



Navamedic

Annual report 2022





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Highlights for 2022

- In 2022, Navamedic achieved growth across all of its portfolio categories and increased revenues by 37% to NOK 382.1 million (NOK 278.4 million in 2021).
- EBITDA for 2022 amounted to NOK 51.7 million (NOK 18.2 million in 2021).
- The Company's gross margin improved to 42.8% from 40.1% in 2021.
- Navamedic acquired Impolin AB in May 2022, strengthening its product portfolio and Navamedic's position in the obesity treatment landscape.
- Successful product launches of two over-the-counter gastro products, SmectaGo® and ForlaxGO®.
- In August, Navamedic acquired, from Vectans Pharma, the exclusive rights to market and sell Sitavig®, muco-adhesive buccal tablet treatment for cold sores in the Nordic and Benelux.
- In November, Navamedic acquired the rights to market and sell ready-to-administer Clindamycin antibiotic bags for use in hospitals from InfoRLife AS.

Key figures

(in NOK '1000)

	2022	2021
Total revenue	382,135	278,439
Gross profit *	163,519	111,744
Operating profit before Depreciation and Amortization (EBITDA)	51,686	18,171
Operating profit (EBIT)	44,444	11,455
Profit before tax continuing operations	42,506	2,358
Net profit / loss (-)	29,431	618
Total assets	382,772	330,179
Total equity	209,720	151,237
Gross margin (%) *	42.8 %	40.1 %
EBITDA margin (%) *	13.5 %	6.5 %
Equity ratio (%) *	54.8 %	45.8 %

* Alternative performance measures (APMs)

Comment from the CEO

The year 2022 can be summarised by Navamedic having delivered successful growth through acquisitions and new product launches, which have supported continued top-line growth.

We started the year with the acquisition of Impolin AB, a Swedish-based distributor of products benefitting the health and well-being of consumers and patients. Along with a dedicated team of new colleagues, we gained the rights to products that have significantly strengthened our offering in the growing obesity area. As a result, Navamedic is in a position where we can offer a support throughout the entire weight loss journey, whatever the individual needs might be. This transaction is also an excellent example of how we work to expand on the product areas with the highest potential to deliver the most value and demonstrates how we will move forward.

Halfway through the year, we also signed an agreement with the French pharmaceutical company, Vectans Pharma, to gain the exclusive rights to market and sell Sitavig®, new and unique muco-adhesive buccal tablet treatment for cold sores in the Nordic and Benelux.

During the year, we have worked to increase consumer awareness regarding treatment options for gastro-related issues. Most consumers with gastro conditions are unaware of available treatment possibilities, and it remains an underdeveloped area in the Nordics with a significant growth potential. To raise awareness and meet consumer needs, we have launched several marketing campaigns to home in on the many available over-the-counter options in our portfolio. We will continue to drive these efforts to support a shift in consumer awareness. The results of these campaigns are seen in the successful market launches of SmectaGo® and ForlaxGO®, which form part of our gastro portfolio.

In addition to optimising and balancing our portfolio in the obesity and consumer health space, we added to our antibiotics portfolio by acquiring the rights to ready-to-administer Clindamycin bags for use in hospitals from InfoRLife AS.

These agreements all underpin the importance our partners place on efficient market access and understanding of the markets where we operate. We are confident that our local insight has been and will continue to be vital in securing agreements and partnerships in the future.

We have also experienced a lot of market activity in the treatment landscape for obesity, especially at the beginning of 2023. There is no doubt that obesity is an increasingly growing public health challenge worldwide. It is also a disease that is significantly undertreated. With the acquisition of Impolin AB, we proved our commitment to treating obesity and considering patients' individual needs. We now have a portfolio of treatment options that can support patients seeking a



Kathrine Gamborg Andreassen
Chief Executive Officer



lifestyle intervention with Modifast, a range of low-calorie meal replacement products, and those needing medication with Mysimba, a first-in-line treatment for obesity drugs in Norway.

Where it stands, our current portfolio of products is competitive, which is evident when looking at the progress we achieved in 2022. With growth attained across the portfolio, we will continue strengthening the existing business and explore opportunities within new and current areas of medicines and treatments. Our pipeline of opportunities and acquisition targets is growing, and we have no intention of slowing down. We have the necessary means to carry on the success of 2022, and I am confident we will secure new agreements and products that can seamlessly become part of our scalable platform also in 2023.

Looking ahead to 2023, we are well underway to achieve our mid-term ambition of operating a NOK 1 billion revenue company with a 15 per cent EBITDA margin. The achievements of 2022 would not have been possible without the dedicated Navamedic team, who have worked incredibly hard to get us to where we are today. I also extend my gratitude to our investors and stakeholders who have supported us along the way.

This is an incredibly exciting time for the Company, and I look forward to keeping you all updated on our achievements as we go.



Navamedic a Nordic pharma company with high growth ambitions

As a Nordic pharma company with a footprint in Northern Europe, Navamedic is a reliable supplier of high-quality consumer health, medical nutrition, specialty pharma and branded generics products, delivered to hospitals and through pharmacies. The product portfolio consists of prescription and non-prescription pharmaceuticals, as well as other healthcare registered products.

The Company has more than 30 highly qualified employees with strong competence in regulatory affairs, quality assurance, reimbursement, marketing and sales. Thus, the Company is a full-service provider securing market access through its local competence and hence is a preferred Nordic partner for many international players. Navamedic's headquarter is located in Oslo, Norway, and the Company has been listed on the Oslo Stock Exchange (ticker: NAVA) since 2006.

The ambition of becoming a leading Nordic pharma company will be achieved through three main pillars: Navamedic seeks to **strengthen the core** by untapping the potential within existing products and territories. Furthermore, the Company will secure and increase the value through **ownership and develop new brands**. Third, Navamedic plans to **grow through M&A**, building on existing M&A capabilities and track record to broaden the categories or geographical territory.

Financial targets:

- 20% Organic revenue growth
- Building a 1 billion NOK revenue company mid-term
- EBITDA margin of 15%



Directors' report 2022



The Group's result for the year

In 2022, the Group reported revenues of NOK 382.1 million, up from NOK 278.4 million in 2021, representing an increase of 37.2%, mainly driven by growth in the specialty pharma and consumer health product categories, part of which is due to the Impolin acquisition.

The EBITDA in 2022 was NOK 51.7 million, compared to NOK 18.2 million in 2021. The EBITDA development is mainly driven by successful growth initiatives, reduction in cost of goods sold and prudent management of operational expense.

The operating result (EBIT) in 2022 was NOK 44.4 million, compared to NOK 4.2 million in 2021. Net financials were negative NOK 10.4 million in 2022, compared to negative NOK 5.9 million last year. The profit before tax was NOK 42.5 million in 2022, up from NOK 2.4 million in 2021 while the profit after tax was NOK 29.4 million in 2022, compared to negative NOK 0.6 million last year.

The total comprehensive income was NOK 32.4 million in 2022, compared to negative NOK 1.0 million in 2021.

The Group's cash flow 2022

The Group had a net cash flow from operating activities in 2022 of NOK 17.9 million, compared to negative NOK 1.3 million in 2021. The increase of NOK 19.3 million was driven by a significant increase in net operating income partly offset by higher income taxes paid and net effects from the changes in working capital.

Net cash used in investing activities was NOK 25.4 million in 2022, compared to NOK 0.7 million in 2021. The increase is primarily related to the purchase price paid for Impolin AB, net of cash acquired, as well as the payment for Sitavig[®] licence.

The net cash flow from financing activities was NOK 10.1 million in 2022, compared to NOK 15.9 million in 2021. Net proceeds from loans equals to NOK 14.5 million and interest paid was NOK 3.3 million. Proceeds from share capital issuance are related to the share options exercised.

The cash and cash equivalents were NOK 55.3 million at 31 December 2022, compared to NOK 52.6 million at 31 December 2021.

Financial position as of 31 December 2022

The Group's consolidated total assets were NOK 382.8 million at 31 December 2022, up from NOK 330.2 million at year-end 2021. Non-current assets were NOK 139.2 million, up from NOK 124.7 million. Current assets increased to NOK 243.5 million from NOK 205.5 million at 31 December 2021. The increase in non-current assets is mainly driven by the goodwill related to Impolin AB partly offset by the derecognition of the ownership in Observe Medical ASA as an associated company. The increase in current assets is related to the recognition of the shares in Observe Medical ASA as financial assets as well as due to the increases in inventory and receivables.

At the end of 2022, Navamedic had equity of NOK 209.7 million, compared to NOK 151.2 million per 31 December 2021, representing an equity ratio of 54.8%. Non-current liabilities are NOK 47.0 million per 31 December 2022

compared to NOK 43.2 million at 31 December 2021. The Group had current liabilities of NOK 126.0 million compared to NOK 135.7 million at 31 December 2021.

Going concern

The annual financial statements have been prepared on the assumption that the Company is a going concern. The Board confirms that the basis for the Company as a going concern exists and bases its opinion on the Company and the Group's financial position, the agreements that have been signed with both suppliers and customers, expected cash flows in 2023, and the Company's financial liabilities. Due consideration has also been given to possible negative future impacts of macro-economic conditions and the world's geopolitical situation in the assessment supporting the going concern assumption.

Risk factors

The operational and financial risks Navamedic is exposed to differ little from what could be considered as normal risks in the distribution of pharmaceuticals in that the Company is not directly exposed to the risk of the development and production of their products.

The Group's operations expose it to various types of financial risk: Market risk (including operational risk, currency risk, interest rate risk, and price risk), credit risk, and liquidity risk.

The Group is exposed to operational risk. The Group believes that such a risk will primarily arise in relation to the development of future sales of the Company's products, measured in terms of both price and volume. Factors that can influence market risk include increased competition, out-of-stock situations at its suppliers, price reductions and competition from existing and future pharmaceuticals within the Company's range of therapies.

The Company depends on supply and distribution from suppliers. The Company has supply and distribution agreements with suppliers in which the term of the agreement varies from one to eight years. The Company is dependent on renewing these agreements at market prices and on market terms and conditions and is therefore in continuous dialogue with the suppliers to ensure they are renewed at favorable terms.

There is a risk that some of the Company's products may face competition from new products as well as generic products. The risk of this can be reduced by a more diversified and broader portfolio of products.

Financial risk mainly consists of interest-, currency-, credit- and liquidity risks. Navamedic continuously monitors these factors and actively manages risk through its operations and through other measures.

As at 31 December 2022, the Company considered the Group's liquidity to be satisfactory.

The interest rate risk is primarily linked to the Group's liquidity, and interest rates may affect the Group's borrowings and deposits. Thus far, the Group has not entered into any type of hedging arrangements. The Company's interest rates on bank deposits and short-term liquidity investments are floating. Interest rates on external loans as well as the loan to Observe Medical ASA are fixed.

In 2022, a substantial portion of the Group's revenue and the majority of salaries and other operating expenses were in NOK and SEK while smaller part was in DKK and EUR. Materials are generally paid for in EUR, GBP, SEK and USD. Net investments in foreign subsidiaries are exposed to currency risk in SEK. The Board assesses the Company's need for currency hedging on an ongoing basis but has currently not introduced specific hedging strategies beyond natural hedging and specific assessments in larger agreements.

Navamedic trades with deemed creditworthy third parties and generally sells its products to major actors such as pharmacy chains and wholesalers, as well as public health sectors and hospitals.

Trade receivables are continuously monitored, and the risk of incurring losses is generally regarded as low. The Group also has a factoring agreement with a third party to further reduce the risk of incurring losses on receivables.

The increased energy and raw material prices over the last 12-18 months may put additional pressure on Navamedic margins, however, early recognition of this and a proactive approach to mitigate the potential negative impact has led to Navamedic experiencing very limited impact from this in 2022.

Navamedic performs internal evaluation of climate related risks connected to its operations and important parts of the value chain. The Company currently sees limited risk and the monitoring of these risks is going to continue in the future.

The war in Ukraine does not directly affect Navamedic as the Company has no suppliers, customers nor other business relations in Ukraine or Russia. However, the imbalances and instability in global markets may pose a risk to our business in case our supply chains, production partners or logistics providers are significantly disrupted. Potential consequences may be delayed transport and increased freight costs.

Navamedic performs regular risk assessment as stipulated by the Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (Åpenhetsloven) in Norway. The report covering this risk assessment will be available at the Company's website by 30 June 2023.

Organization

The Group had 34 employees at the end of 2022, compared to 28 at the end of 2021.

In accordance with the Norwegian Public Limited Liability Companies Act, the Board has prepared a report concerning pay and other benefits for executive personnel, which is partly included in note 16.

Navamedic ASA has entered into Board liability insurance for the Group's Board of Directors and CEO. The insurance covers financial claims against the Board members or CEO that may arise as a result of actions taken by the Board or CEO. The insurance policy is with a reputable firm, and it applies to Navamedic ASA as well as all of its subsidiaries.

Corporate governance

Navamedic complies with the Norwegian Code of Practice for Corporate Governance (NUES), which was last revised on 14 October 2021. Please see the separate section of the annual report for the Company's corporate governance report.

The share

The Navamedic share has been listed on the Oslo Stock Exchange since 2006 with the ticker NAVA. As at 31 December 2022, the Company had 17.227.777 outstanding shares, each with a nominal value of NOK 0.74 per share, and 876 shareholders.

Parent company

Internal support and shared services have been organized in the parent company, Navamedic ASA, in areas where substantial economies of scale and synergies can be realized. The parent company has a master agreement on royalties from its subsidiary Navamedic AB. The parent company holds the rights to various products that are resold by the subsidiaries and the parent company thereby earns royalties. The royalties are based on actual sales in Navamedic AB. Service fees are charged to subsidiaries covering costs for strategic development, marketing, logistics and purchasing management, as well as financial and accounting management. In addition, the parent company has activities relating to insurance, systems development and operations and other operating activities that are performed on behalf of its subsidiaries, which are also charged out.

The operating revenue in Navamedic ASA of NOK 46.3 million in 2022, compared to 45.3 million in 2021. Total operating expenses increased to NOK 56.0 million in 2022 from NOK 52.0 million in 2021.

Net financial items amounted to NOK 59.0 million in 2022, compared NOK 3.5 million in 2021. The change mainly relates to group contribution received from subsidiary.

Equity amounted to NOK 212.8 million, an increase from NOK 145.7 million in 2021.

Disposal of net result for the year and dividends

The parent company's result after tax for 2022, after the receipt of group contribution, was positive NOK 41.0 million. The Board proposes that the net result for the year be transferred to retained earnings. The Board will propose to the Annual General meeting that a dividend for 2022 may be distributed during 2023.

Subsequent events

On 30 January, Navamedic announced launch of Modifast, a range of low-calorie diet (LCD) meal replacement products, in the Norwegian market. Modifast is part of Navamedic's growing portfolio of products and solutions

aimed at tackling obesity and consists of supplements, prescription medications, diet replacements and online patient support portals.

On 16 February 2023, based on Navamedic ASA's annual general meeting's resolution to authorize the Board of directors of the Company to issue new options to the executive management and other leaders in the Group under the Company's long-term incentive program, the Board has resolved to issue 1.400.000 new options to the Company's executive management. Each option will upon exercise give the option holder the right to acquire one share in the Company. The options are granted without consideration. The exercise price of each option is NOK 33.0. Options that are not exercised within 12 months after the third anniversary of the date of grant, will subject to certain limitations, lapse without any compensation to the holder.

