

# Q1 2019

## First quarter results 2019 Navamedic ASA

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## Navamedic – Q1 highlights

# Continued topline growth

### REVENUE

**45.5** MNOK

Up 6.6%

### GROSS MARGIN

**27.2%**

(30.3% Q1 18)

### EBITDA

**-2.0** MNOK

Improved from -5.0 MNOK



Continued growth in Medical nutrition and Obesity categories



New growth strategy process initiated by the new Board of Directors and new CEO



Distribution agreement for gastro/IBS product in Denmark, Norway and Iceland with launch in September 2019



- Highlights

- **Navamedic at a glance**

- Operational update

- Financials

- Sippi®

- Summary and outlook

## Navamedic at a glance

# Nordic pharma and Medtech company with high growth ambitions



Navamedic ASA provides a state-of-the-art market access platform for delivering healthcare products to patients, hospitals and pharmacies in the Nordics



Navamedic is also commercializing Sippi®, our proprietary digital, wireless system for prevention of infections and urine measurement, to the global markets



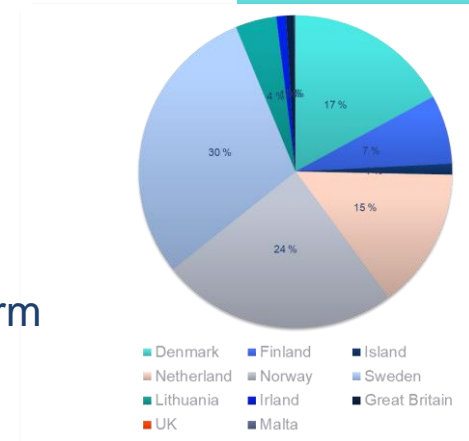
Presence in all Nordic countries, the Baltics and Benelux, and sales in the UK and Greece. Headquartered in Oslo, Norway



Team of 30 people with strong competence in regulatory, reimbursement, marketing and sales.  
Experienced management team, with proven track record



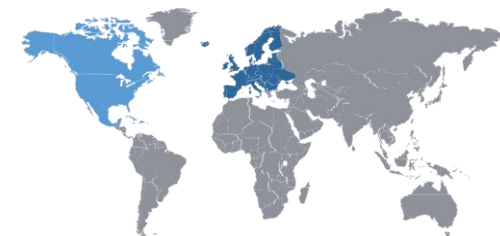
Ambitious growth strategy, high-potential pipeline and M&A capabilities



## Our strategy

# Building a leading Nordic pharma company

- 1 Strengthen the core**
  - Untapped potential within existing products, categories and territories
  - Ongoing negotiations for attractive new distribution agreements
  - Launch of Navamedic proprietary products, with RX to OTC switch potentials
- 2 Secure and increase the value through ownership to products and brands**
  - Innovative pipeline for in-licensing of new RX or OTC
  - Develop own brands
  - Acquisitions of portfolios or small companies
- 3 Commercialise Sippi® technology**
  - Capitalise on the agreements in the Nordics and Germany
  - Launch of Sippi® through existing partners in selected markets – US pri 1
  - Partnering / out-licensing ROW



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# ● **Operational update**

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## The preferred partner

# Highly scalable pharma marketing and distribution platform and competence-driven value creation across categories



Our market access platform ensures optimal market penetration



Key competence in attractive product categories



Adding value to our customers and patients



**Navamedic**

- Market access platform
  - Economies of scale
  - Sales excellence and regulatory expertise
- Navamedic's team is geared for partnership across different stages of product launches, through the product lifecycle - tailored to the need
- Category focus to the benefit of partners, customers and consumers
  - Understanding and delivering on underlying consumer and customer needs
  - Education of customers
  - Guidance and inspiration of consumers

