

Q2/H1 2022

Second quarter and first half year
results 2022

Navamedic ASA

12 August 2022

Kathrine Gamborg Andreassen, CEO

Lars Hjarrand, CFO



Highlights

Record high quarterly revenue and EBITDA

**Q2
2022**

REVENUE

110.4 MNOK

Up 67% YoY

GROSS MARGIN

44.8%

39.3% Q2 21

EBITDA

23.7 MNOK

4.3 MNOK Q2 21

**H1
2022**

173.4 MNOK

Up 39% YoY

42.9%

39.5% H2 21

23.3 MNOK

6.9 MNOK H1 21

Strong development for key focus areas:

Obesity:

Continued strong demand for Mysimba®, resolved the temporary out-of-stock situation in Q1 2022

Gastro:

The successful launch of gastro products SmectaGo® and Forlax® will be followed by other product launches later in 2022

Antibiotics:

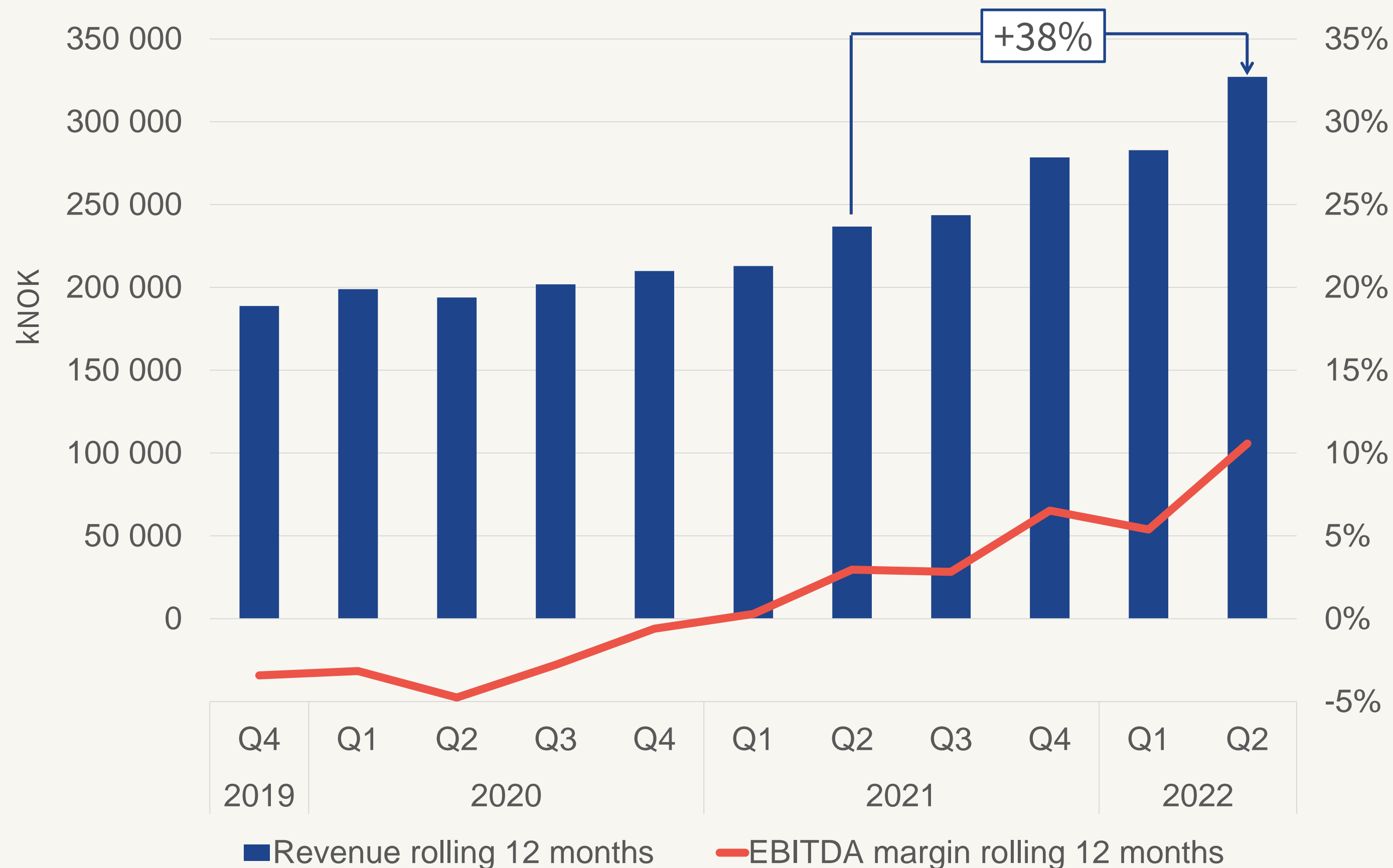
Strong performance for the antibiotics portfolio. Solid revenue visibility throughout 2022 due to public tender wins