On 29 March 2023 - Navamedic submitted a cash offer to acquire all shares in Sensidose AB, a Sweden-based pharmaceutical company that sells medicines in combination with an innovative device for individual dosing, targeting patients with advanced Parkinson's disease. The Sensidose AB shares are listed on Spotlight Stock Market in Sweden. At the time of issuance of this report the transaction is not closed.

Outlook

Navamedic's vision is to become a leading pharmaceutical company in Northern Europe in its chosen product categories. Growth shall be achieved through developing the existing product portfolio, licensing new products and through acquisitions. The Company has shown a strong ability to grow organically as well as through successful acquisitions.

We see substantial potential to include more products in the existing distribution and market access platform in the Nordic region, Baltic States and the Benelux countries. With a well-functioning system of logistics and distribution, as well as skilled product specialists who regularly meet with hospitals, specialists, general practitioners and pharmacies, Navamedic has the right set-up to launch new prescription and non-prescription pharmaceuticals.

The Company also actively strives to build and retain value through ownership and in-licensing as well as further development of assets, both short- and long-term. Through attaining new licensing rights and acquiring new products, the Company will increase its share of pharmaceuticals it owns the marketing rights and trademarks to. Navamedic has solid expertise and capacity within this field and is constantly building a solid pipeline of products to be launched in the coming years.

Based on the growth strategy and outlook, the Board of Navamedic expects the Company to continue the positive development in 2023 and show solid growth in the coming years. Navamedic's financial targets are 20% annual organic growth coupled with accretive acquisitions to reach its ambition to, in the mid-term, build a 1 billion NOK company with a gross margin of 40% and an EBITDA margin of 15%.

Responsibility Statement

We confirm, to the best of our knowledge, that the consolidated financial statements for 2022 give a true and fair view of the Company's assets, liabilities, financial position, and results of operation. Further that the report provides a fair overview of the information specified in Section 5-6, fourth paragraph of the Norwegian Securities Trading Act.

The Board of Directors and CEO of Navamedic ASA

Oslo, 27 April 2023



Terje Bakken (sign.)

Chairman



Jostein Davidsen (sign.)

Board member



Edmée Steenken (sign.)

Board member



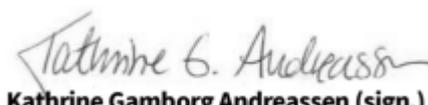
Narve Reiten (sign.)

Board member

Annika Kollén

Annika Kollén (sign.)

Board member



Kathrine Gamborg Andreassen (sign.)

CEO

The Management Team and Board

Management Team



Kathrine Gamborg Andreassen CEO

Kathrine was appointed CEO of Navamedic in January 2019 and has extensive experience from sales, marketing, and management of healthcare products. Before she was appointed CEO, Kathrine was elected as Chair of the Board in June 2018. Kathrine held the position of CEO at Weifa ASA until the company was acquired by Karo Pharma AB in November 2017. Ms Gamborg Andreassen holds an MSc in Business Strategy & Marketing from the University of Wisconsin, Madison and a Bachelor of Business and Administration from Oslo School of Business.



Lars Hjarrand CFO

Lars joined Navamedic in December 2019. Prior to joining Navamedic Mr Hjarrand has extensive finance experience from several different companies and industries over the past 20 years. Mr Hjarrand holds a bachelor's degree in economics from University of Minnesota and an MBA in Finance from the Carlson School of Management.

Board of Directors



Terje Bakken Chair of the Board

Terje is a partner at Reiten & Co. He has solid investor experience through leading and implementing various strategic and operational value-based processes, across different industries, combined with considerable financial transaction and finance experience. Mr Bakken holds a Master of Science in Financial Economics and Bachelor of Business and Administration degrees from BI Norwegian Business School. Mr Bakken currently sits on the Board of Directors of Observe Medical ASA (Chairman of the Board), QuestBack Group AS (Chairman of the Board) and Tivian Inc. (Chairman of the Board).



Jostein Davidsen
Board Member

Jostein has more than 30 years' experience from the international pharmaceutical industry, including managerial positions at Nycomed and Takeda Pharmaceuticals and as CEO of the Swiss company Acino Pharmaceuticals. Today he holds several Board mandates in the industry.



Edmée Jeanne Steenken
Board Member

Edmée has 25 years of experience in the pharmaceutical industry, working with global brand management and product development. She has held both global, regional and local commercial roles. Currently, she is holding the position of Senior Director, commercial affairs at Xellia Pharmaceuticals.



Narve Reiten
Board Member

Narve is the founder of Reiten & Co and has extensive investment and operational experience in the Nordic market. Mr Reiten holds a Master of Business and Economics degree from the BI Norwegian Business School and is a Certified Financial Analyst (CFA) from the Norwegian School of Economics and Business Administration.



Annika Kollén
Board Member

Annika has 20 years of experience in the pharma industry in various Supply Chain Management positions such as Nordic lead at Novartis and Global head of Supply Chain at Sobi. At Inceptua she holds the position as EVP Global Supply Chain and Operations and is part of the management team.

ESG report



Contribution to the United Nations sustainable development goals

Navamedic is committed to operate the business in a responsible and sustainable manner over time, and in a way that contributes to a positive, trust-based relationship between Navamedic, our stakeholders and society as a whole. During 2022, we identified the areas of United Nations global development goals where we see our contribution and structured the measures and initiatives to support this contribution in the future. By assessing the whole value chain and having a comprehensive view on our impact, Navamedic sustainability team laid a good foundation for establishing concrete measures, initiatives and focus areas. Together with our management and the Board, we lifted our focus on sustainability of our operations at the top of our agenda for the future.



<p>3 GOOD HEALTH AND WELL-BEING</p> 	<p>Contribute to safe and timely supplies of medicines by minimizing the risk of shortages through close collaboration with our partners included in the whole value chain</p> <p>Contribute to people's health by focusing on important medical needs, such as obesity, antibiotics and medical nutrition</p>
<p>8 DECENT WORK AND ECONOMIC GROWTH</p> 	<p>Commit to respecting fundamental human and labour rights, both in our own business and throughout the entire value chain</p> <p>Support work/life balance for employees as a flexible company</p> <p>Promote employees competence development</p>
<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 	<p>Focus together with suppliers on sustainability initiatives</p> <p>Focus on packaging material of our products to reduce waste, introduce environmental-friendly alternatives and improve labelling to sort waste material</p>
<p>13 CLIMATE ACTION</p> 	<p>Transport products in a more sustainable way to reduce CO₂ emission</p> <p>Implement a travel policy to support business travel in a more sustainable way</p> <p>Constantly improve and document our environmental actions through the ISO 14001 certification and internal Environmental Management System</p>

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Environmental

Despite being a limited-size company with no production facilities, we still aim to minimize our environmental footprint. During the year we identified environmental-related focus areas and the measures to be taken in a short- and long-term period.

Packaging optimization

Navamedic is assessing the packaging of most of its products, both in terms of pallet/box packaging and single unit packaging. Our goal is to reduce the size of packages where possible, as well as to remove unnecessary plastic or excess materials used. Furthermore, our aim is to keep close dialog with our suppliers to ensure the usage of renewable and “easy to recycle” materials that are also properly labeled. The goal set is to have at least one product optimization per year.

Products transport

During 2022, Navamedic improved its order handling process in order to optimize the number of shipments and these improvements are going to continue in years to come. Our goal is to ensure that our products are delivered with a minimal number of kilometers driven both regarding shipments from our vendors to the warehouses and from the warehouses to our customers. Further to this, Navamedic will perform an assessment of our logistics partners in order to ensure that we work with the best-in-class companies when it comes to sustainable and environmentally friendly transport.

Company cars and travel policy

Being the area where Navamedic can have more direct impact, the Company initiated the new travel Policy that focuses on defining when and how we travel. We believe that our contribution to the global CO2 emission reduction in this respect can be achieved by optimizing business trips and choosing more environmentally friendly means of transportation where possible. Furthermore, our new Company Policy for company cars requires all new company cars to be electric or hybrid where possible.

Through implementation of an Environmental Management System program, Navamedic has become ISO 14001 certified during 2021.



Social

Our success is not only driven by our high-quality products, but also by our competent employees. We believe that only skilled and satisfied employees, who are proud to work in Navamedic, can drive our organization through the future and contribute to the well-being of our customers. Therefore, we strive to provide the best working environment for all who are part of our organization and to become an attractive employer also for those who are going to join us in the future.



Navamedic supports flexibility of our employees and work-life balance is high on the agenda. All new employees are going through a comprehensive onboarding program to meet all the departments and the top management. This program is evaluated by new employees as a great start of the journey in Navamedic. We also support our employees in their skills development plan, and we want our employees to grow their competence in desired areas.

Equal employment opportunities and diversity are topics with increasing expectations for transparency and corporate action. Navamedic aims to continue to be a responsible employer that does not discriminate and that assesses all employees on an equal basis with respect to career opportunities and rights, regardless of gender, ethnicity, disability, or sexual orientation. Navamedic wants to achieve a balance between the genders. Of total 34 employees in 2022, 19 are women and 15 are men. The Group's management team in 2022 consisted of 7 members, 3 of whom are women. The Board of directors consisted of 5 members during 2022, 2 of whom are women.

Navamedic continuously seeks to improve health and safety at the offices in which it operates. There were no serious incidents that resulted in personal injuries or absences during 2022. Nor was there any damage to property or equipment reported. The sick leave rate was 2.0% in 2022 compared with 5.5% in 2021. The Group continuously aims to protect and improve health and safety in its operations.

Our contribution in the social area goes beyond our organization and beyond our products. One example that we are proud of is within the obesity treatment area where we are not only providing the products, but also other tools to facilitate the users to lead healthier lives long term. Several times per year we run an activity with Modifast (wide range of diet and meal replacement products) where we support, inspire and empower thousands of consumers not only to lose weight short term but also to establish new habits, with healthy food and physical activity. We create communities for the participants, leveraging the power of peer support, in addition to our own competence and expertise.

Navamedic also contributes to obesity management by providing pharmaceutical treatment, Mysimba, that can help patients lose and maintain a lower weight. With our website MyControl, we hope to increase knowledge about obesity among the general public and healthcare professionals. The site, which highlights causes, risks and the benefits of a long-term weight loss, places great focus on the brain's role in developing and mastering the disease and, in addition to current treatment options, also addresses the importance of the right treatment. The website is available in Norwegian, Swedish, Danish & Finnish. We are also providing patients with a PSP (Patient Support Program) – MyControl Support – in Sweden and Norway that includes a broad spectrum of supporting services to aid patients in lifestyle changes.

We feel proud of the fact that our products are only part of the support that we give to our patients and consumers. With obesity recognized as a complex disease, a wide range of effective tools are needed to enable everyone to find his or her own path to a healthier and more sustainable life, with great benefits also to society as a whole.

Governance

Navamedic is committed to conducting its business keeping the highest ethical standards and ensuring compliance with applicable laws and regulations. We have therefore structured our governance on transparent principles that shall be followed by our suppliers, employees and management.

Code of conduct

The Company's code of conduct (the "Code") sets the standard for what is expected in terms of business and personal conduct from each of the employees of Navamedic. The Code sets our expectations, commitments, and requirements for ethical conduct. The Code applies to everyone working for or representing the Company in any form, irrespective of the nature of the contract the relation is based on. This includes, but is not limited to, employees, the management, Board of directors, or any hired contractors. The Code has been approved by Navamedic's Board of directors and covers key topics such as business ethics, anti-corruption, working environment, and environment and climate. Navamedic is following the European Federation of Pharmaceutical Industries and Associations (EFPIA) Disclosure Code. Collaboration between the industry, patient organizations, healthcare professionals, and governments is critical to shaping the future of research and development, inform regulatory decision-making and optimize the use of medicines in the patient pathway. Transparency is critical to these relationships, and EFPIA and its member companies have continued to drive greater transparency through support for the mandatory registration of lobbying organizations on the EU transparency register. Furthermore, the members work with the implementation of the disclosure provisions in the EFPIA Code, which require public disclosure of financial support to patient organizations across Europe.

Business ethics and anti-corruption

Navamedic is committed to ethical operations. The Company complies with the laws of the countries in which it operates and runs its business operations in line with nationally and internationally recognized principles and guidelines for human and labor rights. All employees and Board members shall refrain from corruption and

bribery in all forms, as described in the Company’s Code. Navamedic refuses to tolerate any form of corruption in its day-to-day work or in relation to business contacts. The Company has guidelines for all employees on accepting gifts, benefits, or other tokens of appreciation. All employees are responsible for understanding and identifying possible conflicts of interest, and they have been informed about their responsibilities in such cases. Navamedic’s CEO bears the ultimate responsibility for the enforcement of the guidelines of the Company regarding business ethics.

The suppliers code of conduct and 360 analyses

Navamedic places great emphasis on cooperating with business partners that promote high standards of good business practice. Before signing a contract with partners and suppliers, Navamedic carries out evaluations on issues relating to anti-corruption and business ethics. During 2022, Navamedic performed an extensive evaluation of all our suppliers covering different company and country specific risks. This analysis also supports our compliance with relevant standards related to our ISO certification as well as the Transparency Act (Åpenhetsloven) in Norway.

During 2023, Navamedic is launching the Supplier code of conduct, a comprehensive document covering the key areas like human and labor rights, health & safety, sustainability, anti-bribery, child labor etc. We believe that having this document signed by our partners further strengthens our goal to work with the suppliers whose business is run according to the highest standards. We expect that all our partners sign the Code during 2023.



Corporate governance



Implementation and reporting on corporate governance

The Board of Navamedic has adopted guidelines for corporate governance in Navamedic ASA and the Group.

The Board has stipulated guidelines for ethics and corporate social responsibility that apply to all companies in the Navamedic Group. The guidelines clarify the ethical values and standards for corporate social responsibility upon which the Group's and the employees' work shall be based.

Business

Navamedic's business and purpose are described in article 3 of the articles of association, which reads:

"The Company's business is to develop, produce, market, and sell pharmaceuticals and related products, perform consultancy services in connection with this, and invest in related activities."

The Company's goals and main strategies are described on the Company's website. Its vision, goals, and core values are set out in the Company's guidelines for corporate governance and guidelines for ethics and corporate social responsibility.

Navamedic also has active risk management to ensure value creation for shareholders and safeguard societal interests in general.

The Company's vision is that the business, as it is described in the articles of association, shall be run in a sustainable manner.

Equity and dividends

Capital structure

Navamedic's registered share capital amounts to NOK 12,748,555 divided into 17,227,777 shares, each with a nominal value of NOK 0.74. As at 31 December 2022, equity amounted to NOK 209,720 thousand, which results in an equity ratio of 54.8%.

Dividends

Navamedic's dividend policy is established by the Board through the guidelines for corporate governance. Each year, in connection with the preparation of the annual financial statements, the Board assesses the Company's need for capital in the coming period. Based on this assessment, the Board issues its recommendation concerning dividends to the general meeting with the explicit goals of ensuring the Company's strategy is implemented and providing optimal value creation for the Company's shareholders.

The Board will propose to the Annual General meeting that a dividend for 2022 may be distributed during 2023.

Board authorisations

The annual general meeting on 2 June 2022 gave an authorization to the Board to increase the share capital in connection with share options and an investment program with up to lower of NOK 1,500,000 and 10% of Company`s share capital. This authorization replaced the previous authorization from the annual general meeting on 3 June 2021 to increase the share capital by up to NOK 1,000,000.

