

August 09, 2022

# Q2-2022 Results

Novolog Group



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# Delivering Health

Novolog operates to improve the field of healthcare in Israel and adapt it to the challenges of the future through three key segments: Healthcare logistics, Homecare and personalized healthcare and Medical information technological tools



Founded in 1966



Listed on the Tel-Aviv Stock Exchange in 2017 (TA125)



Major stakeholders:

Udi Puzis, Mori Arkin, Eli Dahan and institutional investors



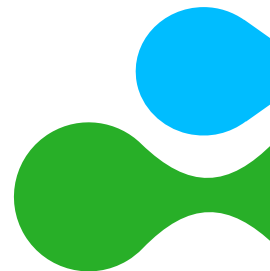
Approximately 800 employees



Strong, stable, debt-free financial balance



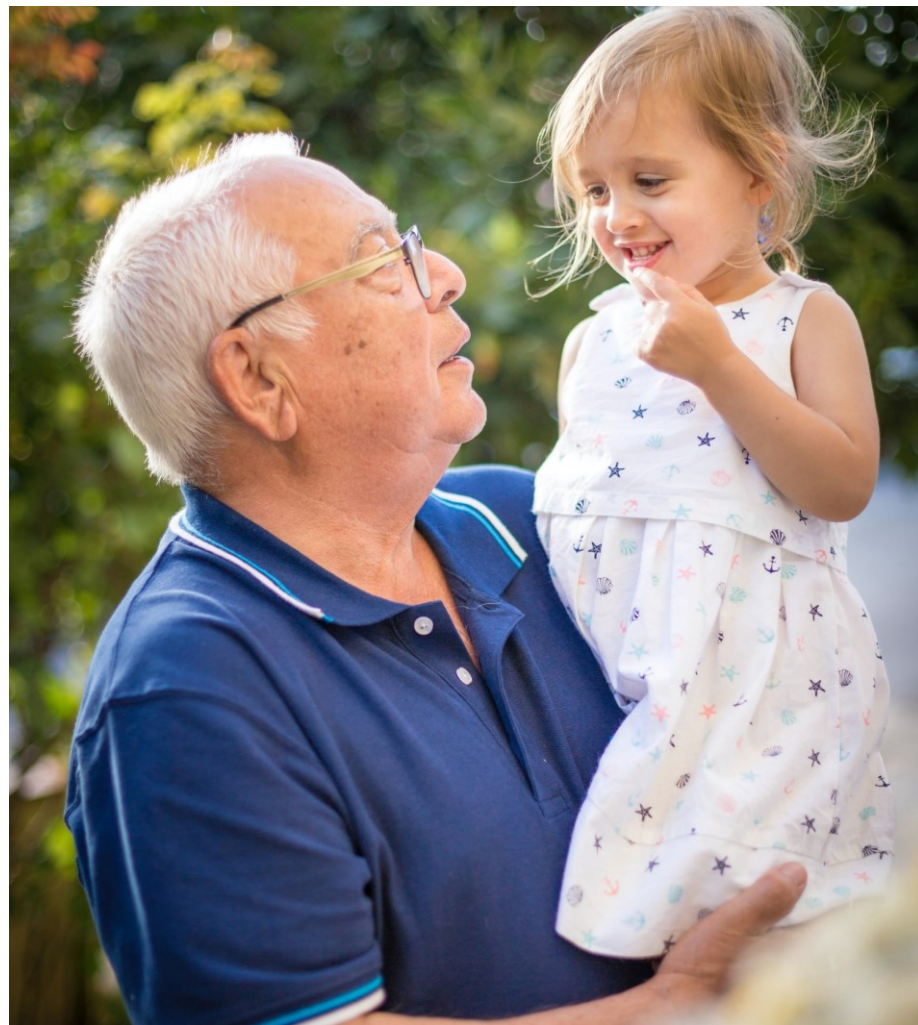
Dividend distribution policy on 70% of net profit