# Products

## Growth in all key categories

### CARDIOLOGY



### MEDICAL NUTRITION



### OBESITY



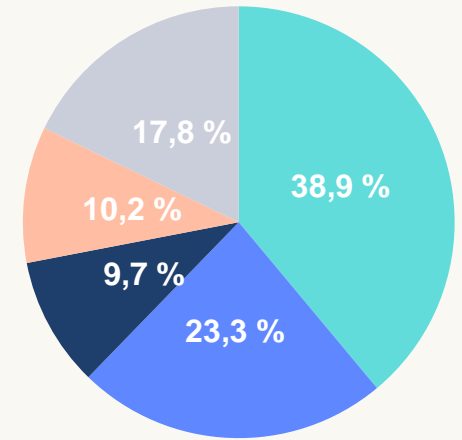
### UROLOGY & WOMEN'S HEALTH



### OTHER



% of total revenue per category Q1 2019



- Cardiology
- Medical nutrition
- Obesity
- Urology & Women's Health
- Other



## Category snapshot

# Medical nutrition

Q1 2019 REVENUES

**10.6**  
MNOK

(Q1 2018: 9.9 MNOK)



### IEM

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

### Strategic approach:

- Add value through services and knowledge
- Long term relationship with key customers
- Launch of new products from existing and new partners

# Category snapshot

## Obesity

Q1 2019 REVENUE

4.4  
MNOK

(Q1 2018: 1.4 MNOK)



### Mysimba

A prescription alternative for treating obesity that impacts appetite and cravings centers of the brain.

Doctors are mostly treating problems related to obesity, not obesity itself. Over 20% of Nordic adults are obese<sup>1</sup>. High BMI contribute to around 2,400 deaths in Norway annually<sup>2</sup> (around 10 000 in the Nordics).

### Strategic approach:

- Increase awareness - Leverage on high media interest
- Focus on reimbursement and getting Mysimba into “standard of care”
- New concepts to maintain customer loyalty and secure new patients and consumers

**Nettavisen.**  
Nyheter Økonomi Sport Puls  
**Slankepille roses av utenlandske forskere: - Hellig gral i kampen mot fedme**



1. WHO

2. Norwegian Institute of Public Health

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## Financials

### Extracts from consolidated income

<i>(in NOK million)</i>	<b>Q1 2019</b>	<b>Q1 2018</b>	<b>2018</b>
<b>Operating revenues</b>	<b>45.5</b>	<b>42.6</b>	<b>184.0</b>
<b>Gross profit</b>	<b>12.4</b>	<b>12.9</b>	<b>61.4</b>
<i>Gross profit %</i>	<i>27.2 %</i>	<i>30.3 %</i>	<i>33.4 %</i>
Operating costs	-14.4	-17.9	-59.7
<b>EBITDA</b>	<b>-2.0</b>	<b>-5.0</b>	<b>1.6</b>
Depreciation and amortization	-1.9	-1.6	-6.2
<b>Operating result (EBIT)</b>	<b>-3.9</b>	<b>-6.6</b>	<b>-4.6</b>
Net financial result	-1.2	-1.0	11.6
<b>Result before tax</b>	<b>-5.1</b>	<b>-7.6</b>	<b>7.0</b>

- Positive Q1 revenue development, supported by new products
- Gross profit decreased to 27.2% (30.3%) resulting from changes in product mix
- Positive EBITDA from Pharma business
- Expensed MNOK 2.7 in Q1 2019 for product development and administration of Sippi®

# Financials

## Segments

<i>(in NOK million)</i>	Pharma incl. Navamedic ASA			Medtech		
	Q1 2019	Q1 2018	2018	Q1 2019	Q1 2018	2018
<b>Operating revenues</b>	<b>45.4</b>	<b>42.6</b>	<b>183.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>
Gross profit	12.4	12.9	60.8	0.0	0.0	
<b>EBITDA before other items</b>	<b>0.7</b>	<b>1.4</b>	<b>15.6</b>	<b>-2.7</b>	<b>-2.3</b>	<b>-7.8</b>
Other expenses		4.1	6.1			
EBITDA	0.7	-2.7	9.5	-2.7	-2.3	-2.7