In the same meeting, the Board also granted authorization to increase the share capital by up to NOK 2,420,000 to finance further growth. This authorization replaced the previous authorization from the annual general meeting on 3 June 2021.

The third authorization given on the annual general meeting on 2 June 2022 was the authorization to the Board to acquire own shares with a maximum aggregate value of NOK 1,209,578.84. The highest amount that may be paid for per share is NOK 100 and the lowest amount is NOK 1.

All authorizations are effective until the annual general meeting in 2023, but no longer than and including 1 June 2023.

Equal treatment of shareholders and transactions with close associates

The Company has one class of share and each share in the Company has one vote. The Company owned none of its own shares as at 31 December 2022.

Pursuant to the Norwegian Code of Practice for Corporate Governance, companies should have guidelines that ensure that Board members and executive personnel report to the Board if they have, direct or indirect, significant interests in an agreement entered into by the Company.

In the case of members of the Board of Navamedic, this is explicitly set out in the rules of procedure for the Board. The Company's guidelines for ethics and corporate social responsibility, which apply to all employees and Board members in the Group, contain guidelines for handling potential conflicts of interest.

The guidelines also stipulate that Navamedic's employees and the Board members should avoid having ownership interests or Board positions in other enterprises if these could be deemed likely to weaken the loyalty to Navamedic. Pursuant to the guidelines, questions concerning Board members' and executive personnel's Board positions in companies that compete with Navamedic or that are business contacts of Navamedic, must always be clarified with the Board of Navamedic.

Shares and negotiability

Pursuant to the Norwegian Code of Practice for Corporate Governance, the articles of association should not stipulate any restrictions on ownership.

The articles of association contain no restrictions on the negotiability of shares. Navamedic ASA is listed on the Oslo Stock Exchange. Navamedic also actively strives to increase the interest in the Company to attract new investors.

General meetings

Navamedic held its annual general meeting on 2 June 2022.

The notice was sent prior to the 21 days deadline and contained descriptions of the items on the agenda and the Board's proposed resolutions. The supporting documentation was prepared with the aim of enabling shareholders to arrive at a view concerning the items on the agenda. The registration deadline was set at three days before the general meetings, in accordance with the provision in the Company's articles of association. The notices described the procedures for taking part in and casting votes at the general meetings, as well as attendance by proxy.

The proxy forms were designed such that votes could, to the extent possible, be cast concerning each item on the agenda. In the proxy form a person was also proposed to act as a proxy for the shareholders.

The chairman of the Board attended the annual general meeting in 2022. The Company's external auditor was also present at the meeting.

Minutes of general meetings were published and made available under the Company's ticker on Newsweb and on the Company's website www.navamedic.com shortly after the meetings.

Nomination committee

The Company established a nomination committee at the annual general meeting on 8 June 2015. The nomination committee consists of chairman Bernt Olav Røttingsnes, members Bård Brath Ingerø and Grete Hogstad. At the annual general meeting on 2 June 2022, all members of the nomination committee were re-elected with term ending on the annual general meeting in 2023.

The Board, composition and independence

The Board of Navamedic has five ordinary members, all of whom are elected by the shareholders. The Board members and chairman of the Board are elected by the general meeting. No Board members are elected for terms of more than two years at time. None of the Company's Board members have any special interests that prevent them from acting independently.

The Company's annual report contains information about the Board members' relevant experience, and current position. The Board members have varied experience from industries such as pharmaceuticals, finance, acquisitions and mergers, industry, and marketing. This experience was gained both in Norwegian and international companies and public enterprises.

It is Navamedic's opinion that, as a corporate body, the Board safeguards the best interests of the shareholders as a group. This is based on the Board's qualifications, capacity and diversity in relation to the business Navamedic operates.

In the opinion of the Board, it is desirable for Board members to own shares in the Company, but no formalized encouragement to own shares in the Company exists. Chairman of the Board Terje Bakken and Board member Narve Reiten have significant ownership in Ingerø Reiten Investment Company, Navamedic's largest shareholder.

No Navamedic executive personnel sits on the Company's Board of directors.

The work of the Board of directors

The Board bears overarching responsibility for the management of the Company and supervision of the day- to-day management and the Company's operations. Its main duties consist of formulating the Company's strategy and following up the implementation of this strategy. The Board also performs control functions that ensure the Company's asset management is prudent. The Board appoints the CEO.

Pursuant to the provisions of Norwegian company law, the Board has stipulated rules of procedure for the Board that provide detailed rules for the Board's functions, duties, and responsibilities.

The Board has an annual plan for its work that particularly focuses on goals, strategy, and implementation. The chairman of the Board is responsible for ensuring that the Board's work is executed effectively and correctly in accordance with the law. For matters in which the chairman of the Board is, or has been, actively involved, another Board member is nominated to chair the discussion such that the Company is assured an independent process.

A clear division of work between the Board and executive personnel has been established. The CEO is responsible for the Company's operational management.

The Board holds a minimum of six Board meetings a year, one of which is a strategy meeting. Extraordinary Board meetings are held as required to consider matters that cannot wait until the next ordinary Board meeting.

During 2022, 12 formal Board meetings were held, and the duties of the Board were also addressed through updates via phone conferences, with and without the management team present.

The Board has established an audit committee as a sub-committee to the Board. Special rules of procedure have been set out for this committee. The audit committee consists of two Board members who are independent of the Company's day-to-day management team. The authorities governing the role and responsibilities for the Audit committee has increased its tasks and responsibilities over the last year. The audit committee has taken steps to ensure it can uphold compliance with its requirements.

The Board has also established an M&A committee as a sub-committee to the Board. The M&A committee consists of two Board members, both of whom are independent of the Company's daily operations.

The Board has the objective of conducting an annual evaluation of its work, working methods, and qualifications. A similar evaluation is also conducted of the CEO.

Risk management and internal control

The Board's supervision must ensure that the Company has good internal control routines and appropriate systems for risk management which corresponds with the scope and nature of the business being operated, including the Company's values and guidelines for ethics and corporate social responsibility. The audit committee has particular responsibility for monitoring risk management and internal control.

Navamedic is a relatively small company with a small management team, and with limited capacity. However, while the Company's size and operations are not especially extensive, there are several aspects of operating in the pharmaceutical industry that require robust routines related to internal control. The Company has established routines to ensure satisfactory internal control and risk management and in 2021 the Company implemented a new ERP system and processes which have resulted in improved internal control.

The Board will ensure that routines for internal control and risk management are developed on an ongoing basis as the scope of the Company's operations increase.

As part of its auditing services, the external auditor assesses whether there are any material weaknesses in the internal control for financial reporting. The auditor takes part in the audit committee meetings as well as Board meetings in connection with the annual accounts.

The management team emphasizes establishing good control routines in those areas that are of material importance for financial reporting. The control routines are based on an authorization structure that defines roles and responsibilities for each level of management, as well as guidelines for how one should ensure good internal control, including satisfactory routines related to division of duties.

The Board receives regular financial reports in which the Company's economic and financial status is commented on. The Company complies with the Oslo Stock Exchange's deadlines for interim reporting. The Company has chosen not to issue interim reports from and including the fourth quarter of 2017 in accordance with IAS 34, instead it prepares and publishes a presentation for the quarter.

Accounting problems are analyzed immediately, and the auditor is consulted if required. An overview of relevant questions is presented to the Board in connection with the publication of interim presentations and half-year and annual reports.

Remuneration of the Board of directors

The Board's remuneration is agreed each year by the general meeting. The Board's remuneration is independent of the Company's results and Board members do not have options in the Company.

Information about the Board's remuneration for 2022 is included in note 17 to the financial statements. No Board members have special duties in relation to the Company beyond their Board position and participation in the audit committee, M&A committee and remuneration committee.

Remuneration of executive personnel

In 2022, the Board set out guidelines for the remuneration of executive personnel in accordance with the provisions of the Norwegian Public Limited Liability Companies Act.

The Board's statement on executive pay is included in the annual report and considered by the general meeting in accordance with the Public Limited Liability Companies Act. No subsequent changes have been made to these guidelines.

The Board's statement on executive pay was approved by the general meeting on 2 June 2022.

Procedures and authorizations for determining the remuneration of the corporate management team are governed by the Company's rules of procedure for the Board.

The rules of procedure for the Board and the Board's statement on executive pay stipulate that all schemes that include the awarding of shares, subscription rights, options, and other forms of remuneration linked to shares or the development of the share price, must be established by the Company's general meeting.

The setting of the CEO's salary for 2023 was approved by the Board and information about the remuneration of the CEO and other executive personnel in 2022 can be found in note 17 to the consolidated annual financial statements. Before determining the pay of the management team, a comparison is made with equivalent positions in companies outside the Group.

As of 2022 there are new requirements for reporting remuneration of executive personnel. This report can be found on the Company's web page [Navamedic.com](https://www.navamedic.com).

Information and communication

Navamedic's information and communication policies are presented in the Company's guidelines for corporate governance. The guidelines are based on the principle of the equal treatment of market actors and cover financial reporting and investor relations.

Navamedic will provide the market with accurate, consistent, and relevant information. Half-year reports and interim presentations for the Oslo Stock Exchange are published in English only.

According to the Company's guidelines for corporate governance, the Board must ensure that interim presentations issued by the Company provide a true and complete picture of the Group's financial and business positions, as well as the extent to which the Company's operational and strategic goals are achieved.

Navamedic's communication with shareholders is based on the principle that all owners should have equal access to the information. Navamedic arranges public investor presentations in connection with the publication of half-year reports and interim presentations. In these, the results are reviewed, and the development of the market and the Company's outlook are commented on.

As a minimum, the CEO and CFO take part in the presentations. For 2023, Navamedic will present interim presentations, as well as publish a half-year report and an annual report.

Take-overs

The Company's guidelines for corporate governance stipulate that in the event of potential take-overs or restructuring situations, the Board shall exercise particular care such that the assets and interests of all shareholders are safeguarded.

The guidelines for corporate governance at Navamedic also stipulate that the Norwegian Code of Practice for Corporate Governance must be followed, and the Board will follow the more detailed recommendations in this document if a potential take-over situation arises.

No take-over offers were presented to Navamedic or its shareholders in 2022.

Auditor

The Company's external auditor is EY. The auditor attends Board meetings in connection with the annual financial statements and most audit committee meetings. At least one meeting a year is held between the auditor and Board without the CEO or other member of the Company's executive management present.

The auditor presents an audit plan for the audit committee each year. According to the Company's guidelines for corporate governance, the auditor shall each year provide the Board with written confirmation that they comply with the requirements for independence and objectivity. The guidelines also stipulate that services from the auditor beyond the mandatory audit and closely related advice must only be provided following a decision by the Board or audit committee.

Consolidated financial statements 2022



Consolidated statement of comprehensive income

<i>(in NOK '1000)</i>	Note	2022	2021
Operating revenues	5	382,135	278,439
Total revenue		382,135	278,439
Cost of materials		-218,615	-166,695
Payroll expenses	17	-48,088	-44,455
Other operating expenses	16	-63,745	-49,118
Operating profit before depreciation and amortization (EBITDA)		51,686	18,171
Depreciation	8	-2,392	-2,169
Amortization	9	-4,850	-4,547
Operating profit (EBIT)		44,444	11,455
Income/(loss) from associated companies	19	-1,101	-3,185
Gain on disposal of associated companies	19	9,514	0
Financial income		19,464	4,035
Financial expenses		-3,416	-4,424
Net currency gains/(losses)		-9,242	-5,523
Net change in fair value of current financial assets		-17,158	0
Net financial income and expenses	18	-10,351	-5,912
Profit before tax		42,506	2,358
Income taxes	26	-13,074	-1,740
Net profit / (loss)		29,431	618
<i>Other comprehensive income that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences		2,982	348
Total other comprehensive income		2,982	348
Total comprehensive income		32,413	967
<i>Attributable to:</i>			
Shareholders in the parent company		32,413	967
Earnings per share basic (NOK)	24	1.75	0.04
Earnings per share diluted (NOK)	24	1.73	0.04

Consolidated statement of financial position

<i>(in NOK '1000)</i>	Note	31.12.2022	31.12.2021
Assets			
Non-current assets			
Intangible non-current assets			
Goodwill	9	100,743	61,031
Deferred tax assets	26	835	9,168
Other intangible assets	9	30,537	27,342
Total intangible non-current assets		132,115	97,541
Other non-current assets			
Property, plant & equipment	8	607	745
Right of use assets	10	6,511	7,567
Shares in associated companies	19	0	18,837
Total other non-current assets		7,118	27,149
Total non-current assets		139,233	124,690
Current assets			
Prepaid tax and tax receivable	26	14,909	15,652
Inventories	11	79,642	61,882
Trade and other receivables	10	42,985	37,730
Current loans receivable	19	40,615	37,606
Other current financial assets		10,092	0
Cash and cash equivalents	20	55,296	52,620
Total current assets		243,539	205,489
Total assets		382,772	330,179

Consolidated statement of financial position (cont.)

<i>(in NOK '1000)</i>	Note	31.12.2022	31.12.2021
Equity			
<i>Paid in equity</i>			
Share capital		12,749	12,096
Share premium reserve		190,408	165,830
Total paid in equity	14	203,157	177,926
<i>Retained earnings</i>			
Retained earnings		6,563	-26,689
Total retained earnings		6,563	-26,689
Total equity		209,720	151,237
Liabilities			
<i>Non-current liabilities</i>			
Non-current license liabilities	22	3,762	8,171
Non-current liabilities to financial institutions	21	38,368	29,235
Non-current right of use liabilities	10	4,861	5,824
Total non-current liabilities		46,991	43,231
<i>Current liabilities</i>			
Trade account payables	15	65,574	70,532
Current liabilities to financial institutions	21	13,623	9,745
Current right of use liabilities	10	1,865	1,839
Current license liabilities	22	221	13,158
Taxes payable	26	4,708	10,713
Other current liabilities	15	40,071	29,724
Total current liabilities		126,062	135,712
Total liabilities		173,053	178,943
Total equity and liabilities		382,772	330,179

The Board of Directors and CEO of Navamedic ASA

Oslo, 27 April 2023



Terje Bakken (sign.)

Chairman



Jostein Davidsen (sign.)

Board member



Edmée Steenken (sign.)

Board member



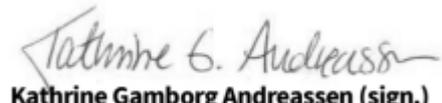
Narve Reiten (sign.)

Board member

Annika Kollén

Annika Kollén (sign.)

Board member



Kathrine Gamborg Andreassen (sign.)