Strategic acquisition of Impolin:

Strengthened footprint in obesity

On track towards 20% Y/Y revenue growth target

Consistent positive trend in revenue and EBITDA



- Consistent strong revenue growth over time driven by positive market trends, successful build-up of new categories, M&A and distribution partnerships
- Normal fluctuation in revenue growth between quarters due to seasonality and stock build-up/down effects
- Positive rolling 12 months EBITDA for 6 consecutive quarters
- Impolin AB, June revenue of MNOK 5.2 included in the numbers

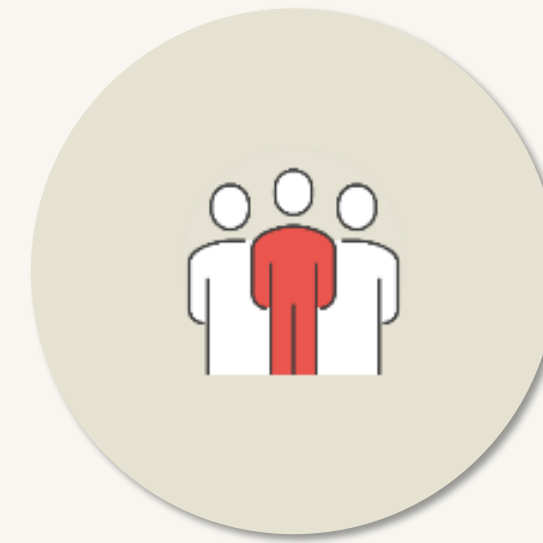
Nordic pharma company targeting growth in Northern Europe



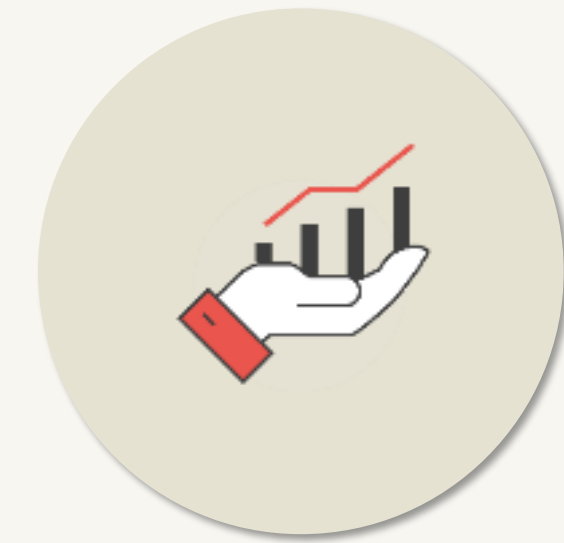
A reliable supplier of **high-quality pharma products**, delivered to hospitals and through pharmacies



Presence in all **Nordic** countries, **Baltics** and **Benelux**, and sales in the **UK** and **Greece**.



