Q4 2018

Fourth quarter results 2018
Navamedic ASA

Kathrine Gamborg Andreassen, CEO
Toril Marie Ås, CFO

Navamedic

Navamedic

Q4 2018 highlights

REVENUE

51.8 MNOK

Up 14.7%

GROSS MARGIN

33%

Up from 29.6%

EBITDA

1.6 MNOK

Up from -2.4 MNOK

Medical nutrition and Obesity categories continues strong growth

New Board of Directors
New CEO
Anchor investor in Reiten & Co

Acquisition of Novicus Pharma (a new consumer health company), including launch of COFFi

Navamedic

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 pharmaceutical products to patients, hospitals and pharmacies in the Nordics

The company is also introducing Sippi®, a new system for digital, wireless, urine measurement, to the global markets

Navamedic is headquartered in Oslo, Norway

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

Ongoing commercialisation of Sippi®, our proprietary technology, with global market potential

Experienced management team with proven track record from the industry, solid anchor owners

The preferred partner

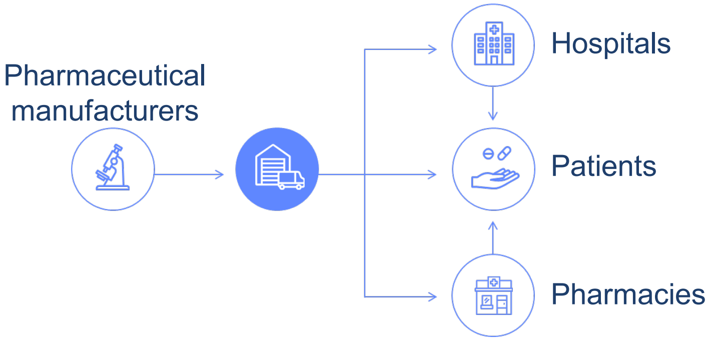
Highly scalable pharma marketing and distribution platform and competence-driven value creation across categories

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
    - Education of customers
    - Guidance and inspiration of consumers

Sippi®

Navamedic’s proprietary medical technology

- Global potential for next generation digital, wireless, urine measurement, the Sippi® product family
- Innovative, patented technology addressing a global market need
- Ongoing commercialisation, significant long-term revenue opportunity

Products

Growth in all key categories

CARDIOLOGY

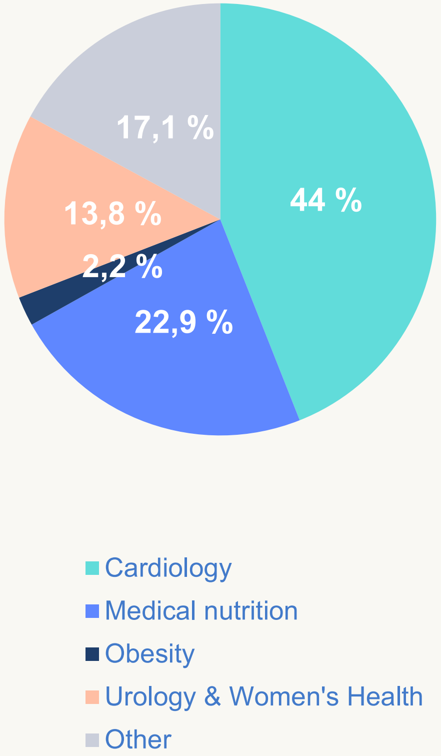
MEDICAL NUTRITION

OBESITY

UROLOGY & WOMEN'S HEALTH

OTHER

% of total revenue per category Q4 2018



Category snapshot

Medical nutrition

Q4 2018 REVENUE

11.8

MNOK

(Q4 2017: 9.8 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

Q4 2018 REVENUE

5.3

MNOK

(Q4 2017: 0.9 MNOK)

Mysimba
Mysimba is a prescription alternative for treating obesity that impacts appetite and cravings centers of the brain. Targets significant unmet need in the Nordic market where adult obesity is a significant public health challenge. Used in combination with a reduced calorie diet and increased physical activity.

