

# Q1 2022

First quarter results 2022  
Navamedic ASA  
10 May 2022

Kathrine Gamborg Andreassen, CEO  
Lars Hjarrand, CFO



## Highlights

# Strong underlying demand and solid quarter despite temporary supply challenges

**Q1  
2022**

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### REVENUE

**63.0 MNOK**

Up 7.4% YoY

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### GROSS MARGIN

**39.4%**

39.4% Q1 21

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### EBITDA

**-0.4 MNOK**

2.6 MNOK Q1 21

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## Highlights

Strengthened footprint in obesity through acquisition of Impolin AB in May 2022

Continued strong demand for Mysimba<sup>®</sup>, but reduced revenue due to the temporary out-of-stock situation

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

Successful launch of gastro products SmectaGo<sup>®</sup> and Forlax<sup>®</sup>

Increased sales & marketing costs in growth initiatives

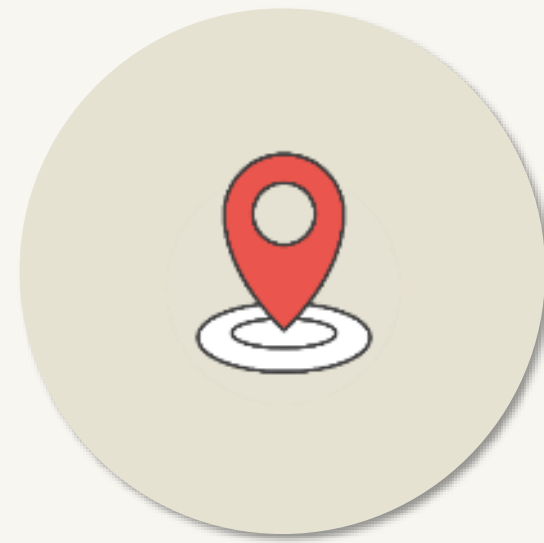
Updated ambition of building a NOK 1 billion revenue company mid-term including M&A

## Nordic pharma company targeting growth in Northern Europe



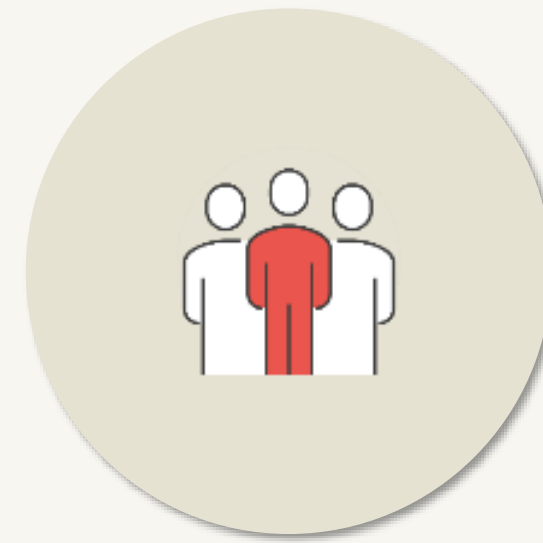
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A reliable supplier of **high-quality pharma products**, delivered to hospitals and through pharmacies



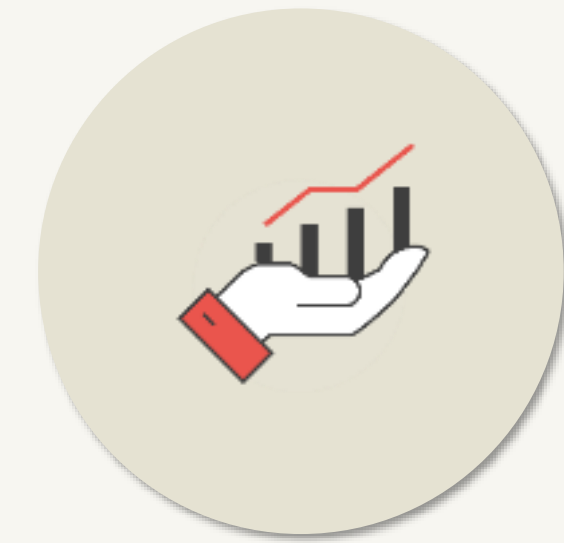
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Presence in all **Nordic** countries, **Baltics** and **Benelux**, and sales in the **UK** and **Greece**.



