

# Q1<sup>2020</sup>

## First quarter results 2020 Navamedic ASA

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## Strong growth across all product categories

REVENUE	GROSS MARGIN	EBITDA*
<b>55.6 MNOK</b>	<b>28%</b>	<b>0.9 MNOK</b>
Up 22% YoY	27% Q1 19	0.5 MNOK Q1 19

Imdur<sup>®</sup> back on track. Obesity, Medical Nutrition and new products delivering strong growth in the quarter

Distribution agreement for ThermaCare<sup>®</sup> in the Nordics and Netherlands (historically around 2 MEUR in annual revenues)

Successfully completed private placement of 50 MNOK

\* EBITDA before special items

Navamedic at a glance

## Nordic pharma company targeting growth in North Europe



Navamedic - a reliable supplier of high-quality consumer health, medical nutrition, specialty pharma and branded generics products, delivered to hospitals and through pharmacies, meeting the specific medical needs for patients and consumers



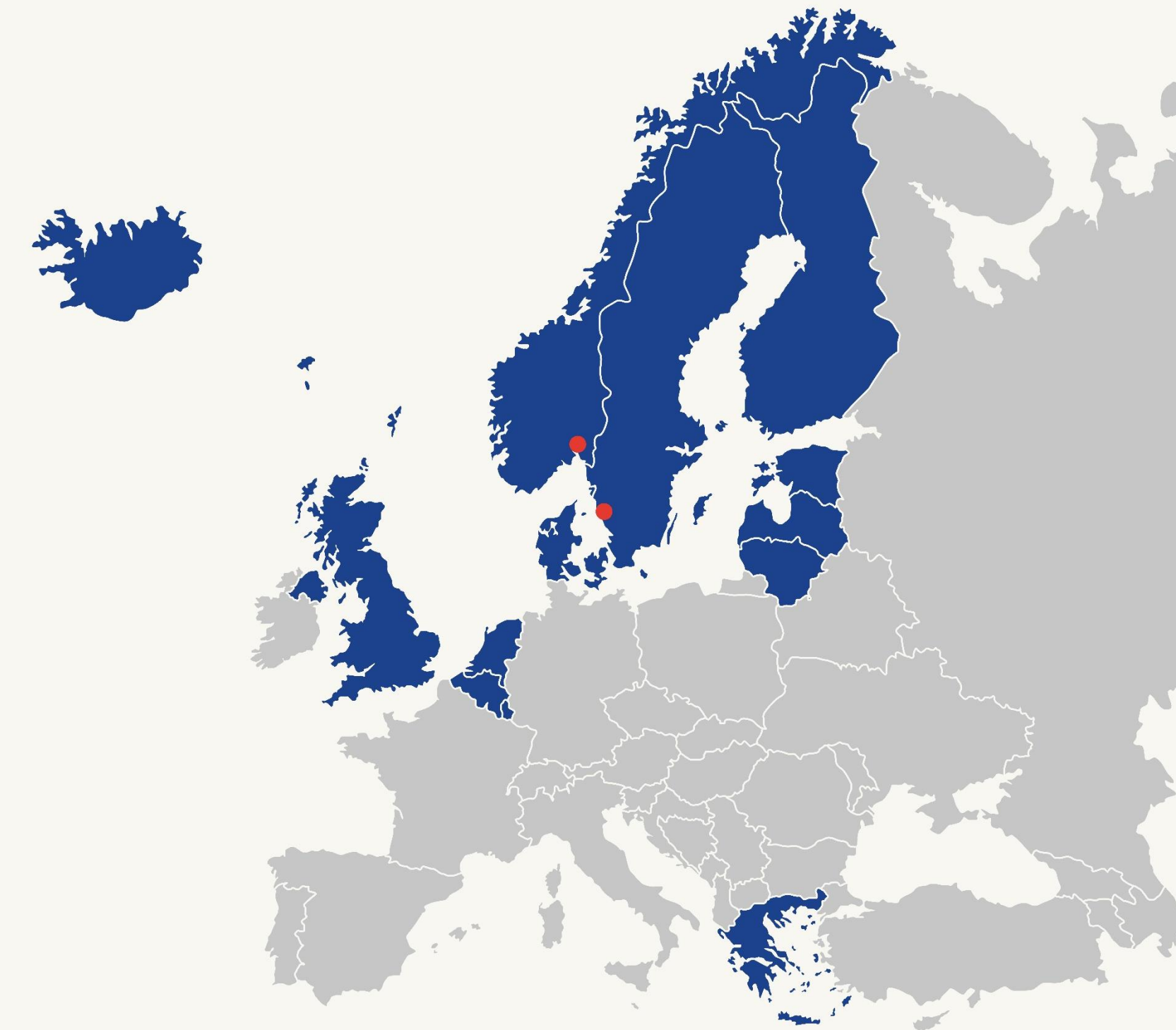
Presence in all Nordic countries, the Baltics and Benelux, and sales in the UK and Greece. Headquartered in Oslo, Norway