Strategic approach:

- Untapped potential within existing products
- Leverage on high media interest
- New products and 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

Navamedic

Sippi®

Operational update

Q4 AND POST QUARTER DEVELOPMENTS:

- Released wireless connectivity solution, SippLink™ for iMDsoft's patient data monitoring system
- Entered into commercial agreements with approx. 15 hospitals in Nordics, and about 10 in pipeline for Germany & Italy
- Eurosense IV, Sippcoat patent for use in any patient collection system, granted in EU

GE Healthcare

iMDsoft®

Financials

Improvements in the underlying business

In NOK million	Q4 2018	Q4 2017	2018	2017
Operating revenues	**51.8**	**45.2**	**184.0**	**257.9**
Gross profit	**17. 2**	**13.4**	**61.4**	**63.5**
Gross profit %	33.2 %	29.6 %	33.4 %	24.6 %
Operating costs	-15.6	-15.8	-59.8	-56.5
EBITDA	**1.6**	**-2.4**	**1.6**	**7.0**
EBITDA %	3.1 %	-5.3 %	0.9 %	2.7 %
Depreciation and amortization	-1.5	-2.1	-6.2	-11.8
Impairment	-	-5.8	-	-5.8
OPERATING RESULT (EBIT)	**0.1**	**-10.2**	**-4.6**	**-10.6**
Net financial result	15.2	0.4	11.6	-6.6
RESULT BEFORE TAX	**15.2**	**-9.7**	**7.0**	**-17.1**

- Positive Q4 sales development, supported by new products
- Gross profit increased to 33.2% (29.6%) based on shift to higher margin products
- Net financial result includes positive change in estimated fair value in contingent consideration of MNOK 17.2 in Q4 due to anticipated reach of Sippi® milestone later than expected
- Year on year comparison impacted by discontinued Aspen partnership in 2017, in addition to generic competition on Imdur in 2018
- Year 2018 operating costs includes strategic project costs of MNOK 6.1
- Expensed MNOK 8.2 in year 2018 for development and administration of Sippi®

Financials

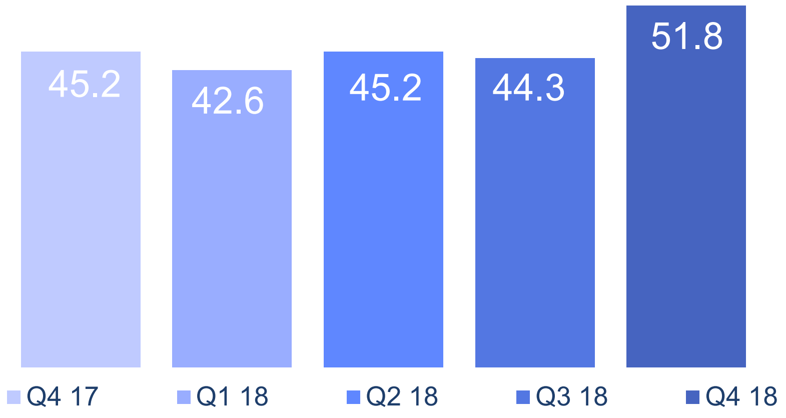
Segments

In NOK million	Pharma incl Navamedic ASA 2018 Q4	2017 Q4	2018	2017	Medtech 2018 Q4	2017 Q4	2018	2017
Operating revenues	**51.8**	**45.1**	**183.9**	**257.7**	**0.0**	**0.0**	**0.1**	**0.2**
Gross profit	16.6	14.4	60.8	64.7	0.5	-1.0	0.6	-1,2
EBITDA before other items	**3.7**	**2.9**	**16.0**	**18.0**	**-1.6**	**-5.3**	**-8.2**	**-11.0**
Other items	0.5		6.1					
EBITDA	3.2	2.9	9.9	18.0	-1.6	-5.3	-8.2	-11.0

- Revenues of MNOK 77 from discontinued Aspen products in 2017
- Pharma and healthcare on track transforming and focusing on other profitable products
- Other items includes corporate strategic projects not related to the ordinary operations

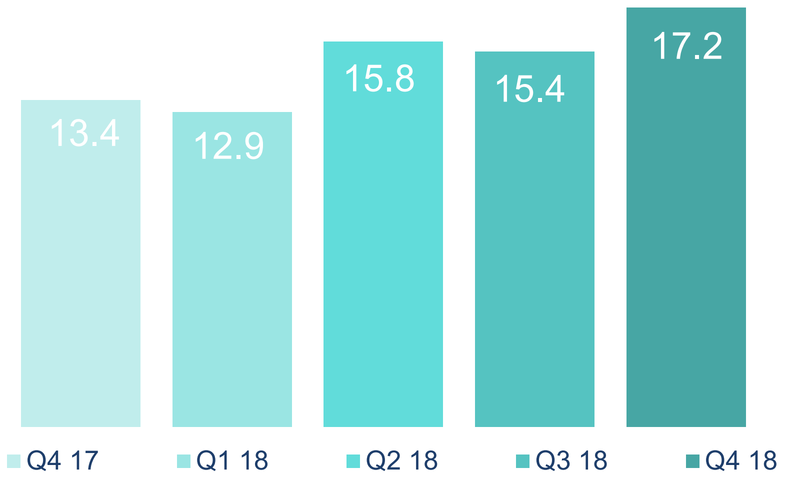
Sound foundation for growth and gross profit improvement