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**Strong local competence** in regulatory, reimbursement, marketing and sales



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

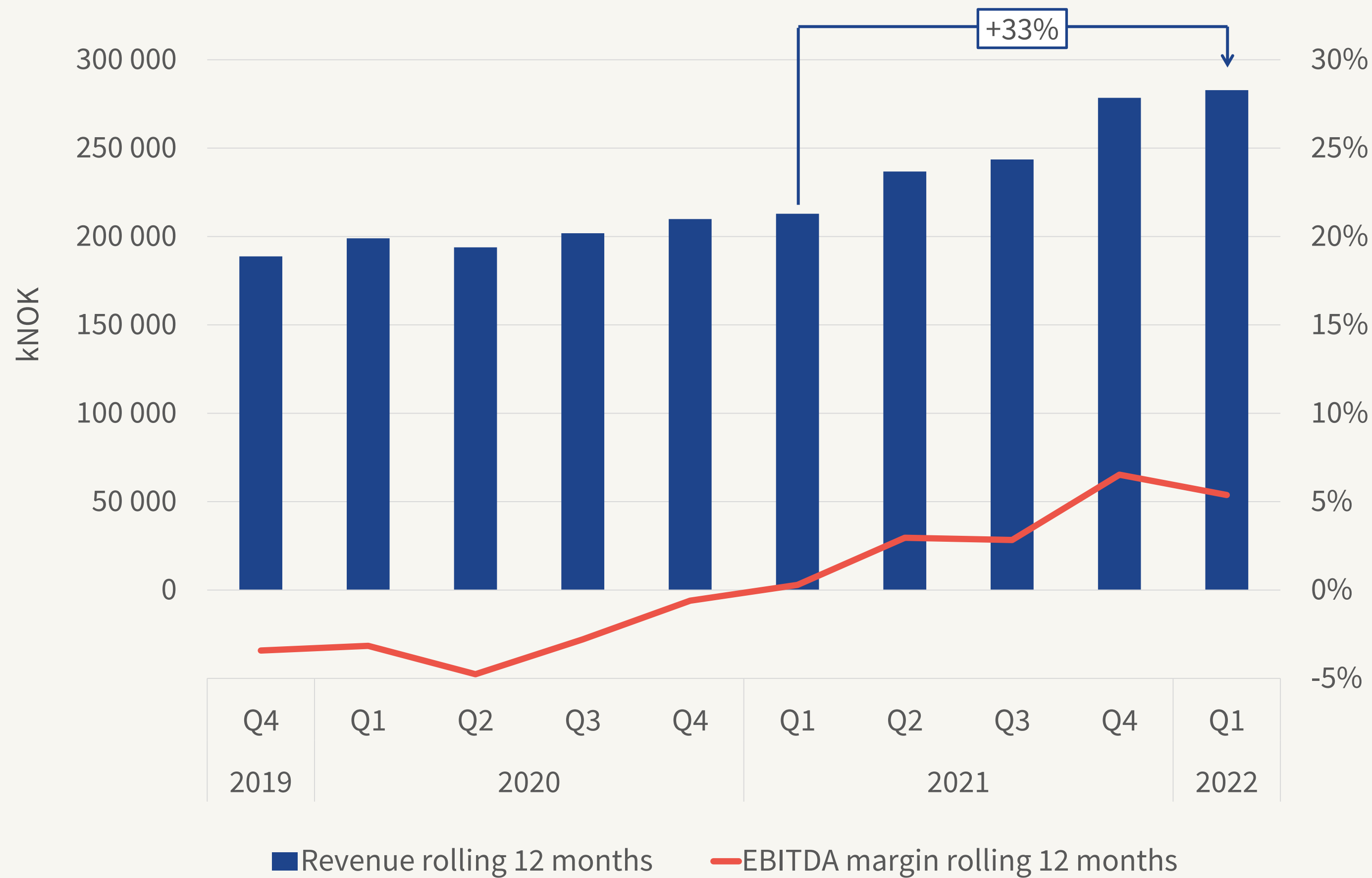
# Updated ambition of building a NOK 1 billion revenue company mid-term including M&A

**MID-TERM AMBITION**  
20% annual organic growth with a mid-term ambition of **building a NOK 1 billion** company with a gross margin of at least 40% and an EBITDA margin of 15%



On track towards 20% Y/Y revenue growth target

## Consistent positive trend in revenue and EBITDA



- Strong revenue growth over time driven by strong market trends, successful build-up of new categories, M&A and distribution partnership
- Normal fluctuation in revenue growth between quarters due to seasonality and pipeline effects
- Positive rolling 12 months EBITDA for 5 consecutive quarters
- Impolin AB, with FY 2021 revenue of SEK 52 million to be acquired in Q2 2022