- Pharma segment on track focusing on profitable products and leveraging on the growth platform
- Underlying positive EBITDA in Pharma segment
- Other expenses includes corporate strategic projects not related to the ordinary operations

## Balance sheet

# Assets

<i>(in NOK million)</i>	<b>31.03.2019</b>	<b>31.03.2018</b>	<b>31.12.2018</b>
Intangible assets	27.7	31.5	30.1
Goodwill	89.2	76.9	79.6
Deferred tax assets	10.0	8.9	9.9
Tangible assets	2.0	0.6	0.1
<b>Non-current assets</b>	<b>128.8</b>	<b>118.0</b>	<b>119.7</b>
Inventories	48.0	41.7	38.1
Trade and other receivables	36.8	41.0	38.9
Prepaid taxes	6.8	5.5	7.0
Cash at hand, in banks	12.8	8.3	11.0
<b>Current assets</b>	<b>104.4</b>	<b>96.6</b>	<b>95.1</b>
<b>Total assets</b>	<b>233.2</b>	<b>214.5</b>	<b>214.7</b>

- Total assets increased by MNOK 18.5 from the end of 2018 mainly due to MNOK 13.0 in goodwill from acquisition of Novicus and inventory build up to secure deliveries in a change of production places
- Increase in tangible asset is lease contracts of 1.9

## Balance sheet

# Equity and liabilities

<i>(in NOK million)</i>	<b>31.03.2019</b>	<b>31.03.2018</b>	<b>31.12.2018</b>
<b>Equity</b>	<b>101.3</b>	<b>80.9</b>	<b>99.3</b>
Contingent consideration	12.7	27.3	12.2
Long term part of license liabilities	10.1	11.8	10.2
Loans and borrowings	1.9	0.0	0.0
Deferred tax	0.2	0.3	0.2
<b>Non-current liabilities</b>	<b>24.9</b>	<b>39.4</b>	<b>22.6</b>
Trade and other payables	60.6	50.4	41.1
Short term liabilities to financial institutions	26.7	20.2	32.6
Short term part of license liabilities	6.4	4.3	6.6
Income taxes payable	2.0	1.0	2.1
Short term liabilities	11.2	18.5	10.5
<b>Current liabilities</b>	<b>107.0</b>	<b>94.3</b>	<b>92.8</b>
<b>Total shareholders equity and liabilities</b>	<b>233.2</b>	<b>214.5</b>	<b>214.7</b>

- Equity 43.4%
- Issues of new shares increased equity by 12.5 MNOK, offset by change in net results
- Changes in liabilities since 31.12 2018 is mainly due to increased trade account payables following inventory build up, partly offset by repayment of bank debt.

## Financials

# Cash flow

*(in NOK million)*

	Q1 2019	Q1 2018	2018
<b>Net cash flow from operating activities</b>	<b>9.2</b>	<b>-27.6</b>	<b>-36.0</b>
<b>Net cash flow from investing activities</b>	<b>-0.3</b>	<b>-0.3</b>	<b>-2.2</b>
<b>Net cash flow from financing activities</b>	<b>-6.6</b>	<b>8.0</b>	<b>20.4</b>
<b>Net change in cash</b>	<b>1.7</b>	<b>-21.9</b>	<b>-19.2</b>
<b>Cash and cash equivalents</b>	<b>12.8</b>	<b>8.3</b>	<b>11.0</b>


- Positive cash flow from operating activities primarily affected by increase in trade payables in Q1 2019
- Significant repayment to Aspen during 2018. Net repayment to Aspen MNOK 18.7 during 2018




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# SIPPI®

Simplifies Patient care – Prevents Infections

 Global potential for next generation digital, wireless, urine measurement and infection prevention system

 Innovative, patented technology addressing a global market need

 Ongoing commercialisation with long-term revenue potential



## Addressing two major problems

### Hospital acquired infections

- 2.5 million Europeans die every year from hospital acquired infections
- Treatment of infections is a major burden on hospital budgets
- Urinary infections is the nr 1 of all hospital acquired patient problems