~ 30 professionals with strong competence in regulatory, reimbursement, marketing and sales, dedicated to securing market access through local expertise



Ambitious growth strategy, high-potential pipeline and M&A capabilities



Our growth strategy continues in 2020

## Ambition of building a leading Nordic pharma company targeting growth in North Europe

1

### STRENGTHEN THE CORE

Untapping potential within existing products, categories and territories.  
Ongoing negotiations for attractive new distribution agreements

2

### SECURE AND INCREASE THE VALUE THROUGH OWNERSHIP

Innovative pipeline for in-licensing of new RX or OTC, including products with RX to OTC switch potential  
Develop own brands

3

### GROWTH THROUGH M&A

Bolt-on acquisitions of product and portfolios  
Acquisitions of smaller companies where Navamedic has the competence of creating further growth, to broaden our companies or geographical territory

Alflorex<sup>®</sup> launched in Denmark (Q1 2020) and planned launch in the Netherlands (2H 2020). TermaCare<sup>®</sup> to be launched in July

Acquired MA (marketing authorization) in Norway and Sweden for new cough and cold product, and terms agreed for new MA's in all Nordic countries for unique female care product

Signed term sheet to acquire marketing authorizations for a series of antibiotics for hospital use in the Nordics

New classification from Q1 2020

# Growth in all key categories

**Medical nutrition**  
 Medical nutrition product portfolio



Q1 2020 YoY revenue growth: **37%**

- Continued growth in existing product portfolio
- Some inventory-build up by customers to secure delivery

**Consumer health**  
 Gastro, oral, dermatology, pain



Q1 2020 YoY revenue growth: **11%**

- Strong performance of Alflorex®
- Introducing ThermaCare® in July 2020

**Branded generics**  
 Cardiology, generics



Q1 2020 YoY revenue growth: **13%**

- Imdur® sales back on track
- Strong performance of Nitrolingual

**Specialty pharma**  
 Obesity, urology



Q1 2020 YoY revenue growth: **30%**

- Obesity product Mysimba® continued to drive growth in the product category

Strengthen the core

## Medical nutrition – Continued strong performance

Q1 2020 REVENUE

**14.5** MNOK

(Q1 2019: 10.6 MNOK)