Key portfolio developments

## Strong demand development across most products.

### MEDICAL NUTRITION

Q1 2022 revenue (YoY growth): **13.8 (13%)**



Medical nutrition products for treatment of IEM\*

### CONSUMER HEALTH

Q1 2022 revenue (YoY growth): **13.5 (18%)**



Gastro, pain, urology, other

### BRANDED GENERICS

Q1 2022 revenue (YoY growth): **18.4 (28%)**



Antibiotics, cardiology, generics

### SPECIALTY PHARMA

Q1 2022 revenue (YoY growth): **17.4 (-15%)**



Obesity & urology

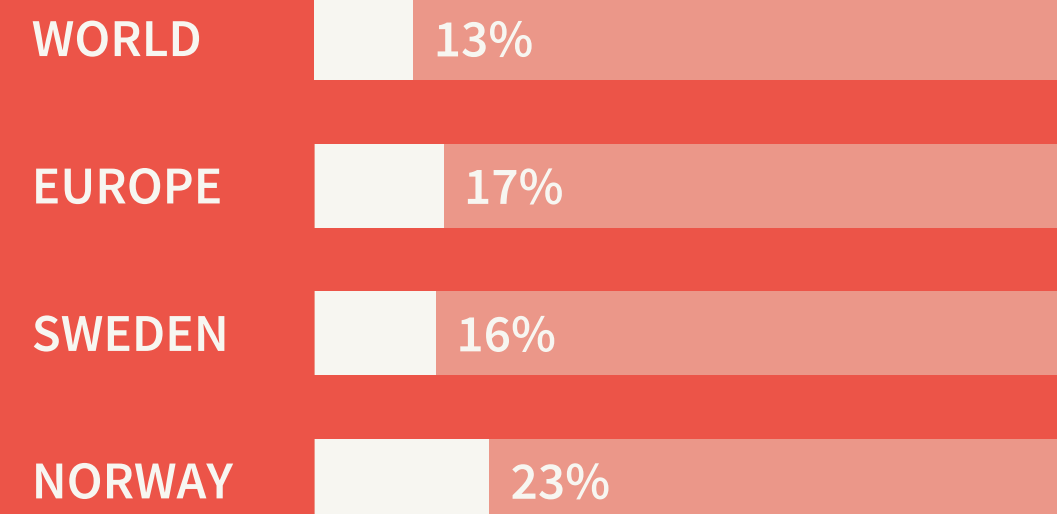
\*IEM

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

# Obesity – a global disease with severe health risks

## 13% OF THE GLOBAL POPULATION SUFFER FROM OBESITY

Contributing risk factor for diseases such as cardiovascular diseases, diabetes, musculoskeletal disorders and some cancers<sup>1</sup>



World Health Organization (WHO) defines obesity as abnormal or excessive fat accumulation that presents a risk to health, with a Body Mass Index (BMI) over 30<sup>1</sup>

### TREATMENT OPTIONS



LIFESTYLE INTERVENTION



MEDICINE



SURGERY

1) World Health Organization, 2021



## 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





## 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



## Strong market development, but delivery issues due to change in regulatory approval process

Q1 2022 REVENUE

**17.4** MNOK

(Q1 2021: 20.4 MNOK)

- Out-of stock situation for Mysimba® in the second half Q1 due to change in regulatory approval process
- The situation is resolved and the products will be delivered in May 2022
- Increased production capacity going forward, with new packing line installed