Source: *Pasientsikkerhetsprogrammet/The Norwegian Directorate of Health*

### Stressed out personnel

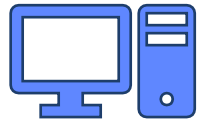
- Improved working conditions key to bridge future needs for healthcare personnel
- One in four considers quitting due to stress and poor working conditions



*One in five nurses are working outside the healthcare sector amid rapidly growing demand. Stress is a key factor.*

Source: SSB

# Sippi® Technology



PDMS



SippLink Wireless data transfer

Alert for biofilm  
= replace bag

Biofilm prevention



Q1 2019



Base unit

Disposable unit

## Sippi®

# One concept – multiple market opportunities

### Sippi®

- Automated urine meter for ICUs, OR\*s and wards
- Launched at selected hospitals
- Potential: 500k base units + 20 mill disposables/year - a **NOK 4 billion market** globally



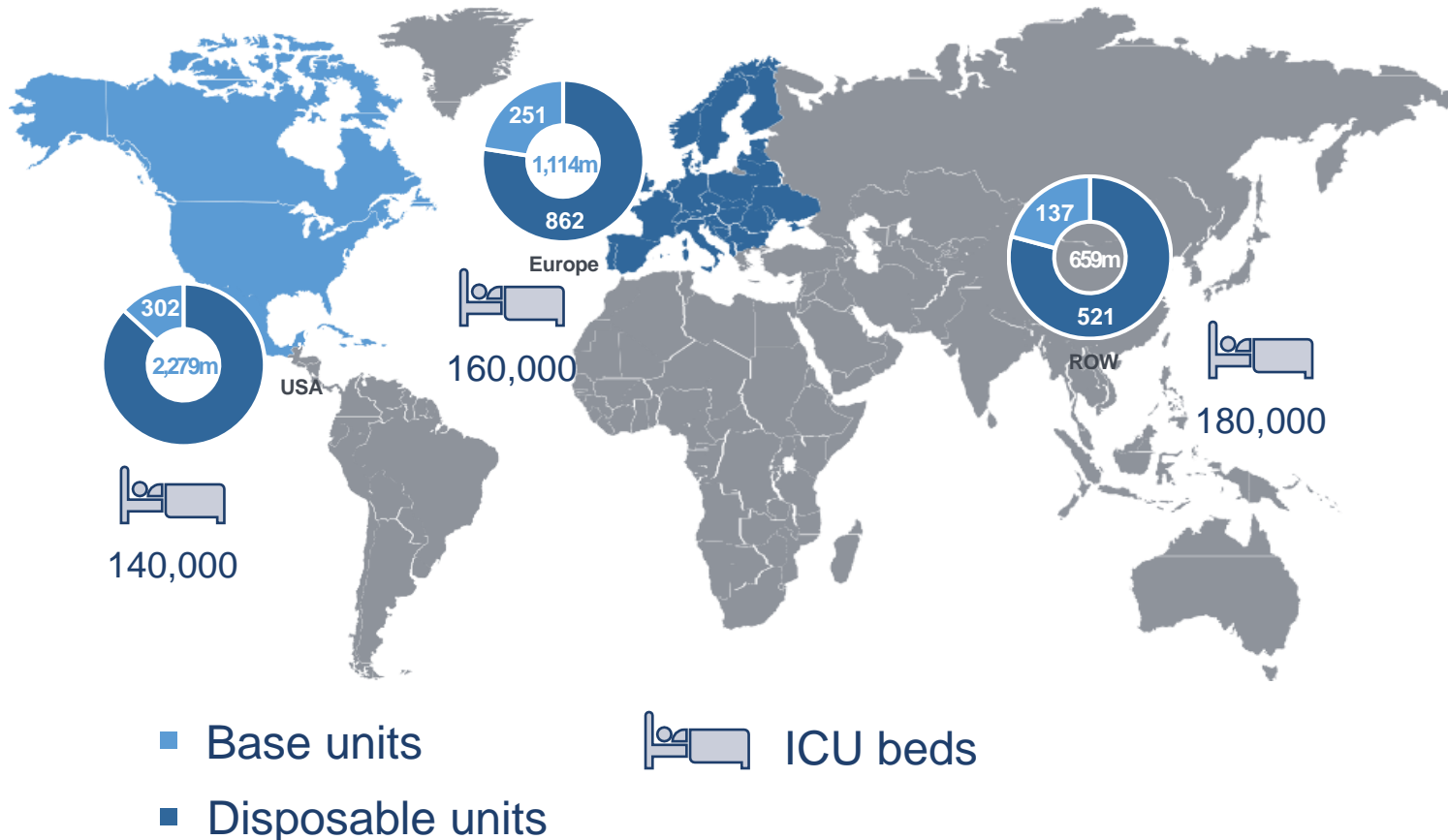
### Sippbag®

- Urine bags in hospitals, care centres and for home use
- Launch or license ready in 2020
- Potential: 500 mill bags/year a **NOK 20 billion market** globally



\*OR: Operating Room

# Addressing a global market representing 250 MNOK in annual revenue potential



## Snapshot of Sippi® roll-out

- **Västra Götalands-regionen:** New agreement. Potential of 100 Base units
- **Stockholms Läns Landsting:** Starting Thorax IVA in Q2. Potential of 120 Base units in the region.
- **Gävleborgs Landsting:** 5 Base units installed. Potential of 100 Base units.
- **Helse Sør-øst:** Has IMDSoft PDMS system and awaits connectivity. Potential of 80-120 Base units.
- **Seinäjoki Central Hospital:** 15 Base units installed, will upgrade to SippBLE
- **Neubrandenburg Regional Hospital:** 8 Base units installed, potential for 40, awaits connectivity to further increase.
- **Testing with new PDMS supplier COPRA:** Starting with one hospital in Berlin. Potential for 50 hospitals and 5-700 Base units

## BoD proposes a demerger for Medtech division

- Pharma and Medtech are distinctly different businesses with limited synergies
  - Medtech deserves a separate platform to secure focus, resources and speed in the commercialization phase
  - The timing for a demerger is good with the wireless Sippi® system completed and ready to be fully launched
- 
- BoD has decided to propose for the GA a split of Navamedic ASA with separate listing and IPO of the Medtech division
  - Plan is to complete by end Q3
  - Mandate agreement has been signed with Carnegie