CEO

Consolidated statement of changes in equity

<i>(in NOK '1000)</i>	Share capital	Share premium reserve	Retained earnings	Total
Balance as at 1 January 2021	11,316	147,610	-29,441	129,486
Net profit / loss (-)	-	-	618	618
Currency translations differences	-	-	348	348
Share capital increase	780	18,220	-	19,000
Share options	-	-	1,784	1,784
Balance as at 31 December 2021	12,096	165,830	-26,689	151,237
Balance as at 1 January 2022	12,096	165,830	-26,689	151,237
Net profit / loss (-)	-	-	-	-
Net profit / loss (-)	-	-	29,431	29,431
Currency translations differences	-	-	2,982	2,982
Share capital increase	653	24,578	-	25,230
Share options	-	-	839	839
Balance as at 31 December 2022	12,749	190,408	6,563	209,720

Consolidated cash flow statement

<i>(in NOK '1000)</i>	Note	2022	2021
<i>Cash flow from operating activities</i>			
Profit before tax		42,506	2,358
Taxes paid		-10,967	-2,700
Depreciation, amortization and impairment	7, 8, 9	7,242	6,716
Financial income/expenses without cash flow effect		6,878	1,353
Other income/expenses without cash effect		839	1,784
Income/loss and gain from the disposal of associated companies		-8,413	3,185
Payment of license liabilities		-112	-110
Changes in inventory		-17,761	-19,937
Changes in trade and other receivables		-5,255	-9,084
Changes in trade and other payables		-4,959	3,577
Changes in other current balance sheet items		7,944	11,556
Net cash flow from operating activities		17,941	-1,300
<i>Cash flow from investing activities</i>			
Acquisition of tangible and intangible assets	7, 8	-2,251	-728
Interest received		70	2
Purchase of shares in other companies net of cash acquired		-23,264	0
Net cash flow from investing activities		-25,444	-727
<i>Cash flow from financing activities</i>			
Loans received		24,033	19,500
Payment of loans		-9,511	0
Interest paid		-3,272	-1,469
Share issues		1,198	0
Payment of lease liabilities		-2,373	-2,100
Net cash flow from financing activities		10,074	15,931
Effects of exchange rate changes on cash and cash equivalents		105	-868
Net change in cash		2,676	13,036
Cash and cash equivalents start period		52,620	39,584
Cash and cash equivalents end period	19	55,296	52,620

Notes to the consolidated financial statements



Note 1 – General information

Navamedic ASA is a Nordic pharma company with a footprint in Northern Europe listed on the Oslo Stock Exchange. The Company is a reliable supplier of high-quality products, delivered to hospitals and through pharmacies, meeting the specific medical needs of patients and consumers.

The product portfolio consists of prescription and non-prescription pharmaceuticals as well as other healthcare products registered as medical nutrition, medical devices, food supplements or cosmetics.

Navamedic ASA is present in all Nordic countries, the Baltics and Benelux and has sales of specific products in other European countries like UK and Greece.

Through its subsidiaries Navamedic AB in Sweden and Navamedic AS in Norway, the Group distributes more than 40 different product brands from over 20 international partners/brand owners and manufacturers in the European market.

Navamedic's ambition is to grow by expanding its product portfolio and launching existing products in new markets.

Navamedic ASA is registered and based in Norway. Its head office is at Solli Plass in Oslo. Its visiting address is Henrik Ibsens gate 100, 0255 Oslo, Norway.

Note 2 – Summary of significant accounting policies

The most important accounting policies used in the preparation of the consolidated financial statements are described below. These policies are applied consistently in all of the periods presented unless the description states otherwise.

2.1 Framework for preparation of the financial statements

Navamedic's consolidated financial statements have been prepared in accordance with international accounting standards (IFRS) and interpretations from the IFRS Interpretations Committee (IFRIC), as established by the EU.

The consolidated financial statements have been prepared on the basis of historical cost.

The consolidated financial statements have been prepared by applying the same accounting policies to transactions and events that would be similar under otherwise equal conditions.

The accounting policies applied, and the presentation of the consolidated financial information are consistent with the previous annual financial statements for the year that ended 31 December 2021.

The consolidated financial statements have been prepared on the assumption that the Group is a going concern.

2.2 Consolidation policies

A subsidiary is a company over which Navamedic ASA (directly or indirectly) has control. Control is attained when Navamedic is exposed to, or has rights to, variable returns from its engagement in a company in which it has

invested and is able to influence this return by exercising power over the Company. Power means existing rights that currently provide Navamedic with the ability to steer relevant activities, i.e. the activities that affect, to a significant degree, the return from the Company that has been invested in. All subsidiaries are owned 100% and there are no minority interests.

Subsidiaries are consolidated from the date when the Group attains control and consolidation ceases when control of the subsidiary ceases.

The acquisition method is used for acquisitions of business. The consideration is measured at the fair value of the assets transferred, liabilities assumed, and equity instruments issued. The fair value of all assets or liabilities according to the agreement on contingent consideration is also included in the remuneration. Identifiable assets, liabilities, and contingent liabilities are recognized at their fair value on the acquisition date.

Acquisitions-related costs linked business combinations are recognized as expenses when they are incurred.

Contingent consideration is measured at fair value on the acquisition date. Subsequent changes in the fair value of contingent consideration classified as an asset or liability and that are not adjustments during the measurement period must be recognized through profit or loss.

If the sum of the remuneration, fair value of earlier assets, and any fair value of minority interests exceeds the fair value of identifiable net assets in the acquired company, the difference is capitalized as goodwill. If the sum is lower than the Company's net assets, the difference is recognized through profit or loss.

Intra-group revenue, expenses, and balances are eliminated. The gain and loss elements in a capitalized asset that arose due to an intra-group transaction are also eliminated. The accounts of subsidiaries are, if necessary, restated so they correspond with the Group's accounting policies.

2.3 Segment information

Navamedic identifies its segments according to the organization and reporting structure as decided and followed up by the chief operating decision maker. Operating segments are components of a business that are evaluated regularly by the chief operating decision maker, defined as the CEO, for the purpose of assessing performance and allocating resources. Navamedic operating segments represent separately managed business areas with unique products serving different markets. Navamedic currently has only one business segment which is the Pharma and healthcare division.

2.4 Translation of foreign currency

a) Functional currency and presentation currency

The accounts of the individual units in the Group are measured in the currency that is mainly used in the economic area in which the unit operates (functional currency). The consolidated financial statements are presented in NOK, which is both the parent company's functional currency and its presentation currency.

b) Transactions and balance sheet items

Transactions in foreign currency are translated to the functional currency using the transaction's exchange rate. Realized currency gains and losses that arise during the settlement and translation of monetary items

in foreign currency at the exchange rate on the balance sheet date are recognized through profit or loss. Currency gains and losses are presented (net) as financial income or financial expenses.

c) Group companies

The income statements and balance sheets of group companies with functional currencies different from the presentation currency are translated in the following way:

- a) balance sheets are translated using the exchange rate on the balance sheet date.
- b) income statements are translated using the average exchange rate for the year.
- c) translation differences are recognized in other comprehensive income and specified in equity as a separate item.

Goodwill and excess values upon the acquisition of a foreign unit are treated as assets and liabilities in the acquired unit and translated at the exchange rate on the balance sheet date. Translation differences that arise are recognized in other comprehensive income.

2.5 Intangible assets

All intangible assets are recognized at cost less accumulated amortization and impairments. Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the assets carrying amount or recognized as a separate asset.

The Group's intangible assets consist of the following:

a) Licenses (product rights) and marketing authorizations

Navamedic holds rights to market and sell specific products in defined geographical areas. Investments related to such licenses are amortized on a straight-line basis over their expected useful economic life, which typically range between five to ten years.

Navamedic further distributes a number of products through wholesalers on behalf of rights holders. Investments related to obtaining such marketing authorizations are amortized on a straight-line basis over their expected useful economic life, which typically range between five to ten years. For products that are under registration, the amortization of the cost of acquisition commences upon launch and is amortized over the period of the agreement.

b) Other intangible assets

Navamedic invests in information technology assets intended to products and marketing. Furthermore, investments in licenses and marketing authorizations where the products in question have not yet been launched due to regulatory or other reasons, are classified as other intangible assets until launch.

2.6 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment is recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying value of the other assets in the CGU on a pro rata basis.

An impairment in respect of goodwill is not reversed. For other assets, an impairment is reversed only to the extent that the asset's carrying value does not exceed the carrying value that would have been determined, net of depreciation or amortization, if no impairment had been recognized.

2.7 Inventories

Inventories are measured at the lowest of acquisition cost and net realizable value. Acquisition cost is calculated using the first-in, first-out method (FIFO). Net realizable value is the estimated selling price less cost of sale.

2.8 Financial assets

Financial assets are recognized in accordance with IFRS 9 Financial instruments. The Group currently has financial assets within the following categories:

a) Financial assets at amortized cost

Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's financial assets at amortized cost primarily consist of trade receivables and other receivables, loan receivables and bank deposits. Financial assets at amortized cost are initially recognized at fair value, transaction costs are added to the carrying amount. Financial assets at amortized cost are subsequently carried at amortized cost.

b) Financial assets at fair value through profit and loss

Long term investments in other entities, which do not qualify to be recorded under equity method or to be consolidated, are recognized at fair value through profit and loss. Initial recognition is based on the fair value at recognition date and further changes in the fair value are recorded in the statement of profit and loss under financial items.

2.9 Trade receivables

Trade receivables arise from sales of goods or services within the ordinary business cycle. If settlement is expected within one year or less (or in the ordinary business cycle if this is longer), the receivables are classified as current assets. If this is not the case, the receivables are classified as non-current receivables.

Trade receivables are measured at the transaction price upon initial recognition. In subsequent measurements, trade receivables are measured at amortized cost less provisions for expected credit losses.

For trade receivables and contract assets, the Group applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group has entered into a trade receivable financing agreement with Avida Finans AB.

2.10 Cash and cash equivalents

Cash and cash equivalents consist of cash and bank deposits which are readily convertible into cash within a 3-month period.

2.11 Financial liabilities

The Group currently has financial liabilities within the following category:

a) Financial liabilities at amortized cost

Financial liabilities at amortized cost are liabilities that represent a contractual obligation to deliver cash and are classified as current or non-current based on whether the estimated settlement date is less than or more than 12 months in the future. The Group's financial liabilities at amortized cost consist of interest-bearing liabilities in the form of overdraft facilities and instalment loans, licensing liabilities, trade account payables and other non-interest-bearing liabilities. Financial liabilities at amortized cost are initially recognized at fair value net of directly attributable transaction costs, and subsequently measured at amortized costs applying the effective interest method.

2.12 Income Tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income. The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

a) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

b) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that convincing evidence exists that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that convincing evidence no longer that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent convincing evidence that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

2.13 Employee benefits

a) Pensions

The Company has entered into a mandatory defined contribution pension scheme for employees in Norway and Sweden. Under defined contribution plans, the Group pays contributions to public or private organized insurance plans for pensions on a compulsory, contractual, or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The plan in Norway complies with the requirements of the Norwegian Mandatory Occupational Pension Act. The contributions are recognized as payroll expenses as incurred, see note 15.

b) Severance pay

Severance payments are recognized when the employment relationship is terminated by the Group before the normal retirement date or when an employee accepts voluntary redundancy in return for such

remuneration. The Group recognizes severance pay when it is demonstrably obliged to either end the employment relationship of today's employees in accordance with a formal, detailed plan that the Group cannot withdraw, or to provide severance pay due to an offer made to encourage voluntary redundancies.

2.14 Provisions

Provisions for product warranties, onerous contracts, restructuring costs, termination benefits and legal claims are recognized when the Group has a present or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are discounted only when the effect is material and the distribution in time can be reliably estimated.

2.15 Revenue recognition

a) Revenue from contracts with customers

Navamedic distributes and delivers pharmaceuticals and other products to hospitals and pharmacies, mainly in the Nordic region, but also in a number of other countries in Europe. Revenues are measured based on the transaction price specified in a contract with a customer. The Group's revenues are generated from the sale of goods, and revenue is recognized at the point in time when control of the goods transfers to the customer, typically when the Group has delivered the goods to the customer.

Invoices are issued upon delivery of the goods or based on accumulated monthly sales through a wholesaler. Payment terms for revenue are typically 30 days.

b) Interest income

Interest income is recognized through profit or loss proportionally over time in accordance with the effective interest rate method.

c) Revenue from dividends

Dividend revenues are recognized through profit or loss when the right to receive payment arises.

2.16 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right of use assets

The Group recognizes right-of-use assets at the commencement date of the lease. Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost

reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right of use assets is also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. In calculating the present value of lease payments, the Group uses its estimated incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

2.17 Dividends

Dividend payments to the Company's shareholders are classified as liabilities from and including the moment the dividend is determined by the general meeting and until it is distributed.

Note 3 – Financial risk management and capital management

The Group's operations expose it to various types of financial risk: market risk (including currency risk, variable interest risk, and price risk), credit risk, and liquidity risk. The Group focuses on minimizing the potential negative effects that unforeseeable movements in the capital markets can have on the Group's financial results. The Group does not use financial derivatives to protect itself from specific risks.

The Group's risk management is performed by the management team in accordance with company risk policy approved by the Board.

a) Market risk

Operational risk

The Group is exposed to operational risk. The Group believes that such risk will primarily arise in relation to the development of future sales of the Company's products, measured in terms of both price and volume. Factors that can influence market risk include increased competition, instructions to reduce prices from the authorities, and competition from existing and future pharmaceuticals within the Company's range of therapies.

The Company depends on supply and distribution from suppliers. The Company has supply and distribution agreements with suppliers in which the term of the agreement varies from one to eight years. The Company is dependent on renewing these agreements at market prices and on market terms and conditions and is therefore in continuous dialogue with the suppliers to ensure they are renewed.

The Group is exposed to risk related to pandemic outbreaks like Covid-19. However, based on the existing portfolio of products, the Company is probably less prone to be affected to the same extent as many other companies. The demand for most of the Company's products, except some Consumer Health products, is less likely to be affected since the end users typically use the products based on needs and can not easily stop using them. There is a risk that some products' production and delivery could be affected in the event of long term shut down.

Navamedic is exposed to risk related to outbreak of war, like the current war in Ukraine. Navamedic has no direct business relation with neither Ukraine nor Russia, however, if the war has negative effect on prices of raw material or transportation costs, this would likely have an effect on Navamedic, although it is difficult to assess to what extent.

Currency risk

The Group is exposed to currency risk. A significant proportion of the Group's revenue and expenses are in currencies other than the functional currency in the individual entities (mostly NOK, SEK, DKK and EUR). Materials are generally paid for in EUR, SEK, GBP, USD, DKK and NOK. Most of the sales in Navamedic AB take place in Nordic currencies and EUR. Payroll and operating expenses are generally incurred in the currency of the country in which the individual company is registered. The Group has not adopted specific currency hedging strategies in relation to operations.

Variable interest rate risk

The Group is exposed to interest rate risk related to bank deposits. The interest rate on the Group's loans is fixed. The calculated interest income and expenses, as well as actual interest payments, are affected by rate changes. The Group has not entered into any hedging arrangements to cover fluctuations in the general level of interest rates.

Credit risk

The Group is exposed to no significant concentrations of credit risk. Routines have been introduced to ensure products are sold to customers with satisfactory creditworthiness. The Company's customers are largely public enterprises and larger pharmacy chains that represent a low credit risk. The level of consumer sales is relatively low. See also note 11, which shows when the Group's receivables fall due.

b) Liquidity risk

The Group's liquidity risk is considered moderate as at 31 December, and the Group's liquidity situation as at 31 December 2022 is considered to be satisfactory. As at 31 December 2022, the Group had NOK 55.3 million in cash and cash equivalents (NOK 52.6 million as at 31 December 2021). The Group has outstanding loans of SEK 55 million. The Group continually monitors the liquidity risk associated with the due dates for financial liabilities.