Strong local competence in regulatory, reimbursement, marketing and sales



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

Ambition of building a NOK 1 billion revenue company

1

STRENGTHEN THE CORE

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

2

SECURE AND INCREASE THE VALUE THROUGH OWNERSHIP

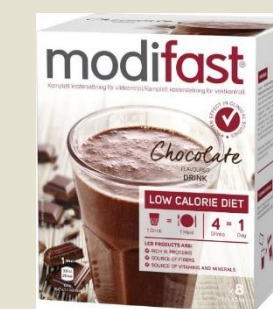
Innovative pipeline for in-licensing of products with and without prescription.
Develop own brands

3

GROWTH THROUGH M&A

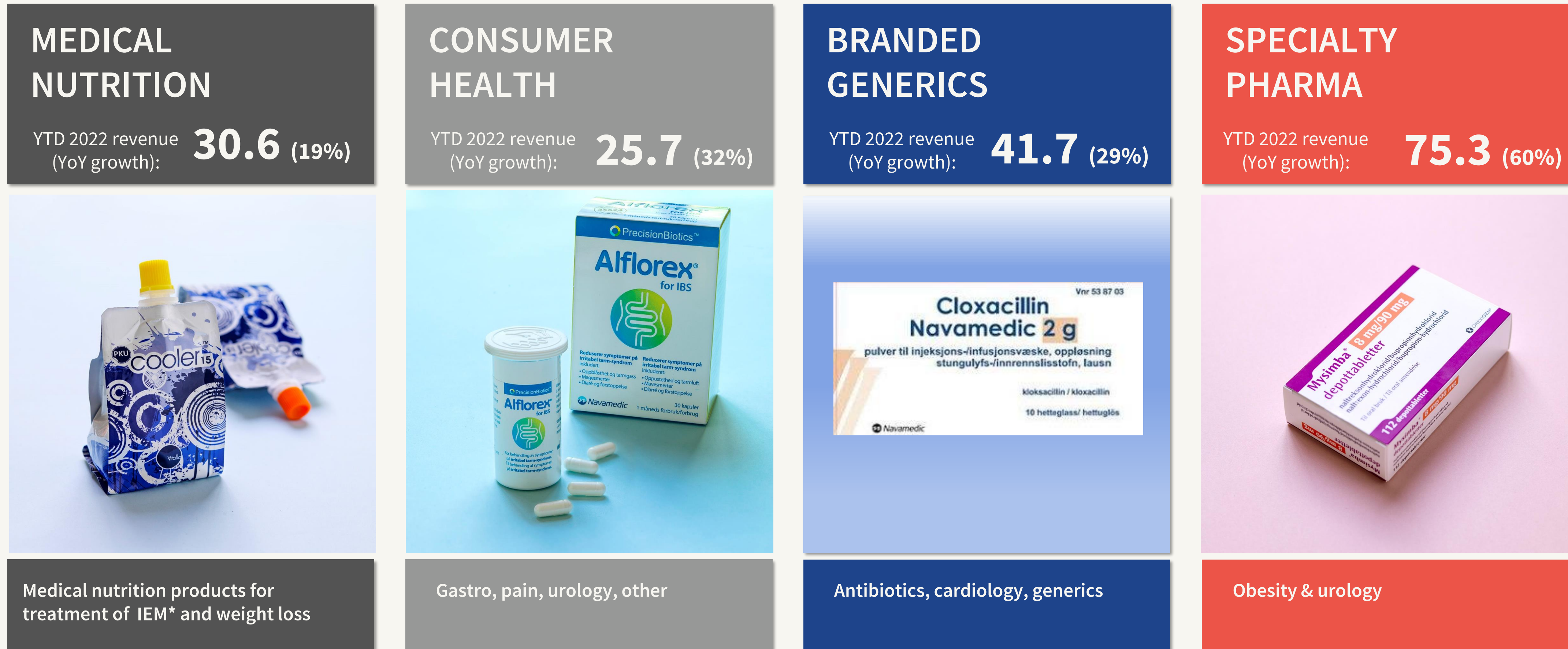
Bolt-on acquisitions of product and portfolios
Acquisitions of smaller companies where Navamedic can create further growth, to broaden our categories or geographical territory.