Revenues
(MNOK)



Reported revenues increased by 15% or MNOK 6.7 (Q4 18 vs Q4 17)

Gross profit
(MNOK)



Gross profit growth of 29% (Q4 18 vs Q4 17) driven by new products

Balance sheet

Assets

In NOK million	31.12.2018	31.12.2017
Intangible assets	29.5	34.6
Goodwill	79.6	82.0
Deferred tax assets	9.6	8.7
Tangible assets	0.7	0.6
Non-current assets	**119.3**	**125.9**
Inventories	38.1	44.7
Short term receivables	38.3	44.4
Prepaid taxes	7.0	2.0
Cash at hand, in banks	11.0	30.2
Current assets	**94.4**	**121.4**
Total assets	**213.8**	**247.3**

- Total assets decreased by MNOK 33.6 mainly due to amortization of intangible assets and reduced inventories, account receivables and cash

Balance sheet

Equity and liabilities

In NOK million	31.12.2018	31.12.2017
Equity	**99.4**	**96.7**
Contingent consideration	12.2	26.2
Long term part of license liabilities	10.2	12.0
Deferred tax	0.2	0.5
Non-current liabilities	**22.6**	**38.8**
Trade account payables	40.5	72.1
Short term liabilities to financial institutions	32.6	12.2
Short term part of license liabilities	6.6	4.3
Income taxes payable	1.5	1.4
Short term liabilities	10.6	21.9
Current liabilities	**91.8**	**111.8**
Total shareholders equity and liabilities	**213.8**	**247.3**

- MNOK 14 in 2018 change in estimated fair value of contingent consideration
- MNOK 29.6 in reduction of trade account payable, due to the discontinuation of the Aspen product portfolio and other repayments
- Bank facility utilization increased by MNOK 20.4 to cover payment of debt and financing the business. Long term debt to financial institutions is repaired per 31.12 2018

Financials

Cash flow

In NOK million	Q4 2018	Q4 2017	2018	2017
Net cash flow from operating activities	-7.3	6.4	-36.0	59.1
Net cash flow from investment activities	-1.1	-4.7	-2.2	-7.0
Net cash flow from financing activities	1.6	0.3	20.4	-48.6
Net change in cash	-5.8	0.6	-19.2	3.5
Cash and cash equivalents	11.0	30.2	11.0	30.2

- Increase in trade accounts receivables and reduction of payable Q4 2018
- Significant repayment to Aspen during 2018. Net payment to Aspen was MNOK 6.1 in Q4 and MNOK 18.7 during 2018