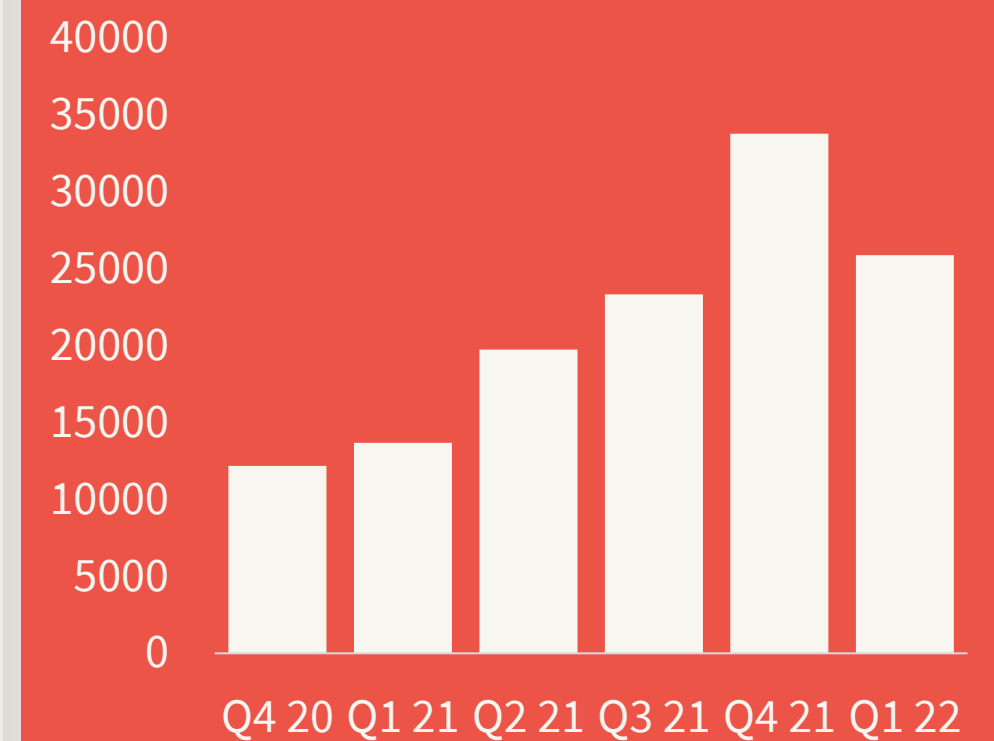
**THE ONLY ORAL MEDICINE FOR TREATMENT OF OBESITY WITH DUAL MODE OF ACTION**

Reduces hunger and cravings, and provides control over food intake

## CONTINUED STRONG WHOLESALE DEVELOPMENT

89% increase from Q1 2021 – Norway is driving growth

MNOK (IMS data)



# Solid development for PKU and Ketogen products

Q1 2022 REVENUE

**13.8** MNOK

(Q1 2021: 12.2 MNOK)

## GROWTH DRIVERS

- Continued good growth for the key product area PKU products
- Strong development for Ketogen products



### 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

## Successfully developing gastro category

Q1 2022 REVENUE

**13.5** MNOK

(Q1 2021: 11.4 MNOK)

### GROWTH DRIVERS

- IBS product Alflorex® and GeloRevoice® throat lozenges with solid growth during the quarter
- Successful launch of new gastro product ranges SmectaGo® and Forlax®



Branded Generics

## Strong traction for antibiotics, with revenue visibility from successful tender wins

Q1 2022 REVENUE

**18.4** MNOK

(Q1 2021: 14.4 MNOK)

### GROWTH DRIVERS

- Strong performance for the antibiotic portfolio
- New tenders won for Imdur® in The Netherlands from 2023



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# FINANCIALS

## Key consolidated profit and loss figures

<i>(in NOK '1000)</i>	<b>Q1 2022</b>	<b>Q1 2021</b>	<b>FY 2021</b>
<b>Operating revenues</b>	<b>62 996</b>	<b>58 644</b>	<b>278 439</b>
<b>Gross profit</b>	<b>24 835</b>	<b>23 213</b>	<b>111 744</b>
<i>Gross profit %</i>	<i>39.4 %</i>	<i>39.6 %</i>	<i>40.1 %</i>
<b>Operating costs</b>	<b>-25 248</b>	<b>-20 663</b>	<b>-93 573</b>
<b>EBITDA</b>	<b>-413</b>	<b>2 550</b>	<b>18 171</b>
<i>EBITDA %</i>	<i>-0.7 %</i>	<i>4.3 %</i>	<i>6.5 %</i>
Depreciation	-572	-382	-2 169
Amortization	-1 257	-959	-4 547
<b>Operating result (EBIT)</b>	<b>-2 242</b>	<b>1 209</b>	<b>11 455</b>
Income from associated companies	-1 101	-853	-3 185
<b>Net financial income and expenses</b>	<b>3 864</b>	<b>-3 648</b>	<b>-5 912</b>
<b>Profit before tax continuing operations</b>	<b>521</b>	<b>-3 292</b>	<b>2 358</b>
Income taxes, continuing operations	-1 231	-381	-1 740
<b>Net profit / loss (-) Total operations</b>	<b>-710</b>	<b>-3 674</b>	<b>618</b>
Currency translation differences	1 130	-136	348
<b>Total comprehensive income for the period</b>	<b>420</b>	<b>-3 810</b>	<b>967</b>

In Q1 2022, revenues grew by 7.4% compared to the same quarter last year

Gross Profit came in at 39.4% due to favorable product mix despite low revenues of Mysimba