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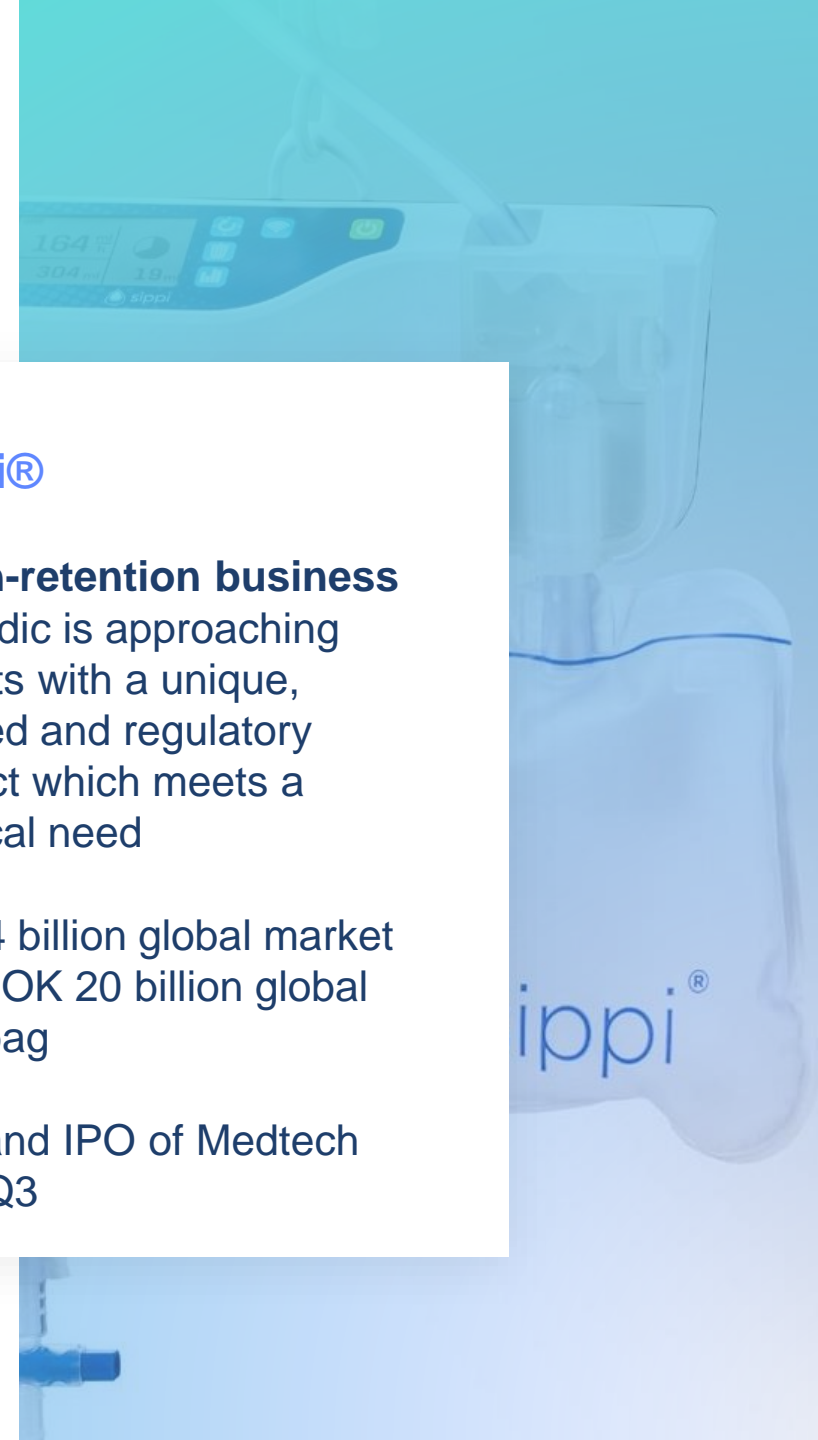
# Summary and outlook

### Pharma platform

- Navamedic will exploit the existing platform to **strengthen the core**. Rising demand for main products, combined with a **unique and exciting pipeline** are key drivers for long-term growth
- **Secure and increase the value through ownership to products and brands**
- The goal is to build on the strong position to become a **leading Nordic pharmaceutical company**

### Medtech - Sippi®

- Based on a **high-retention business model**, Navamedic is approaching attractive markets with a unique, clinically validated and regulatory approved product which meets a significant medical need
- Attractive NOK 4 billion global market for Sippi® and NOK 20 billion global market for Sippbag
- Plan demerger and IPO of Medtech division by end Q3



# Appendices

## Appendix

# Condensed consolidated statement of comprehensive income

(in NOK '1000)