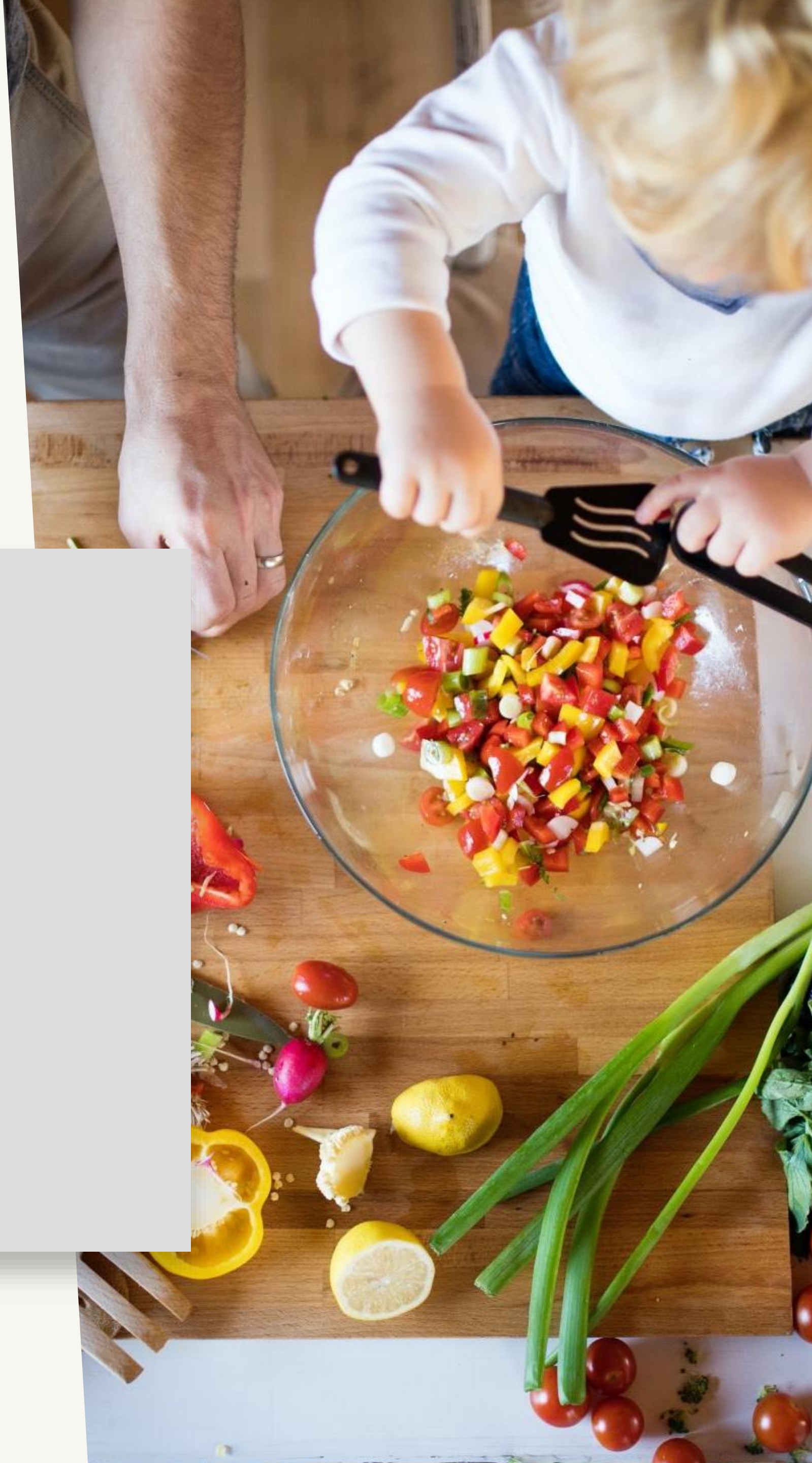
### GROWTH DRIVERS

- Strong growth in products for inborn errors of protein metabolism
- Good development of newly launched products for the dietary treatment of Tyrosinemia type 1 (liver disease) (Denmark) and oral nutrition support products for children with renal disease (Sweden)



#### IEM

Products for treatment of Inborn Errors of Metabolism (IEM), a lifelong, genetic disorder where body cannot properly turn food into energy. Includes distribution of UK-based Vitaflo in the Nordics, based on over 30 years experience with IEM



Strengthen the core

## Consumer Health - launch of new and unique products

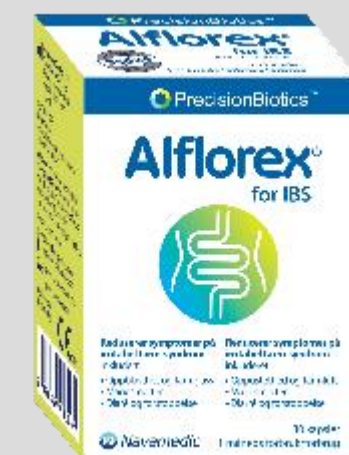
Q1 2020 REVENUE

**7.9** MNOK

(Q1 2019: 7.1 MNOK)