Recent achievements



Key portfolio developments

Strong revenue development across portfolio



*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

Gastro category developing strongly, continued strong potential for Navamedic going forward

Q2 2022 REVENUE

14.8 MNOK

(Q2 2021: 8.5 MNOK)

GROWTH DRIVERS

- IBS product Alforex® and pain product Thermacare® with solid growth during the quarter
- Gastro – an underdeveloped sector in the Nordics with high potential



Branded Generics

Antibiotics portfolio with rapid growth, high innovation pace with new products to be introduced

Q2 2022 REVENUE

20.7 MNOK

(Q2 2021: 17.6 MNOK)

GROWTH DRIVERS

- Strong performance for the antibiotic portfolio
- Imdur behind last year



Key product area PKU continuing its steady growth

Q2 2022 REVENUE

16.9 MNOK

(Q2 2021: 13.4 MNOK)

GROWTH DRIVERS

- Continued good growth for the key product area PKU products
- Small reduction in other products resulting in flat quarter for the medical nutrition category
- New Modifast product range well positioned in obesity



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

Strong growth in obesity

Q2 2022 REVENUE

57.9 MNOK

(Q2 2021: 26.6 MNOK)

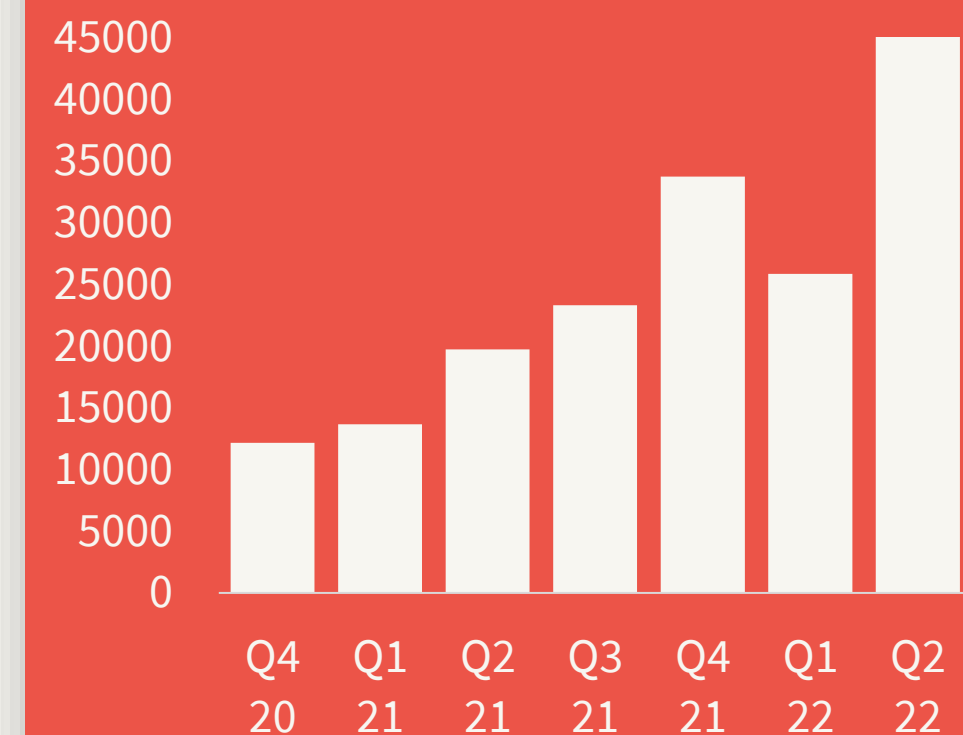
- Key product category for Navamedic with solid expected growth going forward
- Out-of stock situation for Mysimba® in March-May, seen as a one-time incident, resolved in Q2
- Increased production capacity going forward, with new packing line installed



