

# 1H/Q2 2020

First half and  
second quarter results 2020  
Navamedic ASA

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## Strengthening our platform for growth

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### REVENUE

**42.1 MNOK**

Down 11% YoY

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### GROSS MARGIN

**34.8%**

34.4% Q2 19

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### EBITDA

**-2.1 MNOK**

0.9 MNOK Q2 19

- In 1H 2020, revenues grew by 5.5% compared to the same period last year
- The portfolio is holding up well although sales was affected by COVID-19 in the quarter
- Completed the acquisition of MA for a series of antibiotics for hospital use in the Nordics (adding appx. NOK 25 million to Navamedic's portfolio)
- Secured marketing authorizations for new drug in urology to be launched in early Q1 2020

## Nordic pharma company targeting growth in Northern 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



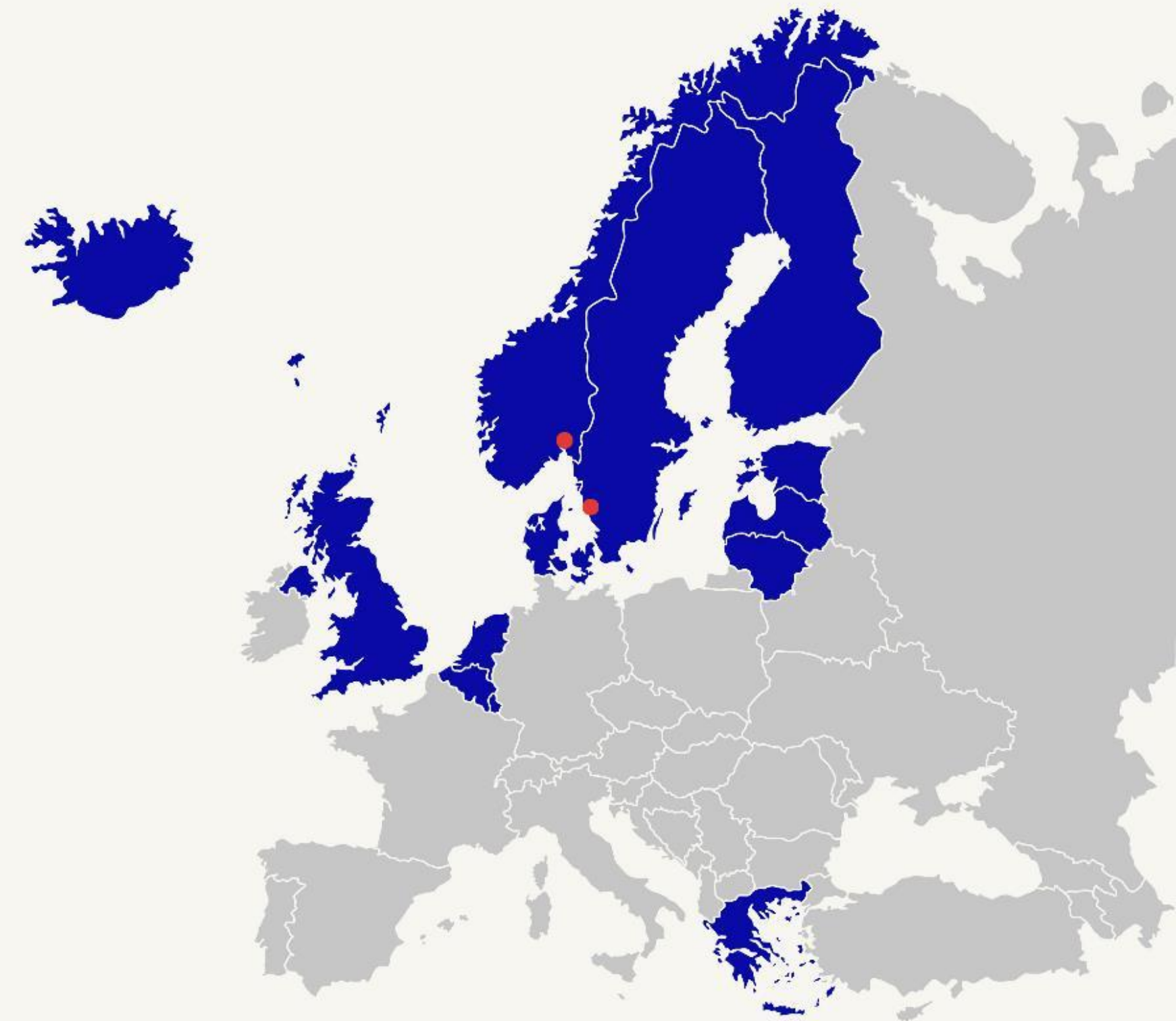
Presence in all Nordic countries, the Baltics and Benelux, and sales in the UK and Greece. Headquartered in Oslo, Norway