Our Vision is Based on Our Values

# Creating the future of healthcare

The Novolog Group is committed to be a leading healthcare services group in Israel and to support patients, physicians and healthcare organizations in Israel and internationally through our innovative, advanced, technology-based basket of products and services that are adaptable to trends and anticipated changes in the healthcare services sector



# Well-defined Strategy to Drive Growth



Operate complex and supplementary logistics services for medicines, medical devices, and clinical trials



Reduce public healthcare organizations' costs, thereby helping them improve the quality of the services that they provide



Improve the public's access to high-quality, innovative, and personalized healthcare services



Provide physicians and patients with the advanced technological resources they need for high-quality, personalized healthcare





## Logistics

Complex logistics services including import and distribution of pharmaceuticals and medical devices, as well as clinical trial logistics management

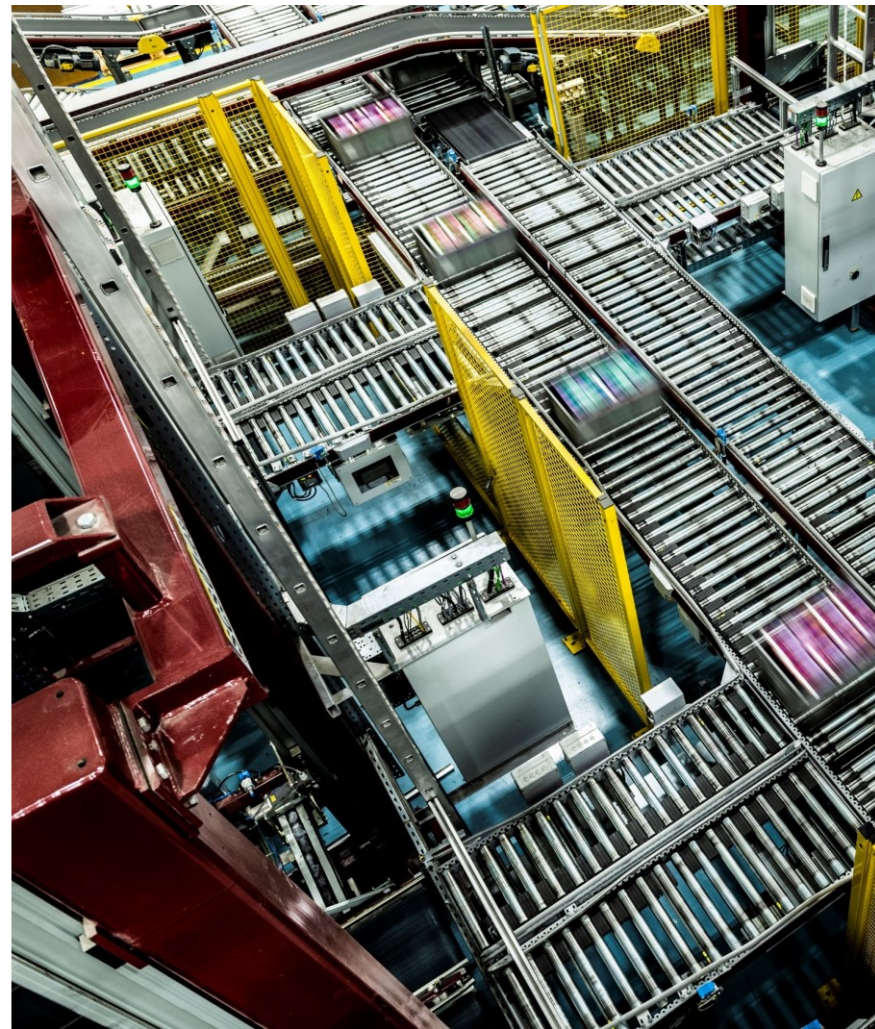
## Healthcare

High quality medical care based on innovation, compassion, and personalized care

## DigitalHealth

Medical information technological tools, and digital services to patients, physicians, and medical institutions