CONTINUED STRONG MYSIMBA WHOLESALE DEVELOPMENT

130% increase from Q2 2021 – Norway is driving growth

TNOK (IMS data; sales to retailers)



Strengthens and complements Navamedic's position within obesity in the Nordics

- Impolin's strong position in Sweden will be further boosted by Navamedic competence, sales force and sales & marketing programs
- Modifast is a trusted premium product with medical positioning – but also attracts the general “weight loss” segment
- **Clear plan to launch Modifast on Navamedic's platform in Norway, Finland and Denmark during the coming 12-24 months**

With Impolin' product Modifast and MedMade, Navamedic supports weight loss across the whole user journey



FINANCIALS

Key consolidated profit and loss figures

<i>(in NOK '1000)</i>	Q2 2022	Q2 2021	YTD 2022	YTD 2021	FY 2021
Operating revenues	110 361	66 014	173 357	124 659	278 439
Gross profit	49 468	25 967	74 303	49 180	111 744
<i>Gross profit %</i>	<i>44.8 %</i>	<i>39.3 %</i>	<i>42.9 %</i>	<i>39.5 %</i>	<i>40.1 %</i>
Operating costs	-25 761	-21 658	-51 008	-42 321	-93 573
EBITDA	23 708	4 308	23 295	6 859	18 171
<i>EBITDA %</i>	<i>21.5 %</i>	<i>6.5 %</i>	<i>13.4 %</i>	<i>5.5 %</i>	<i>6.5 %</i>
Depreciation	-598	-312	-1 171	-694	-2 169
Amortization	-1 232	-1 068	-2 489	-2 027	-4 547
Operating result (EBIT)	21 878	2 928	19 635	4 137	11 455
Income from associated companies	0	-967	-1 101	-1 821	-3 185
Net financial income and expenses	-12 302	1 368	-8 438	-2 280	-5 912
Profit before tax	9 575	3 329	10 096	37	2 358
Income taxes	-2 286	-140	-3 517	-522	-1 740
Net profit / loss (-) Total operations	7 289	3 189	6 579	-485	618
Currency translation differences	955	-101	2 085	-237	348
Total comprehensive income for the period	8 245	3 087	8 664	-722	967

The Q2 P&L includes one month of Impolin numbers

In Q2 2022, revenues grew by 67% compared to the same quarter last year

Gross Profit came in at 44.8% mostly due to favorable product mix

Operating costs are higher than last year mostly due to continued investments in growth initiatives

EBITDA for the quarter was NOK 23.7M

Income from associated companies is zero in the quarter since Observe Medical no longer is defined as an associated company

Net Financial Income is negative as a result of reduction in Observe Medical share price

Net profit of NOK 7.3M for the quarter

Total comprehensive income of NOK 8.2M

Assets

<i>(in NOK '1000)</i>	30.06.2022	30.06.2021	31.12.2021
Goodwill	98 175	62 602	61 031
Deferred tax assets	9 168	9 168	9 168
Other intangible assets	31 659	29 983	27 342
Property, plant & equipment	679	208	745
Right of use assets	6 772	827	7 567
Shares in associated companies	0	20 202	18 837
Non-current loans to associated companies	0	36 213	0
Total non-current assets	146 454	159 203	124 690
Tax receivables	28 662	8 705	15 652
Inventories	70 814	54 563	61 882
Trade and other receivables	84 752	45 553	37 730
Cash	39 445	20 962	52 620
Current loans to associated companies	39 111	0	37 606
Other current financial assets	15 793	0	0
Total current assets	278 576	129 784	205 489
Total assets	425 030	288 987	330 179

The increase in Goodwill is due to the Impolin acquisition

Shares in associated companies is moved to financial assets as Observe Medical no longer is considered an associated company

The increase in inventory is mostly due to the Impolin products

Trade receivables is up due to the strong quarter

Cash level is the combination of the net result, changes in working capital and the Impolin acquisition