The table below illustrates the maturity structure of liabilities:

Maturity structure of liabilities 2022

<i>(in NOK '1000)</i>	Note	Carrying amount	Undiscounted amount	Expected cash flows				Total
				Year 1	Year 2	Year 3	Year 3-5	
License liabilities	22	3,982	4,971	221	-	4,750	-	4,971
Liabilities to financial institutions	21	51,992	51,992	13,623	24,467	5,561	8,341	51,992
Interest on liabilities to fin. institutions	21	-	6,087	2,851	1,986	773	477	6,087
Right of use liabilities	10	6,726	7,401	2,195	3,471	1,735	-	7,401
Trade account payables	14	65,574	65,574	65,574	-	-	-	65,574
Taxes payable	27	4,708	4,708	4,708	-	-	-	4,708
Other current liabilities	15	40,071	40,071	40,071	-	-	-	40,071
Total		173,053	180,803	129,242	29,924	12,819	8,818	180,803

Maturity structure of liabilities 2021

<i>(in NOK '1000)</i>	Note	Carrying amount	Undiscounted amount	Expected cash flows				Total
				Year 1	Year 2	Year 3	Year 3-5	
License liabilities	22	21,329	22,883	13,292	2,643	6,948	-	22,883
Liabilities to financial institutions	21	38,980	38,980	9,745	9,745	9,745	9,745	38,980
Interest on liabilities to fin. institutions	21	-	5,360	2,144	1,608	1,072	536	5,360
Right of use liabilities	10	7,664	8,432	2,142	4,193	2,097	-	8,432
Trade account payables	14	70,532	70,532	70,532	-	-	-	70,532
Taxes payable	27	10,713	10,713	10,713	-	-	-	10,713
Other current liabilities	15	29,724	29,724	29,724	-	-	-	29,724
Total		178,943	186,624	138,293	18,189	19,861	10,281	186,624

Capital structure and capital management goals

The Group's goal in relation to capital management is to ensure continued operations to secure returns for its owners, and to maintain an optimal capital structure. The Group continuously strives to have a leverage ratio and an equity ratio adapted to the business' risk profile. The Group's main financing agreements are between Navamedic AB and Avida Finans AB and consist of i) an accounts receivable financing agreement which carries a fixed interest rate; ii) a loan of SEK 30 million with a fixed interest rate of 5.5% p.a.; iii) a loan for SEK 25 million with a fixed interest rate of 6.5%. Both loan agreements have a covenant that net interest-bearing debt should not exceed 2 times consolidated EBITDA.

Note 4 – Critical accounting estimates and discretionary assessments

Estimates and discretionary assessments are evaluated on an ongoing basis and are based on past experience and other factors, including expectations concerning future events regarded as probable under current circumstances.

Important accounting estimates and assumptions

The Group prepares estimates and makes assumptions about the future. The accounting estimates that follow from these will, by definition, seldom be fully in line with the final outcomes. Estimates and assumptions that represent a risk of material changes to the carrying values for assets and liabilities during the next accounting year are discussed below.

a) Measurement of goodwill and intangible assets

The most important estimates and assumptions that carry a risk that they will materially affect the carrying values for assets and liabilities during the next accounting year relate to the measurement of goodwill and intangible assets, see note 9. The management uses estimates and assumptions in the determination of the accounting depreciation period and impairment assessments of intangible assets.

Capitalization of identifiable intangible assets is based on expectations of future financial benefits. Measurements of future financial benefits are based on the management team's judgment and estimates on balance sheet dates.

b) Tax

Assessment of whether a deferred tax asset is recognizable involves a significant degree of judgment in determining the likelihood of utilization against future taxable results within the various tax jurisdictions in which the Group operates.

As of 31.12.2022, the Group has no deferred tax assets recognized for tax losses carry forward as all tax losses were utilized in 2022. There is, however, loss in the Swedish entity for which deferred tax is not recognized. The management performs assessment of deferred tax asset for tax losses carry forward in accordance with the requirements in IAS 12.35 and 12.36, and also taking into consideration the ESMA considerations on recognition of deferred tax assets arising from the carry forward of unused tax losses.

Note 5 – Segment Information and revenue from contracts with customers

Operating segments are identified based on the reporting the management team uses to evaluate performance and profitability at a strategic level.

Navamedic has only one segment, the Pharma and Healthcare division. The reporting structure reflects the Company's business and product composition.

The Pharma and healthcare division consists of pharmaceuticals and medical nutrition products that Navamedic markets, sells and distributes to hospitals, pharmacies and patients, bought from product suppliers and manufacturers in Europe and other places.

Navamedic classifies its products into four product categories:

- **Medical nutrition**, including a broad portfolio of medical nutrition products. Navamedic is a Nordic distributor of products purchased from the UK based company Vitaflo International Ltd, a subsidiary of Nestle. The product range also includes products within carbohydrate metabolism, fat metabolism (MCT products) and renal disease.
- **Consumer health**, including gastro, oral, dermatology and pain products such as Alflorex[®], ForlaxGo[®], Thermacare[®], Gelorevoice[®], Aftamed[®], Modifast[®] and Nyda[®].
- **Branded generics**, including cardiology products and generics such as Imdur[®] (used to prevent angina attacks) and Nitrolingual[®] (treatment for angina pectoris).
- **Specialty pharma**, including obesity and urology products such as Mysimba[®] (prescription pharmaceutical for treatment of obesity) and Gepan[®] (a product for the treatment of painful bladder syndrome).

Operating revenues by major markets*

<i>(in NOK '1000)</i>	2022	2021
Norway	198,886	138,050
Sweden	96,742	59,876
Denmark	28,145	27,610
Finland	17,950	13,846
Other countries	40,412	39,057
Total revenue	382,135	278,439

* Markets are defined as the countries in which the products are sold

Operating revenues by product categories

(in NOK '1000)	2022	2021
Branded generics	89,528	70,605
Specialty pharma	159,136	112,254
Medical nutrition	53,855	51,929
Consumer health	79,616	43,181
Other	0	470
Total revenue	382,135	278,439

Non-current assets by country *

(in NOK '1000)	2022	2021
Sweden	96,447	50,612
Norway	41,950	64,910
Total	138,398	115,522

* Other than financial instruments and deferred tax assets

The four largest external customers in the Pharma and Healthcare segment contributed to total revenues by 20.6%, 13.6%, 13.0% and 10.2% respectively.

The Group has different kinds of rebates. The rebates are mainly standard supplier rebates on OTC products in the Danish and Dutch markets. The supplier rebates are subject to yearly negotiation and typically correspond to 10-15%.

Also see note 11 regarding trade receivables.

Note 6 – Business combinations

On 5 May 2022, Navamedic entered into a share purchase agreement with Agnvcen AB to acquire 100% of the shares in Impolin AB. Impolin AB (Impolin), a Swedish-based, independent distributor of products that benefit the health and wellbeing of consumers and patients. Impolin's portfolio includes Modifast, a range of diet and meal replacement products, and MedMade, a multivitamin and minerals tablet for post-bariatric surgery supplementation, which are products aimed at supporting patients during weight loss or obesity treatment, including bariatric surgery. Impolin's third product is Absolut Torr/Absolute Dry, extra effective antiperspirants primarily for hyperhidrosis, excessive sweating. The addition of Modifast and MedMade is set to broaden Navamedic's current product offering within the area of obesity treatment and enables Navamedic to support patients throughout the entire weight loss journey. This agreement supports Navamedic's ambition to become a leading Nordic provider of specialized, high-quality products to hospitals and pharmacies.

The closing date for the transaction was 1 June 2022. The final purchase price is SEK 55 million and includes the pre-agreed milestone payment of SEK 5 million. Navamedic settled SEK 25 million of the purchase price by issuing new shares to the seller. The remaining portion of the purchase price was settled in cash by drawing up a new loan facility of SEK 25 million. The milestone consideration of SEK 5 million will be paid in 2023 and is currently classified as other current liability.

The fair values of the identifiable assets and liabilities of the business as at the acquisition date are as follows.

<i>(in NOK '1000)</i>	Impolin AB
Assets	
Non-current assets	
Other intangible assets	7,014
Total non-current assets	7,014
Current assets	
Inventories	6,515
Trade and other receivables	6,023
Cash	3,865
Total current assets	16,404
Total assets	23,418
Liabilities	
Non-current liabilities	
Loans and borrowings	3,845
Total non-current liabilities	3,845
Current liabilities	
Trade and other payables	7,778
Taxes payable	743
Other current liabilities	1,076
Total current liabilities	9,598
Total liabilities	13,443
Net identifiable assets	9,975
Goodwill	42,128
Total consideration for the shares	52,103
Of which cash	28,070
Of which new shares	24,032

Other intangible assets acquired are related to the estimated brand value of the products MedMade and Absolut Torr. Goodwill is mainly related to expected synergies with Navamedic`s complementary products from consumer health and medical nutrition portfolio, non-contractual customer relationship as well as income from expected expansion to the other markets where Navamedic operates.

For the period between the date of acquisition and 31 December 2022, Impolin AB contributed NOK 28 million to the Group`s revenues and NOK 1.9 million to profit before tax. If the business combination had taken place at the beginning of the year, the Group`s revenues would have been NOK 409.8 million and profit before tax for the Group would have been NOK 46.1 million.

Note 7 – Investments in subsidiaries

	Office location	Ownership share 31.12
Navamedic AS*	Oslo, Norway	100%
Navamedic AB**	Gothenburg, Sweden	100%
Impolin AB	Stockholm, Sweden	100%

* Following the merger between Novicus Pharma AS and the Norwegian branch of Navamedic AB in 2022.

** The subsidiary Navamedic AB has branches in Denmark and Finland.

Note 8 – Property, plant & equipment

<i>(in NOK '1000)</i>	Office equipment	Total
Accumulated cost		
Balance at 1 January 2021	432	432
Additions	718	718
Currency translation differences	-15	-15
Accumulated cost at 31 December 2021	1,135	1,135
Balance at 1 January 2022	1,135	1,135
Additions	191	191
Disposals	-146	-146
Currency translation differences	-2	-2
Accumulated cost at 31 December 2022	1,178	1,178
Accumulated depreciation		
Balance at 1 January 2021	-258	-258
Depreciation	-146	-146
Currency translation differences	13	13
Balance as at 31 December 2021	-390	-390
Balance at 1 January 2022	-390	-390
Depreciation	-328	-328
Disposals	146	146
Currency translation differences	1	1
Balance as at 31 December 2022	-571	-571
Expected useful economic life	3-5 years	
Carrying amounts		
At 1 January 2021	174	174
At 31 December 2021	745	745
At 31 December 2022	607	607

Property, plant & equipment is located in Norway and Sweden.

Note 9 – Goodwill and Intangible assets

(in NOK '1000)	Goodwill	Intangible assets		
		Licenses	Other intangible assets	Total intangible assets
Accumulated cost				
Balance at 1 January 2021	64,472	31,552	5,243	36,795
Reclassification	0	-863	-963	-1,827
Additions	0	22,358	10	22,368
Currency translation differences	-3,441	-483	0	-483
Accumulated cost at 31 December 2021	61,031	52,563	4,289	56,853
Derecognition	0	0	-870	-870
Additions	42,128	8,999	0	8,999
Currency translation differences	-2,416	-247	0	-247
Accumulated cost at 31 December 2022	100,743	61,316	3,419	64,735
Accumulated amortization				
Balance at 1 January 2021	-	-27,041	-65	-27,106
Reclassification	-	1,827	0	1,827
Amortization	-	-4,010	-537	-4,547
Currency translation differences	-	316	0	316
Balance as at 31 December 2021	-	-28,909	-602	-29,511
Reclassification	-	0	0	0
Amortization	-	-3,831	-1,019	-4,850
Currency translation differences	-	163	0	163
Balance as at 31 December 2022	-	-32,578	-1,621	-34,199
Expected useful economic life		5-10 years	5-10 years	
Carrying amounts				
At 31 December 2021	61,031	23,654	3,688	27,342
At 31 December 2022	100,743	28,738	1,799	30,537

Test for impairment losses for cash generating units that contain goodwill

Goodwill originates from the purchase of Vitaflo AB, Impolin AB and other minor acquisitions, including Novicus Pharma AS. For the purpose of impairment testing, goodwill, excluding Impolin, has been allocated to the Group's single cash generating unit ('CGU'), being the Pharma and healthcare division.

Impairment test – Pharma division

Impairment testing is based on value-in-use calculations, determined by discounting the estimated future cash flows to be generated by the CGU. The test is based on the book value of the goodwill at 31.12.2022 compared to the estimated value calculated on the basis of discounted future cash flows. The 2023-2027 budget is used, with an average revenue growth of 15%, after which it is assumed a 1.0% growth. A discount rate pre-tax of 9.5% was used to discount future cash flows. The resulting EBITDA margin is, on average, 15%. The estimated value of the CGU exceeded the book value at 31.12.2022, therefore resulting in no write-down of goodwill. In addition to the discounted cash flow estimation, sensitivity analysis showed that even with a significantly more conservative view, the estimated value would still not result in a write-down. Key assumptions include moderate growth in the revenue according to the above-mentioned during the period, together with the estimated EBITDA margin and the level of the discount rate. Additionally, neither reasonably possible negative changes in the growth assumption, nor reasonably possible negative changes in the EBITDA margin would lead to an impairment. Also, a reasonably possible increase in the discount rate after tax would not give rise to impairment.

Impairment test – Impolin

Impairment test for Impolin AB is performed based on discounted estimated future cash flows to be generated by this CGU. Cash flows are including planned expansion to the other markets where Navamedic intends to sell the products from Impolin`s portfolio. The 2023-2027 budget assumes the average revenue growth of 13%. It is assumed that by 2027 the steady state will be reached after which the terminal value growth of 2% is estimated. EBITDA margin during the explicit period is, on average, 18% while in the terminal value it is set to 21%. A discount rate of 9.5% is applied to discount the cash flows. The calculated value in use is significantly higher than the book value of Impolin AB. Sensitivity analysis shows that no reasonably possible change in any of the key inputs to the valuation would, in isolation, lead to the impairment of goodwill.

Note 10 – Right of use assets and liabilities

Right of use assets

<i>(in NOK '1000)</i>	2022	2021
Right of use assets	6,511	7,567
Total Right of use assets	6,511	7,567

<i>(in NOK '1000)</i>	Land and buildings	Motor vehicles	Office equipment	Total
Balance at 1 January 2021	766	1,121	15	1,903
Depreciation	-1,596	-409	-18	-2,023
Additions	8,100	32	25	8,158
Adjustments	0	-373	0	-373
Currency translation differences	-52	-46	0	-98
Balance at 31 December 2021	7,219	326	23	7,567
Depreciation	-1,691	-364	-8	-2,064
Additions	0	1,126	0	1,126
Adjustments	0	0	0	0
Currency translation differences	21	-140	0	-119
Balance at 31 December 2022	5,549	948	14	6,511

Right of use liabilities

<i>(in NOK '1000)</i>	2022	2021
Non-current right of use liabilities	4,861	5,824
Current right of use liabilities	1,865	1,839
Total right of use liabilities	6,726	7,664

Maturity analysis contractual undiscounted cash flows

<i>(in NOK '1000)</i>	2022	2021
Less than one year	2,195	2,142
Between one and five years	5,206	6,290
Total undiscounted lease liabilities at 31 December	7,401	8,432

Changes in right of use liabilities

<i>(in NOK '1000)</i>	2022	2021
At 1 January	7,664	1,920
Payments	-2,373	-2,100
Interest	324	157
Additions and adjustments	1,126	7,759
Currency translation	-15	-72
At 31 December	6,726	7,664

Amounts recognised in profit or loss

<i>(in NOK '1000)</i>	2022	2021
Interest on lease liabilities	324	157
Depreciation right of use assets	2,064	2,023

Other information

<i>(in NOK '1000)</i>	2022	2021
Lease payments for short-term leases and low value assets leases	526	412

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognized in the statement of financial position at the date of initial application is 4,6 %.