### GROWTH DRIVERS

- Alflorex® launched in Norway in Q3 2019 and Denmark in Q1 2020. Launching in the Iceland Q2 and Netherlands in 2H 2020
- Continued growth for GeloRevoice® (25%)
- Exclusive distribution of ThermaCare® in the Nordics and the Netherlands from July 2020



Strengthen the core

## Specialty pharma – Continued strong performance

Q1 2020 REVENUE

**12.7** MNOK

(Q1 2019: 9.8 MNOK)

### GROWTH DRIVERS

- New reimbursable prescription in Norway
- New marketing platform and patient support program





# Financials

## Financials

# Key consolidated profit and loss figures

<i>(in NOK million)</i>	Q1 2020	Q1 2019	Year 2019
<b>Operating revenues</b>	<b>55.6</b>	<b>45.4</b>	<b>188.8</b>
<b>Gross profit</b>	<b>15.7</b>	<b>12.4</b>	<b>57.6</b>
<i>Gross profit %</i>	<i>28.3 %</i>	<i>27.3 %</i>	<i>30.5 %</i>
Operating costs	-15.1	-11.9	-64.1
<b>EBITDA before special items</b>	<b>0.9</b>	<b>0.5</b>	<b>6.0</b>
Special items	-0.3	0.0	-12.5
<b>EBITDA</b>	<b>0.7</b>	<b>0.5</b>	<b>-6.5</b>
<i>EBITDA %</i>	<i>1.2 %</i>	<i>1.1 %</i>	<i>-3.4 %</i>
Depreciation and amortization	-0.8	-0.9	-3.6
<b>Operating result (EBIT)</b>	<b>-0.2</b>	<b>-0.4</b>	<b>-10.1</b>
Results from associated companies	-0.9		-0.7
Net financial result	-11.1	-0.9	-4.7
<b>Result before tax, continuing operations</b>	<b>-12.2</b>	<b>-1.3</b>	<b>-15.5</b>
Income tax	0.5	-0.3	-0.8
<b>Net result from continuing operations</b>	<b>-11.6</b>	<b>-1.6</b>	<b>-16.3</b>
<b>Net result from discontinued operations</b>	<b>0.0</b>	<b>-3.8</b>	<b>44.2</b>
<b>Net result from total operations</b>	<b>-11.6</b>	<b>-5.4</b>	<b>27.9</b>

A strong quarter with 22% revenues growth over last year

Gross profit margin of 28.3% is negatively affected by:

- Currency impact (approx. 1.5-2.0 ppt)
- Unfavorable product mix

Higher operating cost is due to a low Q1 2019 coupled with increased activity level in several areas in 2020.

Results from associated companies is Navamedic's share of the estimated result in Observe Medical in Q1 2020

Net Financial Result is mostly due to currency effects of Balance sheet items and intercompany loans

## Financials

# Assets

<i>(in NOK million)</i>	31.03.2020	31.03.2019	31.12.2019
Intangible assets	7.6	27.7	6.6
Goodwill	64.3	89.2	59.5
Investment in associated company	14.4	0.0	15.3
Loans to associated company	29.4	0.0	25.6
Deferred tax assets	9.2	10.0	9.2
Tangible assets	1.9	2.0	2.0
<b>Non-current assets</b>	<b>126.8</b>	<b>128.8</b>	<b>118.2</b>
Inventories	53.4	48.0	32.0
Trade and other receivables	38.7	36.8	20.0
Prepaid taxes	6.7	6.8	5.4
Cash at hand, in banks	49.6	12.8	11.4
<b>Current assets</b>	<b>148.4</b>	<b>104.4</b>	<b>68.8</b>
<b>Total assets</b>	<b>275.3</b>	<b>233.2</b>	<b>187.1</b>

Increase in Goodwill from 31.12.2019 is currency related

Investment in associated company is the equity investment in Observe Medical, reduced by estimated Q1 result

Loans to associated companies is the loan to Observe Medical

Inventories is up mostly as a result of re-stocking of Imdur® after the out-of-stock situation in Q4