Other current financial assets is the Observe Medical shares at fair value

Equity and liabilities

<i>(in NOK '1000)</i>	30.06.2022	30.06.2021	31.12.2021
Total equity	185 692	148 894	151 237
Non-current license liabilities	6 039	8 385	8 171
Loans and borrowings	53 042	20 120	38 980
Non-current right of use liabilities	5 179	307	5 824
Total non-current liabilities	64 260	28 813	52 976
Trade and other payables	89 553	74 073	70 532
Current liabilities to financial institutions	9 644	0	0
Current right of use liabilities	1 757	528	1 839
Current license liabilities	15 834	14 365	13 158
Taxes payable	17 682	3 309	10 713
Other current liabilities	40 609	19 005	29 724
Total current liabilities	175 078	111 280	125 967
Total liabilities	239 338	140 092	178 943
Total equity and liabilities	425 030	288 987	330 179

Equity ratio of 43.7%

The increase in Loans and borrowings is due to the financing of the Impolin acquisition

Trade payables is up as a result of the strong Q2

Other current liabilities increase is mostly related to VAT after the strong quarter

Cash flow Group – total operations

<i>(in NOK '1000)</i>	Q2 2022	Q2 2021	YTD 2022	YTD 2021	FY 2021
Net cash flow from operating activities	5 359	-4 322	-13 135	-16 756	-1 300
Net cash flow from investing activities	-23 263	-153	-23 356	-153	-727
Net cash flow from financing activities	23 840	-1 245	22 715	-1 985	15 931
Changes in currency	1 297	54	600	272	-868
Net change in cash	7 233	-5 666	-13 176	-18 622	13 036
Cash and cash equivalents end period	39 444	20 962	39 444	20 962	52 620

The cash flow from Operating Activities is mainly the result of Net profit coupled with changes in net working capital

The Cash at the end of the period was NOK 39.4million

SUMMARY & OUTLOOK

Summary and outlook

Building a leading Nordic pharma company targeting growth in Northern Europe

Highlights

- Continued to strengthen the core by driving underlying growth in the existing portfolio
- Strong growth in most product categories
- Increased revenues by 67% Y-o-Y (Q2), temporary out-of stock situation for Mysimba resolved
- Significantly strengthened footprint in obesity through acquisition of Swedish success company Impolin AB in May 2022, aiming to roll Modifast out across the Nordics

We will build on our solid foundation and

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

MID-TERM AMBITION

20% annual organic growth, building a NOK 1 billion revenue company including M&A with a gross margin of at least **40%** and an EBITDA margin of **15%**

Q&A

Thank you for your attention!

Navamedic's Q3 2022 presentation will be on
1st of November 2022

APPENDIX

Unique position in Sweden, great potential in the Nordics

Impolin in short:

- Unique position in Sweden with strong products and sales channels
- Solid growth and profitability profile
 - Revenue 2021: SEK 52 million (+9.2% Y/Y)
 - 2021 EBIT margin: 11.8%
- Valuation: SEK 50 million, paid 50% cash and 50% Navamedic shares. SEK 5 million earn-out
- Key product **Modifast**
 - Low-Calorie Diet and meal replacement for weight loss
 - Unique product in guidelines for patients who shall undergo bariatric surgery
- Other products:
 - **MedMade**, multivitamin and minerals after obesity surgery
 - **Absolut Torr**, extreme antiperspirant



