>30 246</b>  |

# Segments

| (NOK mill)         | Pharma & Healthcare |         | Medtech |         | Sum Group |         |
|--------------------|---------------------|---------|---------|---------|-----------|---------|
|                    | Q1 2018             | Q1 2017 | Q1 2018 | Q1 2017 | Q1 2018   | Q1 2017 |
| Operating revenues | 42.6                | 78.1    | 0.0     | 0.1     | 42.6      | 78.2    |
| Gross profit       | 12.9                | 17.5    | 0.0     | -0.1    | 12.9      | 17.3    |
| Gross margin       | 30.3%               | 22.3%   |         |         | 30.3%     | 22.1%   |
| Operating costs    | 15.6                | 11.9    | 2.3     | 2.1     | 17.9      | 14.0    |
| EBITDA             | -2.7                | 5.5     | -2.3    | -2.2    | -5.0      | 3.3     |
| EBITDA Margin      | -6.3%               | 7.1%    |         |         | -11.8%    | 4.2%    |