Increase in Trade receivables is due to the high revenues achieved in Q1

Increase in Cash at hand is mainly due to the private placement

## Financials

# Equity and liabilities

<i>(in NOK million)</i>	31.03.2020	31.03.2019	31.12.2019
<b>Equity</b>	<b>125.5</b>	<b>101.3</b>	<b>79.2</b>
Contingent consideration	0.0	12.7	0.0
Long term part of license liabilities	12.7	10.1	9.6
Loans and borrowings incl. lease	21.4	1.9	16.9
Deferred tax	0.0	0.2	0.0
<b>Non-current liabilities</b>	<b>34.2</b>	<b>24.9</b>	<b>26.4</b>
Trade and other payables	81.4	60.6	42.7
Short term liabilities to financial institutions and lease	6.5	26.7	8.7
Short term part of license liabilities	8.8	6.4	8.8
Income taxes payable	0.6	2.0	1.1
Short term liabilities	18.2	11.2	20.1
<b>Current liabilities</b>	<b>115.6</b>	<b>107.0</b>	<b>81.4</b>
<b>Total shareholders equity and liabilities</b>	<b>275.3</b>	<b>233.2</b>	<b>187.1</b>

Equity ratio of 46%

Increase in Equity is mainly due to cash increase from the private placement in Q1

Increases in Long Term part of liabilities as well as Loans and borrowings are mostly due to currency effects

Increase in Trade payables is due to the increase in Inventories

## Financials

# Cash flow Group – total operations

<i>(in NOK million)</i>	Q1 2020	Q1 2019	Year 2019
<b>Net cash flow from operating activities</b>	<b>-15.3</b>	<b>9.2</b>	<b>12.7</b>
<b>Net cash flow from investing activities</b>	<b>-1.0</b>	<b>-0.3</b>	<b>-1.9</b>
<b>Net cash flow from financing activities</b>	<b>49.0</b>	<b>-6.6</b>	<b>-10.9</b>
<b>Changes in currency</b>	<b>5.6</b>	<b>-0.5</b>	<b>0.4</b>
<b>Net change in cash</b>	<b>38.2</b>	<b>1.7</b>	<b>0.4</b>
<b>Cash and cash equivalents</b>	<b>49.6</b>	<b>12.8</b>	<b>11.4</b>

Net cash from Operating activities is mostly due to net result and changes in working capital

Net cash from financing activities is mainly due to cash from the Private placement

# Summary and outlook

## Summary and outlook

### Building a leading Nordic pharma company targeting growth in North Europe

In Q1 2020, we have

- Strengthened the core by driving growth across the portfolio
- Expanded our portfolio through exclusive distribution rights for ThermaCare, our first product in the important pain category
- Established solid financial platform for future M&A and other growth initiatives

We will build on our solid foundation and

- Strengthen the existing business by leveraging our highly scalable market access platform
- Launch new products in the Nordics and Benelux
- Increase value by acquiring and strengthening own products and brands

....with a mid- to long-term ambition of building a 500 MNOK company with a gross margin of 40% and an EBITDA margin of 15%

# Q&A



Thank you for  
your attention!

Presentation of Navamedic's Q2 2020 and  
H1 2020 report will be on 20 August, 2020