Navamedic ASA

Condensed consolidated statement of comprehensive income

<i>(in NOK '1000)</i>	Q2 2022	Q2 2021	YTD 2022	YTD 2021	FY 2021
Operating revenues	110 361	66 014	173 357	124 659	278 439
Total revenue	110 361	66 014	173 357	124 659	278 439
Cost of materials	-60 893	-40 048	-99 054	-75 479	-166 695
Gross profit	49 468	25 967	74 303	49 180	111 744
<i>Gross profit %</i>	44.8 %	39.3 %	42.9 %	39.5 %	40.1 %
Operating costs	-25 761	-21 658	-51 008	-42 321	-93 573
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Depreciation	-598	-312	-1 171	-694	-2 169
Amortization	-1 232	-1 068	-2 489	-2 027	-4 547
Operating result (EBIT)	21 878	2 928	19 635	4 137	11 455
Income from associated companies	0	-967	-1 101	-1 821	-3 185
Financial income	753	696	1 513	1 393	4 035
Financial expenses	-1 492	-820	-2 720	-1 654	-4 424
Net currency gain/losses	-669	1 492	-5 289	-2 019	-5 523
Net change in fair value current financial assets	-10 895	0	-1 943	0	0
Net financial income and expenses	-12 302	1 368	-8 438	-2 280	-5 912
Profit before tax continuing operations	9 575	3 329	10 096	37	2 358
Income taxes, continuing operations	-2 286	-140	-3 517	-522	-1 740
Net profit / loss (-) Total operations	7 289	3 189	6 579	-485	618
<i>Other comprehensive income that may be reclassified subsequently to profit or loss</i>					
Currency translation differences	955	-101	2 085	-237	348
Total comprehensive income for the period	8 245	3 087	8 664	-722	967

Condensed consolidated statement of cash flows

<i>(in NOK '1000)</i>	Q2 2022	Q2 2021	YTD 2022	YTD 2021	FY 2021
Cash flow from operating activities					
Profit before tax	9 575	3 329	10 096	37	2 358
Adjusted for:					
Depreciation, amortization and impairment	1 830	1 380	3 660	2 722	6 716
Financial income / expenses without cash effect	13 243	937	6 454	1 864	1 353
Other income / expenses without cash flow effect	264	538	560	1 131	1 784
Income from associated companies	0	967	1 101	1 821	3 185
Taxes paid	-7 748	-372	-8 849	-830	-2 700
Payment of license liabilities	0	0	-107	0	-110
Changes in inventory	-17 330	-6 934	-8 932	-12 618	-19 937
Changes in trade and other receivables	-53 782	-3 853	-47 023	-16 907	-9 084
Changes in trade and other payables	43 872	1 266	19 020	7 118	3 577
Changes in other current items	15 435	-1 581	10 885	-1 091	11 556
Net cash flow from operating activities	5 359	-4 322	-13 135	-16 756	-1 300
Cash flow from investing activities					
Acquisition of tangible and intangible assets	0	-153	-93	-153	-728
Disposal of tangible and intangible assets	0	0	0	0	0
Loans granted to associated companies	0	0	0	0	0
Loans repaid by associated companies	0	0	0	0	0
Interest received	0	0	1	0	2
Purchase of shares in other companies	-23 264	0	-23 264	0	0
Sale of shares in other companies	0	0	0	0	0
Net cash flow from investing activities	-23 263	-153	-23 356	-153	-727
Cash flow from financing activities					
Loans received	24 033	0	24 033	0	19 500
Loans paid	0	0	0	0	0
Interest paid	-828	-353	-1 411	-714	-1 469
Share issues	1 198	0	1 198	0	0
Payment of lease liabilities	-563	-892	-1 105	-1 271	-2 100
Net cash flow from financing activities	23 840	-1 245	22 715	-1 985	15 931
Changes in currency	1 297	54	600	272	-868
Net change in cash	7 233	-5 666	-13 176	-18 622	13 036
Cash and cash equivalents start period	32 212	26 628	52 620	39 584	39 584
Cash and cash equivalents end period	39 444	20 962	39 444	20 962	52 620

Basis for preparation

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

Definitions of Alternative Performance Measures (APM)

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

APMs:

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

Gross margin is equal to gross profit as a percentage of total operating revenues. Equity ratio is equal to total equity as a percentage of total shareholders' equity and liabilities. EBITDA before other items; In EBITDA before other items the costs related to strategic projects are not included.

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

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