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

EBITDA for the quarter was negative NOK 0.4M

Income from associated companies is Navamedic's share of the estimated result in Observe Medical for Q1. Going forward the OM shares will be a financial asset valued at fair value

Net Financial Income includes the effects of booking the Observe Medical shares at fair value as well as currency effects

Net profit of -0.7M for the quarter

Total comprehensive income of 0.4M

## Assets

<i>(in NOK '1000)</i>	<b>31.03.2022</b>	<b>31.03.2021</b>	<b>31.12.2021</b>
Goodwill	59 280	61 121	61 031
Deferred tax assets	9 168	9 168	9 168
Other intangible assets	26 031	30 913	27 342
Property, plant & equipment	762	153	745
Right of use assets	7 055	1 094	7 567
Shares in associated companies	0	21 169	18 837
Non-current loans to associated companies	0	35 517	0
<b>Total non-current assets</b>	<b>102 297</b>	<b>159 135</b>	<b>124 690</b>
Tax receivables	15 581	7 809	15 652
Inventories	53 484	47 630	61 882
Trade and other receivables	30 970	41 700	37 730
Cash	32 212	26 628	52 620
Current loans to associated companies	38 358	0	37 606
Other current financial assets	26 688	0	0
<b>Total current assets</b>	<b>197 294</b>	<b>123 766</b>	<b>205 489</b>
<b>Total assets</b>	<b>299 591</b>	<b>282 901</b>	<b>330 179</b>

The change in Goodwill is due to currency effect

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

Inventory is lower than at year end mainly due to low levels of Mysimba

Trade receivables is lower than at Q4 mostly due to lower revenues

Cash level is mainly a combination of the net results and changes in working capital

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



## Equity and liabilities

<i>(in NOK '1000)</i>	<b>31.03.2022</b>	<b>31.03.2021</b>	<b>31.12.2021</b>
<b>Total equity</b>	<b>151 953</b>	<b>145 269</b>	<b>151 237</b>
Non-current license liabilities	8 017	6 049	8 171
Loans and borrowings	28 182	19 526	38 980
Non-current right of use liabilities	5 418	426	5 824
<b>Total non-current liabilities</b>	<b>41 617</b>	<b>26 002</b>	<b>52 976</b>
Trade and other payables	45 681	72 808	70 532
Current liabilities to financial institutions	9 394	0	0
Current right of use liabilities	1 770	681	1 839
Current license liabilities	13 272	16 316	13 158
Taxes payable	10 730	3 153	10 713
Other current liabilities	25 174	18 673	29 724
<b>Total current liabilities</b>	<b>106 021</b>	<b>111 631</b>	<b>125 967</b>
<b>Total liabilities</b>	<b>147 638</b>	<b>137 633</b>	<b>178 943</b>
<b>Total equity and liabilities</b>	<b>299 591</b>	<b>282 901</b>	<b>330 179</b>

Equity ratio of 50.7%.

Loans and borrowings in total is unchanged but a part has been moved from non-current to current liabilities

Trade payables is reduced from year end in line with inventory reduction and due to significant amount of products received in late Q4 to be paid during Q1

## Cash flow Group – total operations

<i>(in NOK '1000)</i>	<b>Q1 2022</b>	<b>Q1 2021</b>	<b>FY 2021</b>
Net cash flow from operating activities	-18 494	-12 435	-1 300
Net cash flow from investing activities	-93	0	-727
Net cash flow from financing activities	-1 125	-740	15 931
Changes in currency	-697	218	-868
<b>Net change in cash</b>	<b>-20 409</b>	<b>-12 956</b>	<b>13 036</b>
<b>Cash and cash equivalents end period</b>	<b>32 212</b>	<b>26 628</b>	<b>52 620</b>

The cash flow from Operating Activities is mainly the result of Net profit coupled with changes in net working capital and the main impact is the reduction in A/P.