Note 11 – Trade and other receivables

<i>(in NOK '1000)</i>	2022	2021
Trade receivables	39,464	31,355
Other receivables and prepaid expenses	3,521	6,374
Total trade and other receivables	42,985	37,730

<i>(in NOK '1000)</i>	2022	2021
Gross trade receivables	39,554	31,801
Provision for loss on trade receivables	-90	-446
Total trade receivables	39,464	31,355

<i>(in NOK '1000)</i>	2022	2021
Provision for loss on trade receivables at 1 January	-446	-42
Net change in provision for loss on trade receivables	-45	-403
Loss on trade receivables	401	0
Total provision for loss on trade receivables at 31 December	-90	-446

Due date profile trade receivables

<i>(in NOK '1000)</i>	2022	2021
Not due	31,625	25,896
0-3 months	4,002	4,653
> 3 months	3,927	1,252
Total trade receivables	39,554	31,801

The Group has had low losses on trade receivables, and considers the risk associated with trade receivables as low.

Note 12 – Inventories

(in NOK '1000)

2021

Inventory	81,110	61,933
Provisions for inventory obsolescence	-1,468	-51
Total inventory	79,642	61,882

Note 13 – Financial assets and liabilities

(in NOK '1000)

	Carrying amount as at 31.12.2022	Fair value as at 31.12.2022	Carrying amount as at 31.12.2021	Fair value as at 31.12.2021
Current financial assets				
Tax receivables	14,909	14,909	15,652	15,652
Trade and other receivables	42,985	42,985	37,730	37,730
Current loans receivable	55,296	55,296	37,606	37,606
Other current financial assets	10,092	10,092	0	0
Cash and cash equivalents	40,615	40,615	52,620	52,620
Total current financial assets	163,897	163,897	143,608	143,608
Total financial assets	163,897	163,897	143,608	143,608
Non-current financial liabilities				
Non-current license liabilities	3,762	3,762	8,171	8,171
Non-current liabilities to financial institutions	38,368	38,368	29,235	29,235
Total non-current financial liabilities	42,130	42,130	37,406	37,406
Current financial liabilities				
Trade and other payables	65,574	65,574	70,532	70,532
Current liabilities to financial institutions	13,623	13,623	9,745	9,745
Current license liabilities	221	221	13,158	13,158
Total current financial liabilities	79,418	79,418	93,435	93,435
Total financial liabilities	121,547	121,547	130,842	130,842

Fair value hierarchy for financial instruments recognized at fair value

With an exception of other current financial assets that are valued based on level 1 of inputs in accordance with IFRS 13:81, all the other financial assets are valued based on level 2 inputs. Other current financial assets are representing the fair value of Navamedic`s investment in Observe medical ASA that is measured at fair value through profit and loss.

Fair value of financial instruments recognized at amortised cost

Due to their short term nature, the carrying value of current financial assets and liabilities is deemed a reasonable approximation to the fair value of these financial assets and liabilities. The interest rate on non-current liabilities to financial institutions is considered not to be significantly different from what the Group could achieve as of 31 December 2022, and as such the carrying amount is considered not to be significantly different from the fair value. The discount rate applied to the calculation of amortized cost for non-current license liabilities is considered not to be significantly different from the market cost of capital as of 31 December 2022, and as such the carrying amount is considered not to be significantly different from the fair value.

See notes 10 and 21 for information regarding non-cash transactions related to financial liabilities.

Note 14 – Paid in equity and shareholders

<i>(in NOK '1000, number of shares in actual figures)</i>	Number of shares	Share capital	Share premium reserve	Total paid in equity
As of 1 January 2021	15,291,885	11,316	147,610	158,926
Share capital issues	1,053,775	780	18,220	19,000
As of 31 December 2021	16,345,660	12,096	165,830	177,926
As of 1 January 2022	16,345,660	12,096	165,830	177,926
Share capital issues	882,117	653	24,578	25,230
As of 31 December 2022	17,227,777	12,749	190,408	203,156

Each share has a nominal value of NOK 0,74 kr.

Largest shareholders as of 31 December 2022

Shareholder	Number of shares	Share of capital	Share of votes
INGERØ REITEN INVESTMENT COMPANY AS	3,563,042	20.7 %	20.7 %
UBS Switzerland AG*	2,472,301	14.4 %	14.4 %
J.P. Morgan SE*	1,456,000	8.5 %	8.5 %
Avanza Bank AB*	865,639	5.0 %	5.0 %
SOLEGLAD INVEST AS	666,668	3.9 %	3.9 %
J.P. Morgan SE*	594,069	3.4 %	3.4 %
Carnegie Investment Bank AB	567,757	3.3 %	3.3 %
TRANBERGKOLLEN INVEST AS	525,000	3.0 %	3.0 %
LEIKERANE AS	500,000	2.9 %	2.9 %
SVENSKA HANDELSBANKEN AB	468,045	2.7 %	2.7 %
GINKO AS	400,000	2.3 %	2.3 %
J.P. Morgan SE*	266,651	1.5 %	1.5 %
LARS HJARRAND	260,882	1.5 %	1.5 %
SNIPTIND INVEST AS	250,757	1.5 %	1.5 %
VPF FIRST OPPORTUNITIES	245,000	1.4 %	1.4 %
EIVIND BJØRNTVEDT	241,100	1.4 %	1.4 %
OMA INVEST AS	220,000	1.3 %	1.3 %
KRAEBER Verwaltung GMBH	214,850	1.2 %	1.2 %
ARTAL AS	160,289	0.9 %	0.9 %
Total	17,227,777	81%	81%

* Nominee accounts which may include multiple shareholders. See also note 25 for related parties' shareholdings.

Ingerø Reiten Inv. Company AS is represented on the Board by Terje Bakken and Narve Reiten.

Shares owned by the Board and executive personnel in Navamedic ASA as at 31 December 2022

Name	Role	Number of shares	Comment
Terje Bakken	Chairman	3,563,042	Through Ingerø Reiten Inv. Company AS
Narve Reiten	Board member	3,563,042	Through Ingerø Reiten Inv. Company AS
Kathrine Gamborg Andreassen	CEO	666,668	Through Soleglad Invest AS
Lars Hjarrand	CFO	260,882	
Ole Henrik Eriksen	CBDO	500,000	Through Leikerane AS
Astrid T Bratvedt	CSO	525,000	Through Tranbergkollen Invest AS
Tony Brejke	COO	807,117	Through 50% ownership in Agnivicen AB
Astrid T Bratvedt	CSO	2,000	
Alexander Lidmejer	Commercial Director Rx	2,400	
Grete Hogstad	Member of the Nomination Committee	1,493	
Bernt Olav Røttingsnes	Chairman of the Nomination Committee	489	Through BOR Utvikling AS

Shares owned by the Board and executive personnel in Navamedic ASA as at 31 December 2021

Name	Role	Number of shares	Comment
Terje Bakken	Chairman	3,563,042	Through Ingerø Reiten Inv. Company AS
Narve Reiten	Board member	3,563,042	Through Ingerø Reiten Inv. Company AS
Kathrine Gamborg Andreassen	CEO	666,668	Through Soleglad Invest AS
Lars Hjarrand	CFO	185,882	
Ole Henrik Eriksen	COO	500,000	Through Leikerane AS
Astrid T Bratvedt	CSO	525,000	Through Tranbergkollen Invest AS
Astrid T Bratvedt	CSO	2,000	
Alexander Lidmejer	Commercial Director Specialty Pharma	2,400	
Bernt Olav Røttingsnes	Chairman of the Nomination Committee	50,000	
Grete Hogstad	Member of the Nomination Committee	1,493	

Note 15 – Trade accounts payable and other current liabilities

<i>(in NOK '1000)</i>	2022	2021
Total trade accounts payable	65,574	70,532
Accrued salaries and public duties	31,503	25,824
Accrued expenses and other current liabilities	8,568	3,900
Total other current liabilities	40,071	29,724

Note 16 – Other operating expenses

<i>(in NOK '1000)</i>	2022	2021
Consulting, legal and audit fees	8,691	9,695
Travel expenses	2,338	1,010
Insurance	971	580
IR expenses	1,357	1,201
Marketing, freight and commissions	38,798	26,031
Regulatory fees	6,054	5,310
Other expenses	5,536	5,291
Total other operating expenses	63,745	49,118

Auditor expense recognised

<i>(in NOK '1000)</i>	2022	2021
Statutory audit	1,110	1,014
Tax consultancy	105	0
Other assurance services	173	24
Due diligence	69	0
Total auditor expense recognised	1,457	1,038

Auditor expense amounts are excluding VAT.

Note 17 – Payroll expenses

<i>(in NOK '1000)</i>	2022	2021
Salaries	34,436	30,447
Employer's National insurance contributions	6,198	5,761
Share options for employees	839	1,784
Pension expenses – defined-contribution scheme	3,306	2,670
Other payroll expenses	3,309	3,792
Total payroll expenses	48,088	44,455
Number of FTEs	34	28

Remuneration executive personell 2022

<i>(in NOK '1000)</i>	Salary	Bonus	Pension expenses	Other remuneration	Total
Kathrine Gamborg Andreassen, CEO	2,711	1,874	110	433	5,128
Lars Hjarrand, CFO	1,910	463	110	808	3,291
Total remuneration executive personell	4,621	2,337	220	1,241	8,419

Remuneration executive personell 2021

<i>(in NOK '1000)</i>	Salary	Bonus	Pension expenses	Other remuneration	Total
Kathrine Gamborg Andreassen, CEO	2,478	1,785	112	610	4,985
Lars Hjarrand, CFO	1,814	447	112	462	2,835
Total remuneration executive personell	4,292	2,232	224	1,072	7,820

Executive personell is defined as being chief executive officer (CEO) and chief financial officer (CFO). No loans were issued and no assets were pledged to the benefit of employees, shareholders or Board members in 2022 or 2021.

Board fees paid

<i>(in NOK '1000)</i>	2022	2021
Terje Bakken	415	400
Narve Reiten	240	205
Jostein Davidsen	200	175
Cheng Lu <i>(until 03.06.2021)</i>	0	175
Annika Maria Kollen <i>(from 03.06.2021)</i>	200	0
Inger Johanne Solhaug <i>(until 03.06.2022)</i>	230	195
Edmèe Steenken <i>(from 03.06.2022)</i>	0	0
Total Board fees paid	1,285	1,150

Share-based remuneration

Key management personnel in Navamedic ASA receive parts of their salary as share-based remuneration.

	Quantity at 31.12.2022	Quantity at 31.12.2021
Kathrine Gamborg Andreassen, CEO	105,000	105,000
Lars Hjarrand, CFO	75,000	150,000
Total	180,000	255,000

Statement on the stipulation of salaries and other remuneration for the CEO and other executive personnel

Pursuant to Section 6-16a of the Norwegian Public Limited Liability Companies Act, the Board of Navamedic has prepared a statement on the stipulation of salaries and other remuneration for the CEO and executive personnel.

All pay and remuneration in the Group are based on the gross pay principle, meaning that any tax consequences of remuneration individuals receive are not the concern of the Group.

The main principle in Navamedic's executive pay policy is that executive personnel will be offered competitive terms and conditions. The Group aims to offer a level of pay that reflects an average pay level in small pharmaceutical companies in the Nordic region.

As a guideline, executive personnel can be awarded remuneration in addition to their basic salary (bonus), but this is limited to 75% of the annual salary and linked to the achievement of specific targets, and at the same time such that total compensation is within the average. Any bonuses to the CEO must be determined by the Board.

Executive personnel can only be awarded options for the acquisition of/subscription to shares in the Company.

The Company offers defined contribution-based pensions to all employees. Some executive personnel have been awarded share options. See note 23.

The CEO and CFO are subject to notice periods of 6 months. The CEO has a termination payment agreement of 12 months.

Note 18 – Financial income and expenses

Financial income

<i>(in NOK '1000)</i>	2022	2021
Interest income	3,079	2,787
Other financial income	16,385	1,248
Total financial income	19,464	4,035
Interest expenses	-612	-2,501
Other financial expenses	-2,804	-1,923
Total financial expenses	-3,416	-4,424
Currency gains	37,278	26,497
Currency losses	-46,519	-32,020
Total net currency gain/losses	-9,242	-5,523
Net change in fair value of financial instruments at FVTPL	-17,158	0
Net financial income and expenses	-10,351	-5,912

Other financial income in 2022 contains the effects from the derecognition of cancelled license liability. The effects from the derecognition of correlated interest accrued in the previous years are included within interest expense.

Note 19– Shares in associated companies

<i>(in NOK '1000)</i>	Observe Medical ASA
Carrying amount as of 1 January 2021	22,022
Share of net income (loss)	-3,185
Carrying amount as of 31 December 2021	18,837
Share of net income (loss)	-1,101
Disposal	-17,736
Carrying amount as of 31 December 2022	0
Fair value of recognized financial investment	27,250
Carrying amount as of disposal date	-17,736
Gain on disposal of associated companies	9,514

At 31 December 2021 Navamedic ASA held 21,54% of the shares in Observe Medical ASA. During 2022, following the decision not to participate in the share capital issue in Observe Medical ASA, Navamedic ownership share reduced to 7.9%. Based on the new ownership share and since significant influence over Observe medical was lost, the investment was reclassified to other current financial assets.

Loan to Observe Medical ASA

The Group has an outstanding loan of NOK 40.6 million at 31 December 2022 (NOK 37.6 million at 31 December 2021).

Subsequent to the demerger of Observe Medical ASA in 2019, Navamedic ASA (as lender) entered into a loan agreement with Observe Medical ASA (as the borrower) for a loan of an aggregate amount of NOK 32 million. The loan was structured as a bullet loan, with repayment of the entire loan at the maturity date.

The loan agreement consists of the two following facilities:

- A subordinated convertible term loan facility in the amount of NOK 19 million; and
- A subordinated convertible term loan facility in the maximum amount of NOK 13 million.

The facilities given under the loan agreement constitute direct, unsecured and fully subordinated obligations of Observe Medical ASA, and rank at least pari passu with all other existing and future unsecured and subordinated obligations of Observe Medical ASA (other than in respect of any obligations preferred by mandatory provisions of applicable law) and rank ahead of all amounts payable in respect of the share capital. Each loan given under the facilities accrue interest at a fixed interest rate of 8.00% per annum.

The subscription price in a conversion shall be equal to the volume weighted average share price of Observe Medical ASA's shares on the Oslo Axess for the last ten days prior to the conversion date, but in no event be less

than the nominal value of each share. The conversion right attached to the loan to Observe Medical ASA is considered to be an embedded derivative within the scope of IFRS 9. However, since the subscription price in the conversion right is linked to the observed share price, this embedded derivative is considered to be of little or no value.

Note 20 – Cash

<i>(in NOK '1000)</i>	2022	2021
Cash and cash equivalents	54,298	51,698
Restricted cash	997	922
Total cash	55,296	52,620

Restricted cash consists of tax deduction and other restricted deposit accounts.