Growth strategy

The Navamedic medium-term growth strategy

1 **Consolidate platform and utilize unused capacity**

Untapped potential within existing products – and categories

New distribution agreements

Launch of Navamedic proprietary products, with RX to OTC switch potentials

2 **In-license and acquire**

In-licensing of new RX or OTC products within core or close to core

Acquisitions of portfolios or small companies

3 **Commercialise Sippi® technology**

Capitalise on the agreements in the Nordics

Launch of Sippi® through existing partners in selected markets

Partnering / outlicencing ROW

Highlights

Navamedic at a glance

Operational update

Financials

Navamedic strategy

Summary and outlook

Navamedic Q4 2018

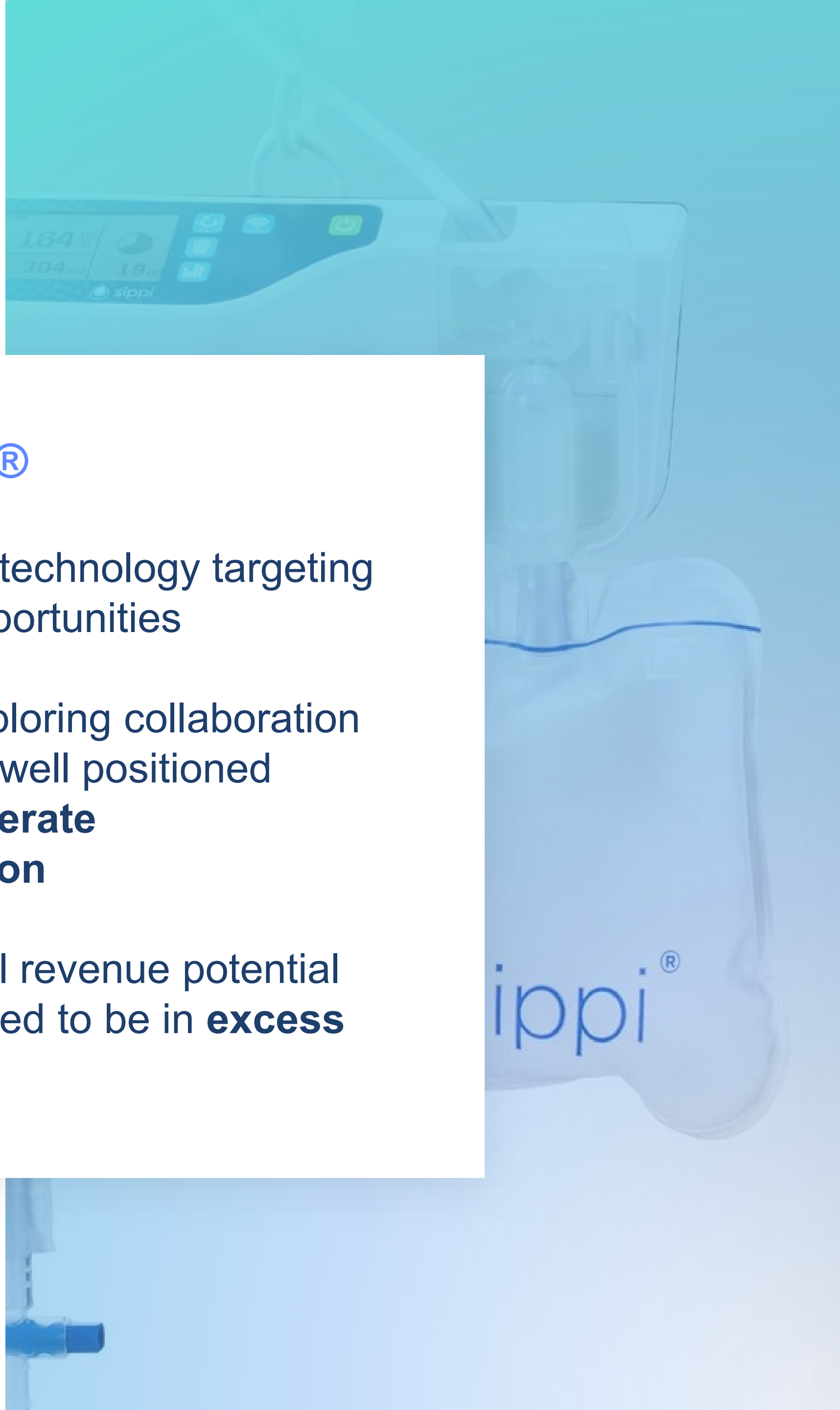
Summary and outlook

Pharma platform

- Navamedic is renowned for its **strong pharma market access platform**
- Rising demand for main products, combined with a **unique and exciting pipeline** are key drivers for long-term growth
- The goal is to build on the strong position to become a leading Nordic pharmaceutical company

Medtech - Sippi®

- Unique patented technology targeting global market opportunities
- Navamedic is exploring collaboration with strategically well positioned partners to **accelerate commercialisation**
- Long-term annual revenue potential for Sippi® expected to be in **excess of 250 MNOK**



Appendices

Appendix

Condensed consolidated statement of comprehensive income

In NOK '000	**Q4 2018**	**Q4 2017**	**2018**	**2017**
Operating revenues	**51 825**	**45 171**	**184 022**	**257 921**
Cost of materials	-34 634	-31 816	-122 636	-194 414
Gross profit	**17 191**	**13 355**	**61 385**	**63 507**
Gross profit %	33.2 %	29.6 %	33.4 %	24.6 %
Payroll expense	-8 402	-7 923	-30 332	-29 832
Other operating cost	-7 194	-7 845	-29 412	-26 667
Operating costs	**-15 596**	**-15 768**	**-59 744**	**-56 499**
EBITDA	**1 595**	**-2 413**	**1 641**	**7 008**
EBITDA %	3.1 %	-5.3 %	0.9 %	2.7 %
Depreciation	-29	57	-120	-249
Amortization	-1 464	-1 997	-6 092	-11 507
Impairment	-	-5 825	-	-5 825
OPERATING RESULT (EBIT)	**102**	**-10 178**	**-4 571**	**-10 572**
Financial income and expenses				
Financial income	3 071	8 942	20 639	14 454
Change fair value contingent consideration	17 231	608	14 009	-2 618
Financial expenses	-5 178	-9 101	-23 066	-18 396
Net financial result	**15 124**	**449**	**11 582**	**-6 560**
RESULT BEFORE TAX	**15 226**	**-9 729**	**7 011**	**-17 132**
Tax on ordinary result	694	-1 341	273	1 589
NET PROFIT / LOSS (-) 1)	**15 920**	**-11 069**	**7 284**	**-15 543**
Other comprehensive income that may be reclassified subsequently to profit or loss				
Currency translations differences	6 515	3 167	-4 721	6 512
Total comprehensive income for the period 1)	**22 425**	**-7 903**	**2 563**	**-9 030**