# Senior Strategic Logistics Partner of Global Pharma and Medical Device companies

Novolog group is a senior strategic logistics partner of global pharma companies operating in Israel. Novolog uses state-of-the-art technologies to operate a variety of services for these companies, while complying with the most stringent quality assurance procedures





The logistics division allows healthcare professionals to do their best work by providing a comprehensive set of customized advanced supply chain, management services and solutions

### **Pharma logistic services**

Specializes in storage, distribution and logistic services for the pharmaceutical, Medical Device and narcotics industries and operates a state-of-the-art logistics center

### **Clinical trial logistical services**

While adhering to the strictest quality control procedures, Novolog delivers the medication and medical devices for hundreds of clinical trials each year, including comprehensive logistical support

### **Supplementary pharma and biotech services**

Registration, regulatory processes, translation, Responsible Pharmacist services, national-level pharmacovigilance, clinical trial application submission, and more

### **EO sterilization**

Novolog has sterilization chambers in a range of volumes, all using advanced EO sterilization technologies, specially designed for the medical device industry



# Improving Quality of Care

Novolog's Healthcare Division works with hospitals, leading insurance providers, pharmaceutical companies, and all of the Israeli national HMOs to provide technology-based healthcare services to patients in their homes and in the community

## **Hundreds**

of patients intubated at home

## **Hundreds**

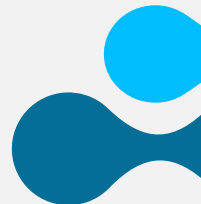
of home medical visits per month

## **Dozens**

treatment programs for chronically ill patients

## **Dozens**

of patients in at-home hospice care



# Improving Healthcare Access and Convenience



## Home Care Services

At-home hospitalization, ambulatory homecare, providing respiratory care, sleep medicine services.



## Healthcare Management

Building and operating customized management systems for the insurance sector and manage patient support programs



## Distribution

Sales and distribution of medication to institutional customers



## National Healthcare Projects

Partnerships with national organizations

# Making Healthcare Personal



## **Personalized Concierge Medicine**

Established Israel's first personalized healthcare management center, providing comprehensive testing and expert treatment services in clinics and in patients' homes., as well as operating Israel's largest private gastroenterology, hepatology, and nutrition clinic

## **Advanced Ophthalmology Centers**

Operates Israel's largest network of clinics dedicated exclusively to eye care and surgery, with over 50 leading ophthalmologists performing more than 10,000 surgeries per year

## **Full Private Laboratory Services**

Manages the largest private medical laboratory in Israel, providing full laboratory services to medical and veterinary centers, private patients, research institutions, and the Israeli and international medical and biotech industries



# Enabling Patient Access

Novolog's digital health division is providing patients with unprecedented access to treatment information, scheduling, and communication with care providers, giving them newfound control over their therapeutic process and their interactions with the medical system

**The result:** a high-quality, accessible treatment experience that goes beyond public medical care



## Millions

of content views per month

## Thousands

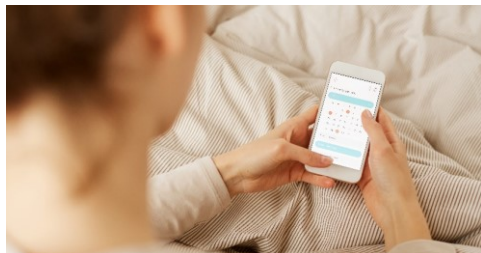
of telemedicine video appointments

## Millions

of visits scheduled through smart scheduling



# Technological Tools Suitable for the New Era of Healthcare Services



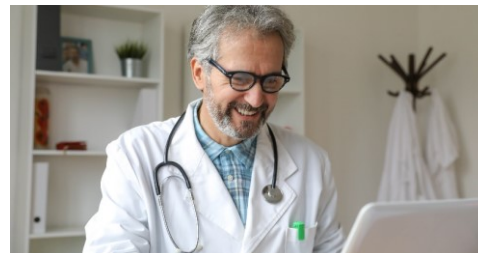
## Smart Scheduling platform

- Enables patient self-scheduling
- Customizable
- Minimizes no-shows



## Telemedicine platform

- Video consultations
- Digital prescriptions
- Real-time file sharing



## Medical content platforms

- Healthcare provider reviews
- Expert information for patients
- Forums and search features