# Appendix

## Appendix

# Condensed consolidated statement of comprehensive income

<i>(in NOK '1000)</i>	Q1 2020	Q1 2019	Year 2019
<b>Operating revenues</b>	<b>55 642</b>	<b>45 432</b>	<b>188 755</b>
Cost of materials	-39 920	-33 035	-131 152
<b>Gross profit</b>	<b>15 722</b>	<b>12 396</b>	<b>57 603</b>
<i>Gross profit %</i>	28.3 %	27.3 %	30.5 %
Payroll expense	-7 514	-7 142	-33 363
Other operating cost	-7 542	-4 765	-30 696
<b>Operating costs</b>	<b>-15 056</b>	<b>-11 906</b>	<b>-64 060</b>
<b>EBITDA</b>	<b>666</b>	<b>490</b>	<b>-6 457</b>
<i>EBITDA %</i>	1.2 %	1.1 %	-3.4 %
Depreciation	-388	-373	-1 602
Amortization	-454	-504	-2 027
<b>Operating result (EBIT)</b>	<b>-176</b>	<b>-387</b>	<b>-10 086</b>
Results from asociated companies	-882		-700
<i>Financial income and expenses</i>			
Financial income	538	455	331
Financial expenses	-1 052	-470	-2 442
Net currency gain/losses	-10 594	-866	-2 580
<b>Net financial result</b>	<b>-11 108</b>	<b>-880</b>	<b>-4 691</b>
<b>Result before tax continuing operations</b>	<b>-12 166</b>	<b>-1 267</b>	<b>-15 477</b>
Income taxes, continuing operations	518	-294	-820
<b>Net profit / loss (-) continuing operations</b>	<b>-11 648</b>	<b>-1 561</b>	<b>-16 297</b>
<b>Net profit / loss (-) discontinued operations</b>	<b>0</b>	<b>-3 839</b>	<b>44 232</b>
<b>Net profit / loss (-) Total operations</b>	<b>-11 648</b>	<b>-5 400</b>	<b>27 935</b>
<i>Other comprehensive income that may be reclassified subsequently to profit or loss</i>			
Currency translations differencies	8 361	-5 299	-4 233
Reversal of translation differences	0		1 855
<b>Total comprehensive income for the period</b>	<b>-3 287</b>	<b>-10 699</b>	<b>25 557</b>

## Appendix

# Condensed consolidated statement of cash flows

<i>(in NOK '1000)</i>	Q1 2020	Q1 2019	Year 2019
Profit/loss(-) before tax for total operations	-12 166	-5 106	-24 488
Taxes paid	-653	-285	329
Depreciation, amortization and write off	842	1 921	5 769
Interest and contingent consideration without cash effect	2 939	155	2 066
Changes in inventory	-21 418	-9 863	3 601
Changes in trade receivables	-16 525	3 189	18 741
Changes in trade payables	38 724	19 547	2 990
Changes in other current items	-7 058	-380	3 714
<b>Net cash flow from operating activities</b>	<b>-15 314</b>	<b>9 178</b>	<b>12 722</b>
<i>Cash flow from investments</i>			
Purchase / disposal of tangible and intangible assets	-1 000	-319	-721
Demerger of Observe Medical	0	0	0
<b>Net cash flow from investing activities</b>	<b>-1 000</b>	<b>-319</b>	<b>-1 868</b>
<i>Cash flow from financing</i>			
Short term liabilities to financial institutions	0	-5 836	-27 855
Cash received/spend for issue of shares	-3 045	-445	-359
Share issue	52 412	0	0
Long term liabilities to financial institutions and other	0	0	18 884
Payments of lease liabilities	-411	-358	-1 571
<b>Net cash flow from financing activities</b>	<b>48 956</b>	<b>-6 640</b>	<b>-10 901</b>
Changes in currency	5 557	-513	440
Net change in cash	38 199	1 706	393
Cash and cash equivalents start period	11 439	11 046	11 046
<b>Cash and cash equivalents end period</b>	<b>49 637</b>	<b>12 752</b>	<b>11 439</b>

## Basis for preparation

This presentation provides financial highlights for the quarter for Navamedic Group. The financial information is not reported according to the requirements in IAS 34 (Interim Financial Reporting) and the figures are not audited. The same measurement principles as presented in the Annual Report 2019 have been used preparing this presentation.

## Definitions of Alternative Performance Measures (APM)

The APMs are regularly reviewed by management and their aim is to enhance stakeholders' understanding of the company's performance. APMs presented may be determined or calculated differently by other companies.

### **APMs:**

EBITDA is equal to earnings before interest, tax, depreciation and amortization. EBITDA is a sub-total in the condensed consolidated statement of comprehensive income. EBITDA margin is equal to EBITDA as a percentage of total operating revenues. Gross profit is equal to total revenues minus cost of materials. Gross profit is a sub-total in the condensed consolidated statement of income.

Gross margin is equal to gross profit as a percentage of total operating revenues. Equity ratio is equal to total equity as a percentage of total shareholders' equity and liabilities. EBITDA before special items; In EBITDA before special items extraordinary one-time cost are not included.

Navamedic believes that the measure provides useful and necessary information to investors and other parties because it provides additional information on underlying growth of the business without the effect from one offs items.

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