Appendix

Condensed consolidated financial position - Assets

(In NOK '000)	**31.12.2018**	**31.12.2017**
Intangible assets	29 512	34 630
Goodwill	79 550	81 969
Deferred tax assets	9 592	8 714
Tangible assets	691	600
Non-current assets	**119 346**	**125 913**
Inventories	38 146	44 698
Short term receivables	38 274	44 376
Prepaid income taxes	6 971	2 041
Cash at hand, in banks	11 046	30 246
Current assets	94 438	121 362
Total assets	**213 784**	**247 274**

Appendix

Condensed consolidated financial position – Equity and liabilities

(In NOK '000)	**31.12.2018**	**31.12.2017**
Equity and liabilities		
Equity	99 397	96 700
Total equity	**99 397**	**96 700**
Liabilities		
Contingent consideration	12 177	26 186
Long term part of license liability	10 235	12 043
Deferred tax	213	528
Non-current liabilities	**22 625**	**38 757**
Trade account payables	40 506	72 109
Short term liabilities to Financial Institutions	32 576	12 208
Short term part of license liability	6 601	4 266
Income taxes payable	1 451	1 347
Short term liabilities	10 629	21 887
Current liabilities	91 762	111 818
Total liabilities	**114 387**	**150 575**
Total shareholders equity and liabilities	**213 784**	**247 275**

Appendix

Condensed consolidated cash flow

In NOK '000	Q4 2018	Q4 2017	2018	2017
Profit/loss(-) before tax	15 226	-9 728	7 011	-17 132
Taxes paid	66	8 523	-5 504	2 627
Depreciation, amortization and write off	1 493	7 765	6 212	17 581
Interest and contingent consideration without cash effect	-16 336	123	-13 483	3 787
Changes in inventory	3 658	-14 743	6 552	16 644
Changes in trade accounts receivables	-7 080	-86	1 842	23 666
Changes in trade accounts payable	-7 431	16 027	-31 604	9 768
Changes in other current items	3 052	-1 494	-6 998	2 132
Net cash flow from operating activities	**-7 352**	**6 387**	**-35 971**	**59 074**
Cash flow from investments				
Purchase / disposal of tangible and intangible assets	-1 078	-4 738	-2 193	-6 997
Net cash flow from investing activities	**-1 078**	**-4 738**	**-2 193**	**-6 997**
Cash flow from financing				
Short term liabilities to Financial institutions	4 164	-349	25 218	-41 648
Short term liabilities to Financial Institutions and other	-2 555	679	-4 851	-6 974
Net cash flow from financing activities	**1 610**	**330**	**20 368**	**-48 622**
Changes in currency	964	-1 336	-1 404	-9
Net change in cash	-5 856	643	-19 200	3 445
Cash and cash equivalents start period	16 902	29 603	30 246	26 801
Cash and cash equivalents end period	11 046	30 246	11 046	30 246

Appendix

20 largest shareholders 31.12 2018

Shareholder	No. of shares	% of total shares
Ingerø Reiten Inv. Company As	2 916 667	26,84 %
Topridge Pharma	1 417 522	13,04 %
Ro, Lars	1 250 000	11,50 %
Storvestre, Rikard	339 000	3,12 %
Danske Invest	262 660	2,42 %
Harding Invest As	244 400	2,25 %
Kraeber Verwaltung Gmbh	214 850	1,98 %
Bukkevik Investering As	213 661	1,97 %
Lid, Olav Tarjei Hiorth	210 000	1,93 %
Directmarketing Invest As	206 844	1,90 %

Shareholder	No. of shares	% of total shares
Nordnet Bank Ab	137 074	1,26 %
Nobelsystem Scandinavia As	124 333	1,14 %
Røttingsnes, Bernt Olav	109 231	1,01 %
Jgb Eiendom As	101 011	0,93 %
Mp Pensjon Pk	100 025	0,92 %
Kaasbøll	100 000	0,92 %
Eileraas	100 000	0,92 %
Batjak As	100 000	0,92 %
Soleglad Invest As	83 334	0,77 %
Leikerane As	83 333	0,77 %

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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