# International Healthcare



# Growth Through Innovation

Novolog has partnered with medflex, one of Germany's leading telemedicine providers

medflex is a fast-growing telemedicine company based in Konstanz, Germany. The certified medical messenger and video consultation service enables doctors and other health professionals to communicate with patients and among each other through one seamless, intuitive, and secure platform. Its reimbursable video consultation solution is end-to-end encrypted and certified according to the guidelines by the association of Statutory Health Insurance Physicians (KBV)

The health sector in Germany is the largest of its kind in Europe and is considered one of the most promising markets with high growth-potential globally. Healthcare spending in Germany exceeds €400 Billion, in a population amounting to 83 million people. In 2019, the German parliament passed the Digital Care Act (DVG) to accelerate digitalization and innovation within the German healthcare market. The act also paves the way to broaden usage and reimbursable of digital health applications, such as medflex' telemedicine solution

The last year has led to a steep increase in the usage of video consultations among physicians. Thus, telehealth has rapidly evolved from a nice-to-have into a necessity for doctors as well as patients

Financial Overview

Q2-2022



## Significant business developments

- **In July 2022**, the company acquired 60% of the shares of Gsap in the amount of NIS 33 million and an additional NIS 12 million contingent on performance
- **In May 2022**, the company exercised a call option to purchase additional shares of Medflex in the amount of EUR 3 million
- **In March 2022**, an option was exercised to purchase additional 24.5% of Salus in the amount of NIS 9.8 million
- **In February 2022**, the company acquired 55% of the shares of Ein Tal in the amount of NIS 32 million

## Gsap Biomed acquisition

Gsap is an Israeli company providing comprehensive quality control and validation services, clinical trial services and supplementary services to biomed companies and to the pharma, medical device and life sciences industries throughout the life cycle of medical products. Gsap provides broad solutions encompassing all aspects needed in order to ensure that medical companies meet the requisite standards for developing, manufacturing and marketing their solutions

Gsap is considered the leading consulting firm in Israel for the implementation of regulatory, clinical and quality control processes in the pharma and medical device sector, in addition to the services that Gsap offers in the field of clinical trials, which encompass the entire research management environment and are designed to ensure the success of the clinical trial

Under its management, Gsap has completed dozens of regulatory submissions for innovative medicines and medical devices. We intend to take action to expand the services offered by Gsap and to maximize the synergies between Novolog's current activities and capabilities and Gsap's current and future operations

H1-2022

# Results Excluding IFRS16

	(NIS millions)		
	H1-2022	H1-2021	% Change
Revenues	736.8	625.7	17.7%
Gross Profit	87.2	74.0	17.8%
Operating Profit	37.7	34.0	10.9%
Net Profit (*)	27.6	24.6	12.1%
Adjusted EBITDA (**)	56.3	49.6	13.6%

GROSS PROFIT

**+18%**

OPERATING PROFIT

**+11%**

ADJUSTED EBITDA

**+14%**

(\*) Net Profit in the reporting period after adjusting equity losses is NIS 29.4 million, increase of 17%

(\*\*) Adjusted EBITDA is EBITDA after neutralizing expenses unrelated to the routine operation of the Company's businesses



# Results Excluding IFRS16

	(NIS millions)		
	Q2-2022	Q2-2021	% Change
Revenues	361.4	309.7	16.7%
Gross Profit	42.8	36.4	17.6%
Operating Profit	17.9	16.4	9.0%
Net Profit (*)	13.5	11.2	20.5%
Adjusted EBITDA (**)	27.5	24.6	11.9%

GROSS PROFIT

**+18%**

OPERATING PROFIT

**+9%**

ADJUSTED EBITDA

**+12%**

(\*) Net Profit in the reporting period after adjusting equity losses is NIS 14.5 million, increase of 23%