	Q1 2019	Q1 2018	2018
<b>Operating revenues</b>	<b>45 459</b>	<b>42 638</b>	<b>184 022</b>
Cost of materials	-33 073	-29 713	-122 636
<b>Gross profit</b>	<b>12 386</b>	<b>12 925</b>	<b>61 385</b>
<i>Gross profit %</i>	<i>27.2 %</i>	<i>30.3 %</i>	<i>33.4 %</i>
Payroll expense	-8 420	-8 123	-30 332
Other operating cost	-5 964	-9 818	-29 412
<b>Operating costs</b>	<b>-14 384</b>	<b>-17 942</b>	<b>-59 744</b>
<b>EBITDA</b>	<b>-1 999</b>	<b>-5 017</b>	<b>1 641</b>
<i>EBITDA %</i>	<i>-4.4 %</i>	<i>-11.8 %</i>	<i>0.9 %</i>
Depreciation	-386	-34	-120
Amortization	-1 535	-1 565	-6 092
<b>Operating result (EBIT)</b>	<b>-3 919</b>	<b>-6 615</b>	<b>-4 571</b>
<i>Financial income and expenses</i>			
Financial income	455	956	555
Change fair value contingent consideration	-557	-1 074	14 009
Financial expenses	-474	-608	-1 808
Net currency gain/losses	-611	-285	-1 174
<b>Net financial result</b>	<b>-1 187</b>	<b>-1 012</b>	<b>11 582</b>
<b>Result before tax</b>	<b>-5 106</b>	<b>-7 627</b>	<b>7 011</b>
Tax on ordinary result	-294	321	273
<b>Net profit / loss (-)</b>	<b>-5 400</b>	<b>-7 306</b>	<b>7 284</b>
<i>Other comprehensive income that may be reclassified subsequently to profit or loss</i>			
Currency translations differences	-5 299	-8 528	-4 795
<b>Total comprehensive income for the period</b>	<b>-10 699</b>	<b>-15 834</b>	<b>2 489</b>

## Appendix

### Condensed consolidated financial position - Assets

<i>(in NOK '1000)</i>	<b>31.03.2019</b>	<b>31.03.2018</b>	<b>31.12.2018</b>
Intangible assets	27 675	31 544	30 060
Goodwill	89 154	76 918	79 550
Deferred tax assets	9 958	8 928	9 944
Tangible assets	2 033	572	109
<b>Non-current assets</b>	<b>128 819</b>	<b>117 963</b>	<b>119 664</b>
Inventories	48 010	41 740	38 146
Trade and other receivables	36 821	41 041	38 903
Prepaid income taxes	6 800	5 488	6 971
Cash at hand, in banks	12 752	8 316	11 046
<b>Current assets</b>	<b>104 382</b>	<b>96 584</b>	<b>95 067</b>
<b>Total assets</b>	<b>233 201</b>	<b>214 547</b>	<b>214 731</b>

## Appendix

# Condensed consolidated financial position – Equity and liabilities

<i>(in NOK '1000)</i>	<b>31.03.2019</b>	<b>31.03.2018</b>	<b>31.12.2018</b>
Equity	101 316	80 866	99 322
<b>Total equity</b>	<b>101 316</b>	<b>80 866</b>	<b>99 322</b>
<i>Liaibilities</i>			
Contingent consideration	12 734	27 260	12 177
Long term part of license liabilities	10 075	11 789	10 235
Loans and borrowings	1 915	0	0
Deferred tax	204	335	213
<b>Non-current liabilities</b>	<b>24 929</b>	<b>39 385</b>	<b>22 625</b>
Trade and other payables	60 634	50 379	41 087
Short term liabilities to financial institutions	26 739	20 158	32 576
Short term part of license liabilities	6 359	4 266	6 601
Income taxes payable	2 042	985	2 064
Short term liabilities	11 183	18 509	10 457
<b>Current liabilities</b>	<b>106 956</b>	<b>94 297</b>	<b>92 784</b>
<b>Total liabilities</b>	<b>131 885</b>	<b>133 681</b>	<b>115 409</b>
<b>Total shareholders equity and liabilities</b>	<b>233 201</b>	<b>214 547</b>	<b>214 731</b>