Note 21 – Interest-bearing liabilities to financial institutions

Non-current interest-bearing liabilities to financial institutions

	2022	2021
Total non-current interest-bearing liabilities, nominal value (in NOK '1000)	38,368	29,235
Average interest rate, including margin	6.0 %	5.5 %
Average remaining duration	2.3 years	2.4 years

Current interest-bearing liabilities to financial institutions

	2022	2021
Total current interest-bearing liabilities, nominal value (in NOK '1000)	13,623	9,745
Average interest rate, including margin	6.0 %	5.5 %
Average remaining duration	1 year	1 year

Interest-bearing liabilities in 2021 consisted of SEK 40 million loan with Avida Finance AB from 2020, refinanced in 2021. During 2022, an additional loan of SEK 25 million was taken and the first tranche of 2020 loan of SEK 10 million was paid. Both loans have a covenant that net interest-bearing debt should not exceed 2 times consolidated EBITDA. Net interest-bearing debt is defined as interest-bearing debt adjusted for cash.

Changes in total interest-bearing liabilities to financial institutions

<i>(in NOK '1000)</i>	2022	2021
At 1 January	38,980	20,870
Cash flow	14,522	19,500
Non-cash changes	-1,510	-1,390
At 31 December	51,992	38,980

Note 22 – License liabilities

<i>(in NOK '1000)</i>	2022	2021
Total carrying amount non-current license liabilities	3,762	8,171
Total carrying amount current license liabilities	221	13,158
Total carrying amount license liabilities	3,982	21,329
Total undiscounted amount non-current license liabilities	4,971	22,883
Average discount rate amortized cost calculation	6.0 %	3.0 %

Non-current license liabilities consist of the discounted cash flows from product licensing agreements with long-term payment plans. Current license liabilities consist of the short-term part (due in less than 1 year) of the discounted cash flows from product licensing agreements.

Expected undiscounted cash flows from license liabilities

<i>(in NOK '1000)</i>	2022	2021
Year 1	221	13,292
Year 2	0	2,643
Year 3-5	4,750	6,948
Total expected undiscounted cash flows from license liabilities	4,971	22,883

The discount rate applied to the amortized cost calculations equals the effective interest rate for each agreement. For interest free agreements the estimated cost of debt that the Group could achieve on loans with similar maturity and security is applied.

Note 23 – Options

Key management personnel in Navamedic ASA receive parts of their salary as share-based remuneration (see note 17).

Total costs related to options

<i>(in NOK '1000)</i>	2022	2021
Total option cost	839	1,784
Total social security provision	131	1,007
Total costs related to options	971	2,791

Reconciliation outstanding options

	Number of instrumets	Weighted average strike price
Total outstanding options 31 December 2022	585,000	18.42
Exercised	-75,000	15.97
Total outstanding options 31 December 2022	510,000	18.78

There was no change in the number of outstanding options during 2021.

Outstanding options 31 December 2021

	Number of options	Of which vested	Weighted Average remaining contractual life (years)
Strike price 14,46	75,000	50,000	1.50
Strike price 19,00	510,000	170,000	2.46
Total outstanding options 31 December 2021	585,000	220,000	

Outstanding options 31 December 2022

	Number of options	Of which vested	Weighted Average remaining contractual life (years)
Strike price 14,46	25,000	25,000	0.50
Strike price 19,00	485,000	315,000	1.46
Total outstanding options 31 December 2022	510,000	340,000	

All outstanding options vest 1/3 every 12 months after the grant date. Options that have not been exercised will lapse 4 years after grant date.

Shares received from exercised options are subject to a lock-up period of 12 months. The lock-up obligations shall not prevent the option holders from selling an amount of the option shares necessary to finance the exercise price, as well as the tax payable as a consequence of the exercise of options.

Note 24 – Earnings per share

<i>(in NOK '1000)</i>	2022	2021
Net profit / loss (-)	29,431	618
Weighted average shares issued	16,806,720	16,296,580
Dilutive potential ordinary shares	215,693	133,910
Basic earnings per share	1.75	0.0380
Diluted earnings per share	1.73	0.0376

Note 25 – Transactions with related parties

TopRidge Pharma Limited, which owns 1 420 522 shares in Navamedic ASA, is also a supplier to Navamedic. The Group purchased goods from TopRidge worth SEK 18 710 thousand in 2022 and SEK 57 634 thousand in 2021. ACS Dobfar S.p.A., which owns 1 053 775 shares in Navamedic ASA, is also a supplier to Navamedic. The Group purchased goods from ACS Dobfar worth EUR 1 904 thousand in 2022 and EUR 638 thousand in 2021. ACS Dobfar became a shareholder in Navamedic in 2021.

Note 26 – Tax expense and deferred tax

Tax expense

<i>(in NOK '1000)</i>	2022	2021
Profit before tax continuing operations	42,506	2,358
Tax expense		
Tax payable	15,672	1,740
Corrections related to previous years	-124	0
Change in deferred tax for previously not recognized deferred tax asset	-2,474	0
Total tax expense	13,074	1,740
Effective tax rate	30.76%	73.77%

The effective tax rate in 2022 is higher than the corporate tax rates in the markets where the Group operates (20% - 22%). This is primarily due to non-capitalized deferred tax asset related to the losses in the Swedish branch.

Tax payable 2022	Navamedic AB			Total
	Norwegian entities	Danish branch	Impolin	
Profit before tax	61,541	372	1,836	
Permanent differences	7,234	-	-	
Changes in temporary differences	312	-	-	
Total basis for tax payable	69,087	372	1,836	
Tax payable Norway, 22%	15,199	-	-	15,199
Tax payable Sweden, 20.6%	-	-	393	393
Tax payable Denmark, 22%	-	80	-	80
Total tax payable	15,199	80	393	15,672
		Applied tax losses carry forward		-10,807
		Tax payable		4,865

During 2022, Norwegian branch of Navamedic AB was demerged and merged with Novicus Pharma AS (which became Navamedic AS after the merger). For the tax year 2022, consolidated Navamedic AS and Navamedic ASA are included under “Norwegian entities” in the table above. In 2022, Navamedic ASA and Navamedic AS utilized the full amount of tax losses carry forward. Reclaimable tax in Sweden incurred in 2022 is limited to the taxes paid for its Danish branch.

For the tax year 2021, Norwegian branch was part of Navamedic AB whereby Navamedic AB calculated tax payable in Sweden based on consolidated profit before tax. In addition, tax was paid in Norway and Denmark for the respective branches and these taxes paid were reclaimable in Sweden. The table below summarizes these effects.

Tax payable 2021	Navamedic AB				Total
	Norwegian entities	Norwegian branch	Swedish entity*	Danish branch	
Profit before tax	-3,306	40,223	8,449	302	
Permanent differences / Currency exchange differences	544	-	-320	-	
Changes in temporary differences	4,314	-	-	-	
Deficit carried forward applied	-1,575	-	-	-	
Total basis for tax payable	-23	40,223	8,129	302	
Tax payable Norway, 22%	-	8,849	-	-	8,849
Tax payable Sweden, 21.4%	-	-	1,740	-	1,740
Tax payable branches reclaimable Sweden	-	-	-8,916	-	-8,916
Tax payable Denmark, 22%	-	-	-	66	66
Total tax payable	-	8,849	-7,176	66	1,740

* consolidated

Deferred tax reconciliation

<i>(in NOK '1000)</i>	2022	2021
Property, plant & equipment	35	-64
Provisions for liabilities	3,762	20,816
Tax losses carried forward	0	49,122
Total temporary differences	3,797	69,873
Temporary differences not capitalised	0	-28,199
Total net temporary differences	3,797	41,674
Tax rate	22%	22%
Net deferred tax assets (-)/ deferred tax (+)	835	9,168

Total temporary difference is significantly reduced in 2022 following the derecognition of cancelled licence liability and utilization of tax losses carry forward. Since recognized deferred tax asset was limited as of 2021, for the year 2022 additional deferred tax is recognized in the income statement to match the amount of deferred tax asset utilized for the tax losses carry forward.

Tax payable

<i>(in NOK '1000)</i>	2022	2021
Carrying amount tax payable 1 January	10,713	2,795
Gross income tax payable excluding reclaimable tax	4,805	10,655
Taxes paid during the period	-10,967	-2,700
Translation differences	157	-38
Carrying amount tax payable 31 December	4,708	10,713

In addition, tax receivables related to prepaid taxes and reclaimable tax within Navamedic AB amounting to NOK 14 909 thousand (NOK 15 652 thousand in 2021) is recognized on the balance sheet.

Note 27 – Subsequent events

On 30 January, Navamedic announced launch of Modifast, a range of low-calorie diet (LCD) meal replacement products, in the Norwegian market. Modifast is part of Navamedic's growing portfolio of products and solutions aimed at tackling obesity and consists of supplements, prescription medications, diet replacements and online patient support portals.

On 16 February 2023, based on Navamedic ASA's annual general meeting's resolution to authorize the Board of directors of the Company to issue new options to the executive management and other leaders in the Group under the Company's long-term incentive program, the Board has resolved to issue 1.400.000 new options to the

Company's executive management. Each option will upon exercise give the option holder the right to acquire one share in the Company. The options are granted without consideration. The exercise price of each option is NOK 33.0. Options that are not exercised within 12 months after the third anniversary of the date of grant, will subject to certain limitations, lapse without any compensation to the holder.

On 29 March 2023 - Navamedic submitted a cash offer to acquire all shares in Sensidose AB, a Sweden-based pharmaceutical company that sells medicines in combination with an innovative device for individual dosing, targeting patients with advanced Parkinson's disease. The Sensidose AB shares are listed on Spotlight Stock Market in Sweden. At the time of issuance of this report the transaction is not closed.

Parent Company Navamedic ASA, financial statements 2022



Income statement

<i>(in NOK '1000)</i>	Note	2022	2021
Operating revenues	8	46,250	45,261
Total revenue		46,250	45,261
Payroll expenses	6	-30,523	-30,730
Depreciation and impairment	3	-4,156	-3,428
Other operating expenses	9	-21,306	-17,875
Total operating expenses		-55,985	-52,034
Operating profit		-9,735	-6,772
Financial income	12	19,278	2,786
Net change in fair value current financial assets		-17,158	0
Group contribution		56,941	0
Financial expenses	12	-599	-3,856
Impairment of non-current financial assets		6	-540
Net currency gain/losses		572	5,099
Net financial income and expenses		59,040	3,489
Profit before tax		49,304	-3,283
Tax expense	5	-8,333	0
Net profit after tax		40,972	-3,283

Balance sheet

<i>(in NOK '1000)</i>	Note	31.12.2022	31.12.2021
Non-current assets			
Intangible assets	3	23,142	25,787
Deferred tax asset	5	835	9,168
Total intangible assets		23,977	34,955
Property, plant & equipment	3	603	733
Total tangible assets		603	733
Investments in group companies	2	149,660	102,364
Investments in associated companies	2	0	27,250
Total financial assets		149,660	129,614
Total non-current assets		174,240	165,303
Current assets			
Trade receivables		682	138
Other short-term loans group companies		6,825	9,052
Group contribution receivable		56,941	0
Other receivables		1,904	1,777
Other current financial assets		10,092	0
Current loans to associated companies		40,615	37,606
Total receivables		117,059	48,574
Bank deposits	4	6,007	2,765
Total current assets		123,066	51,338
Total assets		297,307	216,641

Balance sheet continued

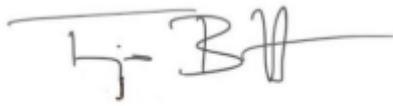
<i>(in NOK '1000)</i>	Note	31.12.2022	31.12.2021
Equity			
Share capital	1, 7	12,749	12,096
Share premium reserve	1	190,408	165,830
Total paid in equity		203,157	177,926
Retained earnings		9,613	-32,199
Total retained earnings		9,613	-32,199
Total equity		212,770	145,728
Non-current liabilities			
Liabilities to group companies		41,031	36,429
Non-current licensing liabilities		3,762	7,765
Non-current liabilities to financial institutions		23,633	0
Total non-current liabilities		68,426	44,194
Current liabilities			
Trade account payables		3,018	1,235
Unpaid public dues		2,676	2,387
Current licensing liabilities		0	13,051
Other current liabilities		10,418	10,047
Total current liabilities		16,112	26,720
Total liabilities		84,538	70,913
Total equity and liabilities		297,307	216,641

Statement of cash flows

<i>(in NOK '1000)</i>	2022	2021
<i>Cash flow from operating activities</i>		
Profit before tax	49,304	-3,283
Depreciation, amortization and impairment	4,156	3,428
Changes in options	839	1,784
Net financial items and items with no cash effect	-57,071	-3,924
Change in trade receivables	-543	-21,399
Change trade account payables	1,784	-979
Changes other current liabilities and receivables	6,704	6,303
Net cash flow from operating activities	5,173	-18,070
<i>Cash flow from investing activities</i>		
Purchase of tangible and intangible assets	-2,251	-728
Investments in shares	-28,200	0
Net cash flow from investing activities	-30,451	-728
<i>Cash flow from financing activities</i>		
Loans received	28,235	16,000
Share issues	1,198	0
Interest paid	-914	-3
Loans issued	0	0
Net cash flow from financing activities	28,519	15,997
Net change in cash	3,241	-2,801
Cash and cash equivalents start period	2,765	5,566
Cash and cash equivalents end period	6,007	2,765

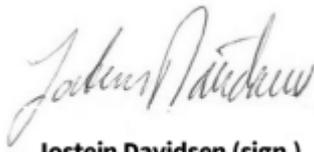
The Board of Directors and CEO of Navamedic ASA

Oslo, 27 April 2023



Terje Bakken (sign.)

Chairman



Jostein Davidsen (sign.)

Board member



Edmée Steenken (sign.)

Board member



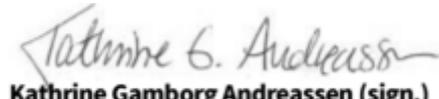
Narve Reiten (sign.)

Board member

Annika Kollén

Annika Kollén (sign.)

Board member



Kathrine Gamborg Andreassen (sign.)

CEO

Navamedic ASA - Notes to the financial statements 2022



Summary of significant accounting policies

The annual financial statements have been prepared in accordance with the Accounting Act and good accounting practice.

Sales revenue

Revenue is measured at the fair value of the remuneration, net after deductions for discounts, returns, and VAT. Revenue is recognized through profit or loss when it can be reliably measured, and it is likely that the financial benefits will flow to the Company. Estimates related to revenue recognition are based on history and assessments of the type of customer and transaction, as well as the specific circumstances surrounding each transaction.

The Company has an agreement on royalties from its subsidiary Navamedic AB. The Company holds the rights to various products that are resold by the subsidiary and thereby earns royalties. The royalties are based on actual sales in Navamedic AB. The Company also charges subsidiaries for services relating to sales management, marketing and regulatory management, as well as financial and accounting management.

Subsidiaries

In Navamedic ASA's annual financial statements, subsidiaries are measured using the cost method less any impairment.

Classification and measurement of balance sheet items

Current assets and current liabilities include balance sheet items that fall due for payment within one year of the balance sheet date and are associated with the with the daily business operations. Other items are classified as tangible and intangible fixed assets or non-current liabilities. Current assets are measured at the lower of acquisition cost and fair value. Current liabilities are recognized at nominal amount at the time of initial recognition. Fixed assets are measured at acquisition cost but are written down to fair value if the impairment is not expected to be temporary. Non-current liabilities are initially recognized at nominal amount.