(\*\*) Adjusted EBITDA is EBITDA after neutralizing expenses unrelated to the routine operation of the Company's businesses

H1-2022

# Results Including IFRS16

	(NIS millions)		
	H1-2022	H1-2021	% Change
Revenues	736.8	625.7	17.7%
Gross Profit	87.4	74.2	17.8%
Operating Profit	39.2	35.9	9.2%
Net Profit (*)	25.7	24.0	7.0%
Adjusted EBITDA (**)	67.4	59.8	12.8%

GROSS PROFIT

**+18%**

OPERATING PROFIT

**+9%**

ADJUSTED EBITDA

**+13%**

(\*) Net Profit in the reporting period after adjusting equity losses is NIS 27.5 million. Net Profit in the previous period after adjusting capital gain from IFRS16 influence is NIS 23.4 million, increase of 17%

(\*\*) Adjusted EBITDA is EBITDA after neutralizing expenses unrelated to the routine operation of the Company's businesses

Q2-2022

# Results Including IFRS16

	(NIS millions)		
	Q2-2022	Q2-2021	% Change
Revenues	361.4	309.7	16.7%
Gross Profit	42.8	36.4	17.6%
Operating Profit	18.5	16.7	10.8%
Net Profit (*)	12.5	10.5	19.6%
Adjusted EBITDA (**)	33.3	29.5	13.0%

GROSS PROFIT

**+18%**

OPERATING PROFIT

**+11%**

ADJUSTED EBITDA

**+13%**

(\*) Net Profit in the reporting period after adjusting equity losses is NIS 13.5 million, increase of 23%

(\*\*) Adjusted EBITDA is EBITDA after neutralizing expenses unrelated to the routine operation of the Company's businesses

# Results By Segment Excluding IFRS16

(NIS millions)

	Revenues			Adjusted EBITDA		
	H1-2022	H1-2021	%	H1-2022	H1-2021	%
Logistics	616.8	553.2	11%	35.5	31.5	13%
Health Care (*)	107.8	64.2	68%	16.2	14.2	14%
Digital Health	13.1	12.4	6%	4.6	3.9	19%
Intercompany Transactions	(0.9)	(4.1)		-	-	
<b>Total</b>	<b>736.8</b>	<b>625.7</b>	<b>18%</b>	<b>56.3</b>	<b>49.6</b>	<b>14%</b>

(\*) AML company is consolidated as of the second quarter of 2021, Gastromed company is consolidated as of the fourth quarter of 2021 and Ein Tal company is consolidated as of the first quarter of 2022

# Results By Segment Excluding IFRS16

(NIS millions)

	Revenues			Adjusted EBITDA		
	Q2-2022	Q2-2021	%	Q2-2022	Q2-2021	%
Logistics	308.7	268.1	15%	17.9	14.5	23%
Health Care (*)	47.0	36.9	27%	7.2	7.8	(8%)
Digital Health	6.2	6.3	(2%)	2.4	2.3	7%
Intercompany Transactions	(0.5)	(1.6)		-	-	
<b>Total</b>	<b>361.4</b>	<b>309.7</b>	<b>17%</b>	<b>27.5</b>	<b>24.6</b>	<b>12%</b>

- (\*) Gastromed company is consolidated as of the fourth quarter of 2021 and Ein Tal company is consolidated as of the first quarter of 2022. During the reporting period, there was a decrease in the profit of the health care division as a result of changes in the competitive environment of the respirators activity as well as a decrease in the profit of laboratory services as a result of termination of a project in the field of Covid vaccines

# Balance Sheet Including IFRS16

(NIS millions)

	30/06/2022	31/12/2021
Cash	199	239
Current assets	1,958	1,742
Non-current assets	642	546
Current liabilities	1,946	1,689
Non-current liabilities	210	169
Equity	444	430
Total assets	2,600	2,288