## Appendix

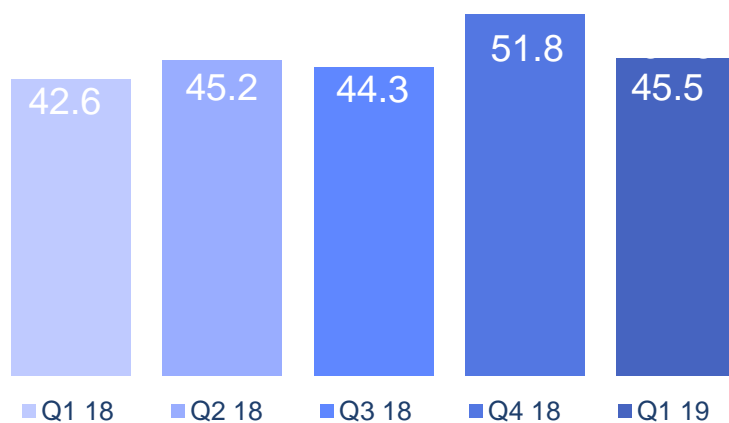
# Condensed consolidated statement of cash flows

<i>(in NOK '1000)</i>	<b>Q1 2019</b>	<b>Q1 2018</b>	<b>2018</b>
Profit/loss(-) before tax	-5 106	-7 627	7 011
Taxes paid	-285	-3 577	-5 335
Depreciation, amortization and write off	1 921	1 598	6 212
Interest and contingent consideration without cash effect	155	820	-13 483
Changes in inventory	-9 863	2 958	6 552
Changes in trade receivables	3 189	915	1 842
Changes in trade payables	19 547	-21 731	-31 023
Changes in other current items	-380	-958	-7 800
<b>Net cash flow from operating activities</b>	<b>9 178</b>	<b>-27 602</b>	<b>-36 024</b>
<i>Cash flow from investments</i>			
Purchase / disposal of tangible and intangible assets	-319	-281	-2 162
<b>Net cash flow from investing activities</b>	<b>-319</b>	<b>-281</b>	<b>-2 162</b>
<i>Cash flow from financing</i>			
Short term liabilities to financial institutions	-5 836	7 951	25 218
Cash received/spend for issue of shares	-445	0	0
Long term liabilities to financial institutions and other	0	0	-4 851
Payments of lease liabilities	-358	0	0
<b>Net cash flow from financing activities</b>	<b>-6 640</b>	<b>7 951</b>	<b>20 368</b>
Changes in currency	-513	-1 997	-1 383
Net change in cash	1 706	-21 930	-19 200
Cash and cash equivalents start period	11 046	30 246	30 246
<b>Cash and cash equivalents end period</b>	<b>12 752</b>	<b>8 316</b>	<b>11 047</b>

## Financials

# Sound foundation for growth

### Revenues (MNOK)



Revenues increased by 6.6% or MNOK 2.8  
(Q1 19 vs Q1 18)

### Gross profit (MNOK)



Gross profit decline of 0.5 MNOK (Q1 19 vs  
Q1 18) following product mix

## Appendix

# Definitions of Alternative Performance Measures (APM)

Navamedic's financial information is prepared in accordance with international financial reporting standards as adopted by the EU (IFRS). In addition, the company presents alternative performance measures (APMs). The APMs are regularly reviewed by management and their aim is to enhance stakeholders' understanding of the company's performance. APMs presented may be determined or calculated differently by other companies.

### APMs:

**EBITDA** is equal to earnings before interest, tax, depreciation and amortization. EBITDA is a sub-total in the condensed consolidated statement of comprehensive income.

**EBITDA margin** is equal to EBITDA as a percentage of total operating revenues.

**Gross profit** is equal to total revenues minus cost of materials. Gross profit is a sub-total in the condensed consolidated statement of income.

**Gross margin** is equal to gross profit as a percentage of total operating revenues.

**Equity ratio** is equal to total equity as a percentage of total shareholders' equity and liabilities.

**EBITDA before other items**; In EBITDA before other items the costs related to evaluation of strategic alternatives is not included. Navamedic believe that the measure provides useful and necessary information to investors and other parties because it provides additional information on underlying growth of the business without the effect of revenues from products unrelated to Navamedic's performance in the future.



## Appendix

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