The Cash at the end of the period is NOK 32.2million

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# SUMMARY & OUTLOOK

## Summary and outlook

Delivering on our strategy: Building a leading Nordic pharma company targeting growth in Northern Europe

### Q1 highlights

- Continued to strengthen the core by driving underlying growth in the existing portfolio
- Strong growth in most product categories, partly driven by recent new launches
- Increased revenues by 7.4% Y-o-Y, curbed by out-of stock situation for Mysimba
- 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%**

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# Q&A

# Thank you for your attention!

Navamedic's Annual General Meeting 2022 will be held 2<sup>nd</sup> of June 2022

Navamedic's Q2 2022 presentation will be on 12<sup>th</sup> of August 2022

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# APPENDIX

## Condensed consolidated statement of comprehensive income

<i>(in NOK '1000)</i>	Q1 2022	Q1 2021	FY 2021
<b>Operating revenues</b>	62 996	58 644	278 439
<b>Total revenue</b>	<b>62 996</b>	<b>58 644</b>	<b>278 439</b>
Cost of materials	-38 161	-35 432	-166 695
<b>Gross profit</b>	<b>24 835</b>	<b>23 213</b>	<b>111 744</b>
<i>Gross profit %</i>	39.4 %	39.6 %	40.1 %
<b>Operating costs</b>	<b>-25 248</b>	<b>-20 663</b>	<b>-93 573</b>
<b>EBITDA</b>	<b>-413</b>	<b>2 550</b>	<b>18 171</b>
<i>EBITDA %</i>	-0.7 %	4.3 %	6.5 %
Depreciation	-572	-382	-2 169
Amortization	-1 257	-959	-4 547
<b>Operating result (EBIT)</b>	<b>-2 242</b>	<b>1 209</b>	<b>11 455</b>
Income from associated companies	-1 101	-853	-3 185
Financial income	761	696	4 035
Financial expenses	-1 228	-834	-4 424
Net currency gain/losses	-4 620	-3 510	-5 523
Net change in fair value current financial assets	8 951	0	0
<b>Net financial income and expenses</b>	<b>3 864</b>	<b>-3 648</b>	<b>-5 912</b>
<b>Profit before tax continuing operations</b>	<b>521</b>	<b>-3 292</b>	<b>2 358</b>
Income taxes, continuing operations	-1 231	-381	-1 740
<b>Net profit / loss (-) Total operations</b>	<b>-710</b>	<b>-3 674</b>	<b>618</b>
<i>Other comprehensive income that may be reclassified subsequently to profit or loss</i>			
Currency translation differences	1 130	-136	348
<b>Total comprehensive income for the period</b>	<b>420</b>	<b>-3 810</b>	<b>967</b>



# Condensed consolidated statement of cash flows

<i>(in NOK '1000)</i>	Q1 2022	Q1 2021	FY 2021
<b><i>Cash flow from operating activities</i></b>			
Profit before tax	521	-3 292	2 358
Adjusted for:			
Depreciation, amortization and impairment	1 830	1 341	6 716
Financial income / expenses without cash effect	-6 789	926	1 353
Other income / expenses without cash flow effect	296	593	1 784
Income from associated companies	1 101	853	3 185
Taxes paid	-1 101	-459	-2 700
Payment of license liabilities	-107	0	-110
Changes in inventory	8 398	-5 685	-19 937
Changes in trade and other receivables	6 759	-13 054	-9 084
Changes in trade and other payables	-24 851	5 852	3 577
Changes in other current items	-4 550	490	11 556
<b>Net cash flow from operating activities</b>	<b>-18 494</b>	<b>-12 435</b>	<b>-1 300</b>
<b><i>Cash flow from investing activities</i></b>			
Acquisition of tangible and intangible assets	-93	0	-728
Disposal of tangible and intangible assets	0	0	0
Loans granted to associated companies	0	0	0
Loans repaid by associated companies	0	0	0
Interest received	0	0	2
Purchase of shares in other companies	0	0	0
Sale of shares in other companies	0	0	0
<b>Net cash flow from investing activities</b>	<b>-93</b>	<b>0</b>	<b>-727</b>
<b><i>Cash flow from financing activities</i></b>			
Loans received	0	0	19 500
Loans paid	0	0	0
Interest paid	-583	-361	-1 469
Share issues	0	0	0
Payment of lease liabilities	-542	-379	-2 100
<b>Net cash flow from financing activities</b>	<b>-1 125</b>	<b>-740</b>	<b>15 931</b>
Changes in currency	-697	218	-868
<b>Net change in cash</b>	<b>-20 409</b>	<b>-12 956</b>	<b>13 036</b>
Cash and cash equivalents start period	52 620	39 584	39 584
<b>Cash and cash equivalents end period</b>	<b>32 212</b>	<b>26 628</b>	<b>52 620</b>

## Basis for preparation

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

## Definitions of Alternative Performance Measures (APM)

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

### **APMs:**

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

Gross margin is equal to gross profit as a percentage of total operating revenues. Equity ratio is equal to total equity as a percentage of total shareholders' equity and liabilities. EBITDA before 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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