CASH

NIS **199M**

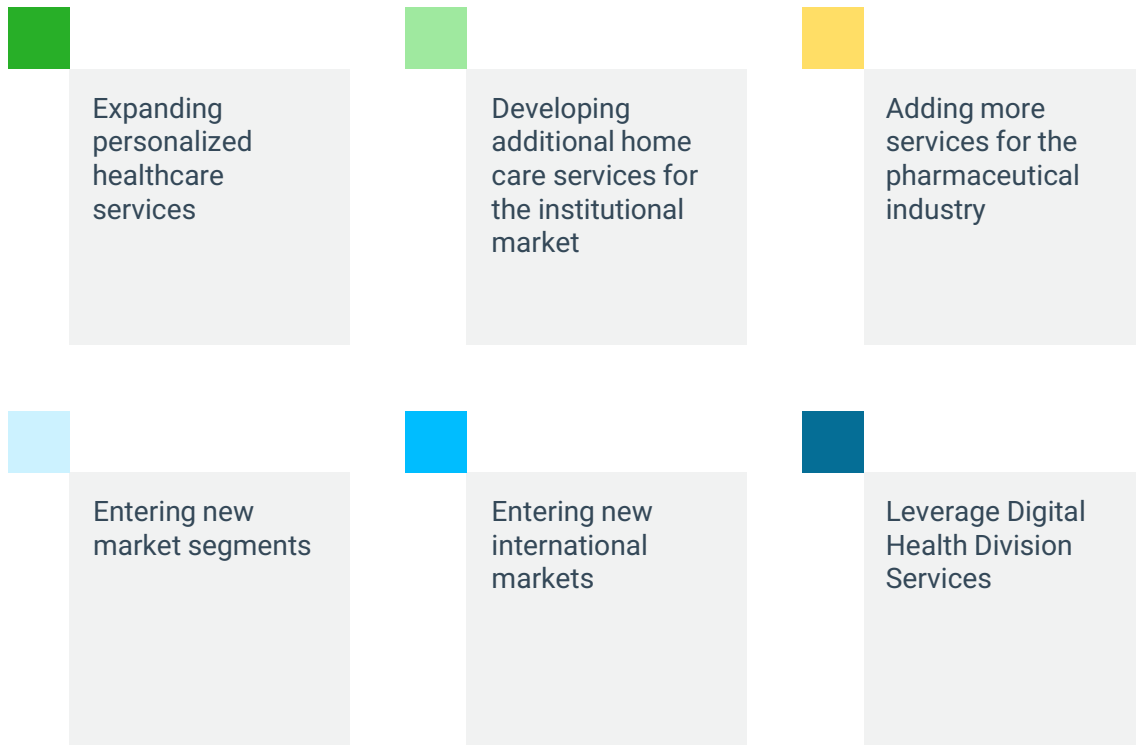
EQUITY

NIS **444M**

DEBT

NIS **2.7M**

## Growth Engines





# Uniquely Positioned To Deliver Value To Stakeholders

As part of our long-range growth plan,  
we estimate that Novolog will double  
its Adjusted EBITDA (Excluding IFRS16)  
with respect to 2021, within 4 years,  
mainly from its activities in Israel





### **Strong financial performance**

Novolog has a consistent track record of delivering strong and stable financial performance



### **Diversification**

Future growth will be fueled by all three divisions



### **Responsible approach**

The Company is not leveraged and invests responsibly. The Group strengthened its capital structure last year



### **Capital allocation priorities**

Investing for continued growth and maximizing value to our shareholders

# Capital Allocation Strategy for Growth



## Reinvest for growth

Investing in processes and ventures that lead to organic growth and generate higher profits



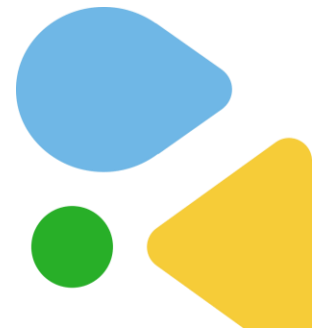
## Acquisitions

Acquisitions that support our strategies



## Returns to our shareholders

Dividend policy –  
70% of the net profit





# Thank you!

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