~ 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 Northern 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 launched in Denmark (Q1 2020) and will launch in the Netherlands (2H 2020). ThermaCare® launched in July
- Will launch products in at least one country in each launch window going forward
- Completed the acquisition of MA for a series of antibiotics for hospital use in the Nordics (adding appx. NOK 25 million to Navamedic's portfolio)

YTD 2020

# Continued growth for key products, although sales was affected by Covid-19 in the quarter

## Medical nutrition

Medical nutrition product portfolio



YTD 2020 YoY revenue growth: **10%**

- Continued growth for key products and accelerated sales in March due to Covid-19

## Consumer health

Gastro, oral, dermatology, pain



YTD 2020 YoY revenue growth: **0%**

- Strong performance of Alflorex®, but lower sales of NYDA® and GeloRevoice®. Introducing ThermaCare® in July 2020

## Branded generics

Cardiology, generics



YTD 2020 YoY revenue growth: **0%**

- Steady increasing sales of Nitrolingual and Nexodal, but lower sales of Imdur® due to temporary stockout

## Specialty pharma

Obesity, urology



YTD 2020 YoY revenue growth: **9%**

- Obesity product Mysimba® continued its positive performance. Lower sales of Gepan due to Covid-19 keeping patients from getting their treatments

Strengthen the core

## Medical nutrition – Continued growth but some volatility due to Covid-19

YTD 2020 REVENUE

**25.2** MNOK

(YTD 2019: 23.1 MNOK)

11.0 MNOK in Q2 2020 vs.  
12.5 MNOK in Q2 2019

### GROWTH DRIVERS

- Upgoing trend for newly launched products
- Increased competition from Orphan drugs for PKU
- The pandemic had a negative impact on the second quarter. Fewer patients visiting hospitals



#### 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

YTD 2020 REVENUE

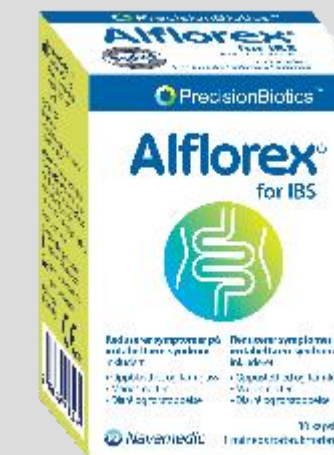
**12.0** MNOK

(YTD 2019: 12.0 MNOK)

5.3 MNOK in Q2 2020 vs.  
6.3 MNOK in Q2 2019

### GROWTH DRIVERS

- Alflorex® launched in Norway in Q3 2019, Denmark in Q1 2020 and Iceland in Q2 2020. Launching in the Netherlands in 2H 2020
- Exclusive distribution of ThermaCare® in the Nordics and the Netherlands from July 2020



Strengthen the core

## Specialty pharma – awareness and loyalty

YTD 2020 REVENUE

**24.8** MNOK

(YTD 2019: 22.9 MNOK)

10.9 MNOK in Q2 2020 vs.  
11.8 MNOK in Q2 2019

### 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>	<b>Q2 2020</b>	<b>Q2 2019</b>	<b>YTD 2020</b>	<b>YTD 2019</b>	<b>Year 2019</b>
<b>Operating revenues</b>	<b>42.1</b>	<b>47.2</b>	<b>97.8</b>	<b>92.7</b>	<b>188.8</b>
<b>Gross profit</b>	<b>14.7</b>	<b>16.2</b>	<b>30.4</b>	<b>28.6</b>	<b>57.6</b>
<i>Gross profit %</i>	34.8 %	34.4 %	31.1 %	30.9 %	30.5 %
Operating costs	-16.7	-15.4	-31.8	-27.3	-64.1
<b>EBITDA before special items</b>	<b>-2.1</b>	<b>3.5</b>	<b>-1.1</b>	<b>4.0</b>	<b>6.0</b>
Special items	0.0	-2.6	-0.3	-2.6	-12.5
<b>EBITDA</b>	<b>-2.1</b>	<b>0.9</b>	<b>-1.4</b>	<b>1.4</b>	<b>-6.5</b>
<i>EBITDA %</i>	-4.9 %	1.9 %	-1.4 %	1.5 %	-3.4 %
Depreciation and amortization	-0.9	-0.8	-1.7	-1.7	-3.6
Impairment	0.0	0.0	0.0	0.0	0.0
<b>Operating result (EBIT)</b>	<b>-3.0</b>	<b>0.0</b>	<b>-3.1</b>	<b>-0.3</b>	<b>-10.1</b>
Results from associated companies	0.7		-0.2		-0.7
Net financial result	2.6	-0.9	-8.5	-1.8	-4.7
<b>Result before tax, continuing operations</b>	<b>0.4</b>	<b>-0.9</b>	<b>-11.8</b>	<b>-2.2</b>	<b>-15.5</b>
Income tax	0.1	-0.6	0.7	-0.9	-0.8
<b>Net result from continuing operations</b>	<b>0.5</b>	<b>-1.4</b>	<b>-11.1</b>	<b>-3.0</b>	<b>-16.3</b>
<b>Net result from discontinued operations</b>	<b>0.0</b>	<b>-3.1</b>	<b>0.0</b>	<b>-6.9</b>	<b>44.2</b>
<b>Net result from total operations</b>	<b>0.5</b>	<b>-4.5</b>	<b>-11.1</b>	<b>-9.9</b>	<b>27.9</b>