Receivables

Trade receivables are recorded on the balance sheet at their nominal amount less deductions for provisions for expected losses. Provisions for expected losses are made on the basis of an individual assessment of each receivable.

Other receivables are subject to a corresponding assessment.

Currency

Monetary items in foreign currency are measured using the exchange rate at the end of the accounting year.

Pension scheme

The Company has a defined-contribution pension plan. The cost of the plan is recognized through profit or loss when the liability occurs.

Financial risk management

For further information about financial risk management please refer to note 3 to the consolidated financial statements.

Share-based remuneration

The Company has the option of awarding share-based remuneration to some executive personnel. The total amount that must be recognized as an expense over the qualifying period is calculated on the basis of the fair value of the awarded options.

Intangible assets

Licenses (product rights) and marketing authorizations

Navamedic holds rights to market and sell specific products in defined geographical areas. Investments related to such licenses are amortized on a straight-line basis over their expected useful economic life, which typically range between five to ten years.

Navamedic further distributes a number of products through wholesalers on behalf of rights holders. Investments related to obtaining such marketing authorizations are amortized on a straight-line basis over their expected useful economic life, which typically range between five to ten years. For products that are under registration, the amortization of the cost of acquisition commences upon launch and is amortized over the period of the agreement.

Other intangible assets

Navamedic invests in information technology assets intended to products and marketing. Furthermore, investments in licenses and marketing authorizations where the products in question have not yet been launched due to regulatory or other reasons, are classified as other intangible assets until launch.

Contingent liabilities

Contingent liabilities are recognized if it is more than 50% likely that a settlement will be forthcoming. The value of the settlement is based on a best estimate. Contingent consideration linked to future settlement clauses in the Observe Medical acquisition is deemed to be an uncertain liability and not a conditional liability. The best estimate of the settlement amount is updated on each balance sheet date and the change is recognized through profit or loss.

Use of estimates

Preparing financial statements in accordance with good accounting practice requires the management team to produce estimates and assumptions that affect the recorded assets, liabilities, revenue and expenses, as well as explanatory notes concerning contingent assets and liabilities. The actual results may differ from these estimates and assumptions.

Tax

The parent company's tax expense for 2022 is calculated on the basis of 22%. The tax expense in the income statement covers both the period's tax payable and the change in deferred tax. Deferred tax is calculated on the basis of the temporary differences that exist between accounting values and tax values, as well as the tax loss carried forward at the end of the accounting year. Tax increasing and tax reducing temporary differences that are reversed or may be reversed in the same period are offset and recorded net. The deferred tax assets are recorded after taking into account future revenue in the Company.

Cash flow statement

The cash flow statement is prepared using the indirect method. Cash and cash equivalents consist of bank deposits.

Note 1 – Equity

<i>(in NOK '1000)</i>	Share capital	Share premium reserve	Retained earnings	Total
Balance as at 31 December 2021	12,096	165,831	-32,199	145,728
Share issues	653	24,578		25,230
Options			839	839
Net profit for the year			40,972	40,972
Balance as at 31 December 2022	12,749	190,409	9,612	212,770

Note 2 – Shares

Investments in group companies:	Acquired	Ownership/voting rights
Navamedic AB - Sweden	04.10.2007	100%
Navamedic AS	27.02.2019	100%
Impolin AB	01.06.2022	100%
	Book value	
Navamedic AS	12,900	
Navamedic AB	89,464	
Impolin AB	47,296	
Total investments in group companies	149,660	

Note 3 – Intangible assets and tangible assets

<i>(in NOK '1000)</i>	Licenses	Other intangible assets	Total
Accumulated cost			
Balance at 1 January 2021	34,061	5,243	39,303
Reclassification	-15,924	-963	-16,887
Additions	22,358	10	22,368
Accumulated cost 31 Dec 2021	40,494	4,290	44,784
Balance at 1 January 2022	40,494	4,290	44,784
Disposals		-870	-870
Additions	2,060		2,060
Accumulated cost 31 Dec 2022	42,554	3,420	45,974
Accumulated amortisation			
Balance at 1 January 2021	-32,529	-65	-32,594
Reclassification	16,887		16,887
Amortization	-2,754	-537	-3,290
Accumulated depreciation 31 Dec 2021	-18,395	-602	-18,997
Balance at 1 January 2022	-18,395	-602	-18,997
Reclassification			
Amortization	-2,815	-1,019	-3,834
Accumulated depreciation 31 Dec 2022	-21,210	-1,621	-22,831
Expected useful economic life	5-10 years	5-10 years	
Carrying amounts			
At 31 December 2021	22,099	3,688	25,787
At 31 December 2022	21,343	1,799	23,142

<i>(in NOK '1000)</i>	Tangible assets	Total
Accumulated cost		
Balance at 1 January 2021	294	294
Reclassification	0	0
Additions	635	635
Accumulated cost 31 Dec 2021	929	929
Balance at 1 January 2022	929	929
Reclassification	0	0
Additions	191	191
Accumulated cost 31 Dec 2022	1,120	1,120
Accumulated amortisation		
Balance at 1 January 2021	-141	-141
Depreciation	-138	-138
Accumulated depreciation 31 Dec 2021	-196	-196
Balance at 1 January 2022	-196	-196
Depreciation	-321	-321
Accumulated depreciation 31 Dec 2022	-517	-517
Expected useful economic life	3 years	3 years
Carrying amounts		
At 31 December 2021	733	733
At 31 December 2022	603	603

Note 4 – Bank deposits, overdrafts etc.

<i>(in NOK '1000)</i>	2022	2021
Bank deposits	5,010	1,843
Restricted funds	997	922
Total	6,007	2,765

Note 5 – Income tax

<i>(in NOK '1000)</i>	2022	2021
Total tax expense is divided into		
Changes in deferred tax assets	8,333	0
Total taxes	8,333	0

<i>(in NOK '1000)</i>	2022	2021
Calculation of this year's tax base;		
Net profit for the year including group contribution	49,304	-3,283
Permanent differences	-1,099	544
Changes in temporary differences	312	4,314
Deficit carried forward	-48,518	-1,575
This year's tax base	0	0
Tax payable, 22%	0	0

<i>(in NOK '1000)</i>	2022	2021
Overview of temporary differences;		
Tangible assets	35	-64
Outstanding receivables	0	0
Allowances for liabilities	3,762	20,816
Deficit carried forward	0	48,518
Total temporary differences	3,797	69,269
Capitalised deferred tax asset (22%)	835	15,239
Deferred tax not capitalised	0	-6,071
Deferred tax asset	835	9,168

The company expects to be able to utilize this tax asset in the future.

Note 6 – Employee benefits

The Managing Director and Board of Navamedic ASA correspond to the CEO and the corporate Executive committee. Information about remuneration for the Board and executive personnel can be found in note 16 to the consolidated financial statements.

<i>(in NOK '1000)</i>	2022	2021
Salaries	22,086	22,974
Remuneration of board members	1,285	1,150
Employer's NI contributions	3,377	3,789
Pension expenses	1,400	1,245
Other payroll expenses*	2,375	1,572
Total	30,523	30,730
Number of FTEs	16	18

The company is obliged to have an occupational pension scheme for the company's employees. The company has established an occupational pension scheme that satisfies the requirements of the law. The scheme comprises all employees and an annual premium is expensed with NOK 1 245 030.

Remuneration for auditor specified as follows:

<i>(in NOK '1000)</i>	2022	2021
Statutory audit	736	584
Tax advice	0	0
Certification services	0	24
Assistance other than auditing	121	0
Due Dilligence	69	0
Total	925	608

Note 7 – Share capital and shareholder information

Share capital

	Quantity	Nominal	Book value
A-shares	17,227,777	0.74	12,748,555

Overview of the largest shareholders as of 31.12.2022 and shares owned by the Board of Directors and senior executives in Navamedic AS see note 13 in the consolidated financial statements.

Note 8 – Sales revenue

<i>(in NOK '1000)</i>	2022	2021
Nordic countries	46,250	44,942
Other EU/EEC	0	319
Total	46,250	45,261

Note 9 – Other operating expenses

<i>(in NOK '1000)</i>	2022	2021
Rent, etc.	2,166	1,743
Other cost of premises, vehicles, office equipment etc	366	181
Misc. fees	5,868	5,521
Travel expenses	883	421
Insurance	951	580
IR expenses	1,357	1,201
Regulatory	5,629	4,724
Other expenses	4,087	3,505
Total other operating expenses	21,306	17,875

Note 10 – Claims and contingent liabilities

Navamedic ASA is not a party to any ongoing legal proceedings or disputes.

Note 11 – Transactions with related parties

The following internal transactions between the parent company and subsidiaries took place in the accounting year (figures in NOK thousands):

Company:	Transaction:	Nature:	2022	2021
Navamedic ASA	Charges from parent to subsidiary	Royalty	7,271	7,019
Navamedic ASA	Charges from parent to subsidiary	Service fee	38,961	37,937
Navamedic ASA	Charges from parent to subsidiary	Interest on loan	124	0
Navamedic AB	Charges from subsidiary to parent	Interest on loan	2,565	3,022

Note 12 – Financial items

Financial income

<i>(in NOK '1000)</i>	2022	2021
Interest income	3,009	2,786
Other financial income	16,269	0
Total financial income	19,278	2,786

Financial expenses

<i>(in NOK '1000)</i>	2022	2021
Interest expenses	4,338	3,827
Corrections for previous years	-3,881	
Other financial expenses	142	29
Total financial expenses	599	3,856

Note 13 – Subsequent events

On 30 January, Navamedic announced launch of Modifast, a range of low-calorie diet (LCD) meal replacement products, in the Norwegian market. Modifast is part of Navamedic's growing portfolio of products and solutions aimed at tackling obesity and consists of supplements, prescription medications, diet replacements and online patient support portals.

On 16 February 2023, based on Navamedic ASA's annual general meeting's resolution to authorize the Board of directors of the Company to issue new options to the executive management and other leaders in the Group under the Company's long-term incentive program, the Board has resolved to issue 1.400.000 new options to the Company's executive management. Each option will upon exercise give the option holder the right to acquire one

share in the Company. The options are granted without consideration. The exercise price of each option is NOK 33.0. Options that are not exercised within 12 months after the third anniversary of the date of grant, will subject to certain limitations, lapse without any compensation to the holder.

On 29 March 2023 - Navamedic submitted a cash offer to acquire all shares in Sensidose AB, a Sweden-based pharmaceutical company that sells medicines in combination with an innovative device for individual dosing, targeting patients with advanced Parkinson's disease. The Sensidose AB shares are listed on Spotlight Stock Market in Sweden. At the time of issuance of this report the transaction is not closed.

Statement from the Board and CEO

The Board and CEO have on this date considered and approved the director's report and financial statements for the Navamedic Group and its parent company Navamedic ASA for 2021. The Board has based this statement on reports and statements from the chair of the Board and CEO, the results of the Group's operations and on other information that is material in assessing the Group's position and was provided to the Board of the parent company. To the best of our knowledge, confirm:

That the consolidated financial statements for 2022 have been prepared in compliance with the IFRS as established by the EU, with the requirements for additional disclosures stipulated in the Norwegian Accounting Act.

That the annual financial statements for the parent company for 2022 have been prepared in compliance with the Accounting Act and with good accounting practice in Norway.

The information in the financial statements provides a true and fair representation of the assets, liabilities, results and overall financial positions of the Navamedic Group and Navamedic ASA as at 31 December 2022.

That the director's 2021 report provides a true and fair overview of the performance, operating results and financial positions of the Group and the Company, as well as the key factors regarding risk and uncertainty currently facing the Group and the Company.

The Board of Directors and CEO of Navamedic ASA

Oslo, 27 April 2023



Terje Bakken (sign.)

Chair



Jostein Davidsen (sign.)

Board member



Edmée Steenken (sign.)

Board member



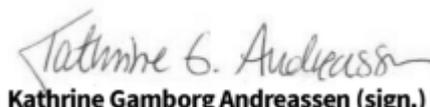
Narve Reiten (sign.)

Board member

Annika Kollén

Annika Kollén (sign.)

Board member



Kathrine Gamborg Andreassen (sign.)

CEO

Auditor's report





Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6a, 0191 Oslo
Postboks 1156 Sentrum, 0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
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Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Navamedic ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Navamedic ASA (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the balance sheet as at 31 December 2022 and the income statement, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the statement of financial position as at 31 December 2022, the statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 3 years from the election by the general meeting of the shareholders on 3 June for the accounting year 2020.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Impairment assessment of goodwill

Basis for the key audit matter

To test goodwill for impairment, management compares the carrying value of the relevant identifiable cash-generating unit ("CGU") to which goodwill has been allocated, with the recoverable amount based on estimated discounted cash flow forecasts. Estimating the value in use requires management judgement, including estimates of futures sales, growth rates, gross margin, working capital, capital expenditures and discount rates. Management's assessment of the valuation of goodwill is a key audit matter because the size of the goodwill and the significant judgement involved in estimates used.

Our audit response

We tested management's assumptions used in the value in use calculations, this included comparing projected revenues, gross margin, working capital and capital expenditures to budgets, sales forecasts and contracts approved by the board. We discussed the current market situation and expectations about future growth with management. We assessed the historical accuracy by a comparison of previous years estimates versus actual results and we tested the mathematical accuracy of the valuation model.

We refer to disclosures in notes 4 and note 8 in the consolidated financial statements.

Business Combinations

Basis for the key audit matter

As part of Navamedic external growth strategy, Navamedic acquired all the shares of Impolin AB at 5 May 2022. The final purchase price was agreed in June 2022 to SEK 55 million and includes pre-agreed milestone of SEK 5 million. The company carried out an assessment of fair value of identifiable assets acquired and liabilities assumed in the acquired company. The assessment of fair value of intangible assets is judgmental, and the acquisition and initial consolidation has a significant impact in the financial statements of Navamedic and hence we considered this as a key audit matter.

Our audit response

We assessed the accounting principles and discussed the methods of assessing the fair value of identified assets. We tested the basis for the purchase price allocation and assessed the completeness of the assets acquired and liabilities assumed by reading the share purchase agreement, board minutes, and the final agreement after the closing negotiations in June 2022. We also had discussions with management to assess the adjustments that has been done during the measurement period with effect on the recognized preliminary amounts on the transaction date.

We refer to disclosures in note 6 in the consolidated financial statements.



Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and CEO) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that the other information is materially inconsistent with the financial statements, there is a material misstatement in this other information or that the information required by applicable legal requirements is not included in the board of directors' report, the statement on corporate governance or the statement on corporate social responsibility, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error,



as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirement

Report on compliance with regulation on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Navamedic ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name Navamedic ASA-2022-12-31-en-zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF Regulation.



Management's responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation. We conduct our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we perform procedures to obtain an understanding of the company's processes for preparing the financial statements in accordance with the ESEF Regulation. We test whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 28 April 2023
ERNST & YOUNG AS

The auditor's report is signed electronically

Anja Maan
State Authorised Public Accountant (Norway)

Alternative Performance Measures (APMs)

The following alternative performance measures are used in this report:

- **Gross profit** is equal to operating revenues minus cost of materials.
- **Gross margin** is gross profit as a percentage of operating revenue.
- **EBITDA** is gross profit less operating expenses, or Earnings Before Interest, Taxes, Depreciation and Amortization
- **EBITDA margin** is EBITDA as a percentage of operating revenue.
- **Equity ratio** is the total equity as a percentage of total assets.



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