- In Q2 2020, revenues came in below the same quarter last year due to negative effect from the Covid-19 situation, but grew by 5.5% in 1H 2020 compared to last year
- Gross Profit % was healthy at 34.8% for the quarter and is above last year YTD
- In addition to the lower revenues, the EBITDA was below last year due to more resources spent on business development and growth initiatives
- Results from associated companies is Navamedic's share of the estimated result in Observe Medical for Q2 2020
- Net Financial result stems mostly from currency changes

## Financials

### Assets

<i>(in NOK million)</i>	<b>30.06.2020</b>	<b>30.06.2019</b>	<b>31.12.2019</b>
Intangible assets	8,7	5,6	6,6
Goodwill	64,3	58,8	59,5
Investment in associated company	15,1	0,0	15,3
Loans to associated company	36,5	0,0	25,6
Deferred tax assets	9,2	9,2	9,2
Tangible assets	2,2	1,8	2,0
<b>Non-current assets</b>	<b>136,1</b>	<b>75,4</b>	<b>118,2</b>
Inventories	45,8	33,1	32,0
Trade and other receivables	23,9	35,7	20,0
Prepaid taxes	7,3	7,3	5,4
Cash at hand, in banks	46,7	6,5	11,4
Assets held for distribution	0,0	53,0	NA
<b>Current assets</b>	<b>123,6</b>	<b>135,6</b>	<b>68,8</b>
<b>Total assets</b>	<b>259,7</b>	<b>211,0</b>	<b>187,1</b>

- The increase in goodwill from 31.12.2019 is currency related
- Investment in associated company is the equity investment in Observe Medical
- Loans to associated company is the loan to Observe Medical
- Inventories are up from 31.12.19 mostly as a result of build-up in Q1, but it is lower than at the end of Q1
- Increase in cash at hand is mainly due to the private placement

## Equity and liabilities

<i>(in NOK million)</i>	<b>30.06.2020</b>	<b>30.06.2019</b>	<b>31.12.2019</b>
<b>Equity</b>	<b>131,5</b>	<b>95,4</b>	<b>79,2</b>
Contingent consideration	0,0	0,0	0,0
Long term part of license liabilities	8,4	10,2	9,6
Loans and borrowings incl. lease	21,5	1,7	16,9
Deferred tax	0,0	0,2	0,0
<b>Non-current liabilities</b>	<b>29,9</b>	<b>12,2</b>	<b>26,4</b>
Trade and other payables	61,0	41,1	42,7
Short term liabilities to financial institutions and le	6,6	25,2	8,7
Short term part of license liabilities	12,2	6,4	8,8
Income taxes payable	0,5	1,8	1,1
Short term liabilities	18,0	13,8	20,1
Liabilities held for distribution	0,0	15,1	NA
<b>Current liabilities</b>	<b>98,3</b>	<b>103,4</b>	<b>81,4</b>
<b>Total shareholders equity and liabilities</b>	<b>259,7</b>	<b>211,0</b>	<b>187,1</b>

- Equity ratio of 50.6%
- Increase in Equity is mainly due to cash increase from the private placement
- Loans and borrowings including lease is up from 31.12.2019 due to exchange rate effects but unchanged since Q1
- Trade and other Payables is up from 31.12.2019 due to Inventory build-up in Q1, but it is lower than at end of Q1

## Financials

# Cash flow Group – total operations

<i>(in NOK million)</i>	Q2 2020	Q2 2019	YTD 2020	YTD 2019	Year 2019
<b>Net cash flow from operating activities</b>	-6,3	-2,8	-21,6	6,3	12,7
<b>Net cash flow from investing activities</b>	-1,8	-0,5	-2,8	-0,8	-1,9
<b>Net cash flow from financing activities</b>	4,5	-2,0	53,5	-8,6	-10,9
<b>Changes in currency</b>	0,6	-0,3	6,1	-0,8	0,4
<b>Net change in cash</b>	-3,0	-5,6	35,2	-3,9	0,4
<b>Cash and cash equivalents</b>	46,7	7,1	46,7	7,1	11,4

- The cash flow from operating activities is mostly due to the Net result and the changes in working capital items
- The positive cash flow from financing activities is mainly related to the subsequent offering of the private placement

# Summary and outlook

## Summary and outlook

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

In 1H 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
- Strengthened our portfolio, hospital offering and RX positioning through acquisition of MA for a series of antibiotics in the Nordics
- Established solid financial platform for future M&A and growth

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!

Navamedic's Q3 2020 presentation will be  
on 6 November, 2020

# Appendix

## 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 other items; In EBITDA before other items the costs related to strategic projects are not included.

Navamedic believe 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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