



OlainFarm

Webinar Presentation H1 2021

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Financial performance
H1 2021

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Today's speakers



Chairman of the
Management
Board



Member of the
Management
Board

Operational Environment

KEY HIGHLIGHTS

Group operations in H1 2021

5

Positive financial results in 6 months
Key ratios are hitting budget figures

Extraordinary General Meetings of Shareholders held on 17 June 2021 and 18 June 2021

Dividends paid on 12 July 2021 in total amount EUR 2 394 thousand (0.17 EUR per share)

The Group continues to successfully provide supplies of goods in all operating markets

New Council has been elected

Group companies have received Latvian Government financial support amounting to EUR 183 thousand

Overall pharmaceutical markets in CIS region continue to struggle

Changes in Management Board and election of new Chairman of the Management Board

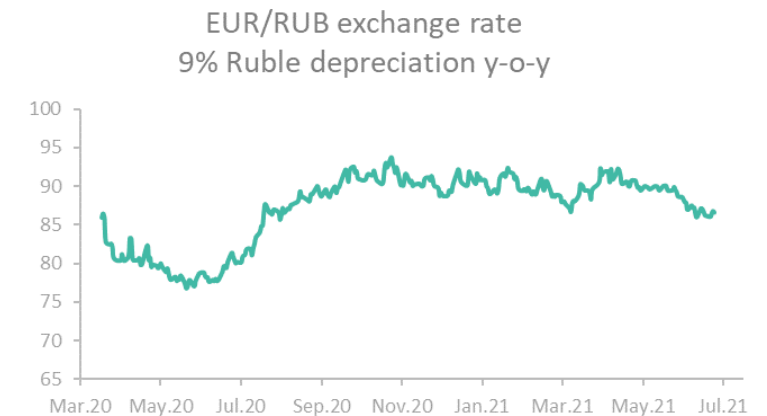
Covid-19 restrictions influenced possibilities of the Group to realize planned investments

Main business factors

Olainfarm products have shown **strong demand** due to product mix, brand recognition and renewed marketing strategy

Business model restructuring in key markets are yielding remarkably good performance in Ukraine, Russia and Kazakhstan

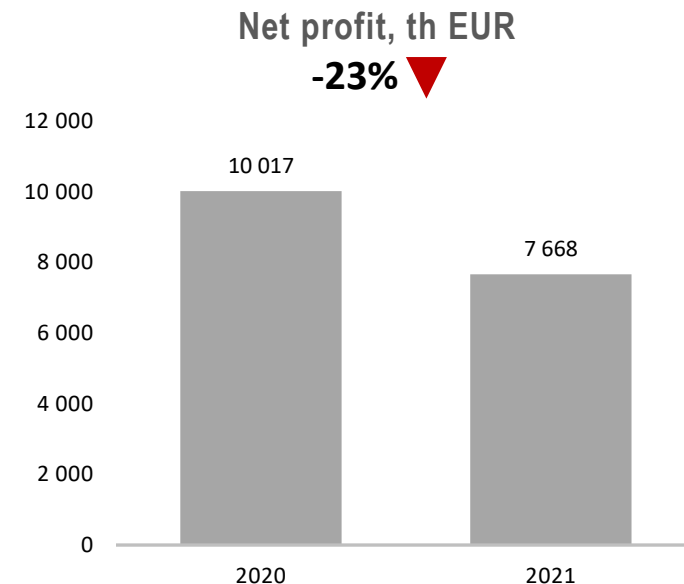
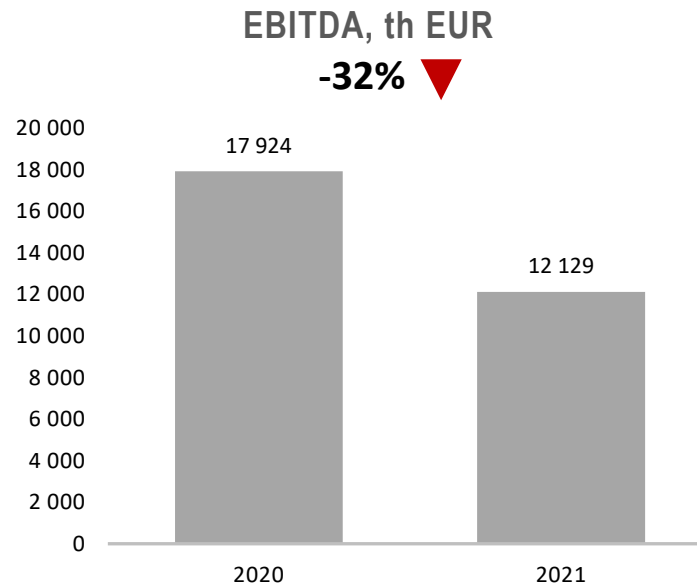
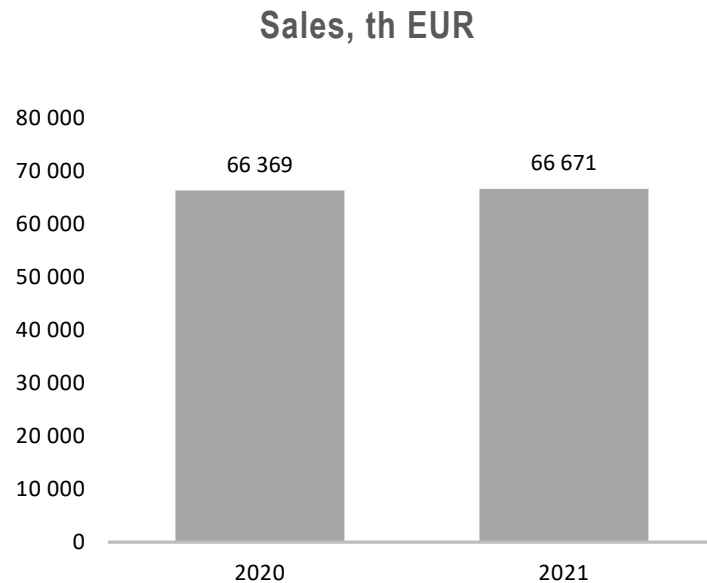
Devaluation of currencies in key markets **was much milder** than a year ago



Financial performance in H1 2021

Key Financial Indicators

Sales in H1 2021 showed sustainable growth due to strong brand portfolio and marketing efforts, EBITDA was impacted by rising marketing costs and created bad-debt provisions



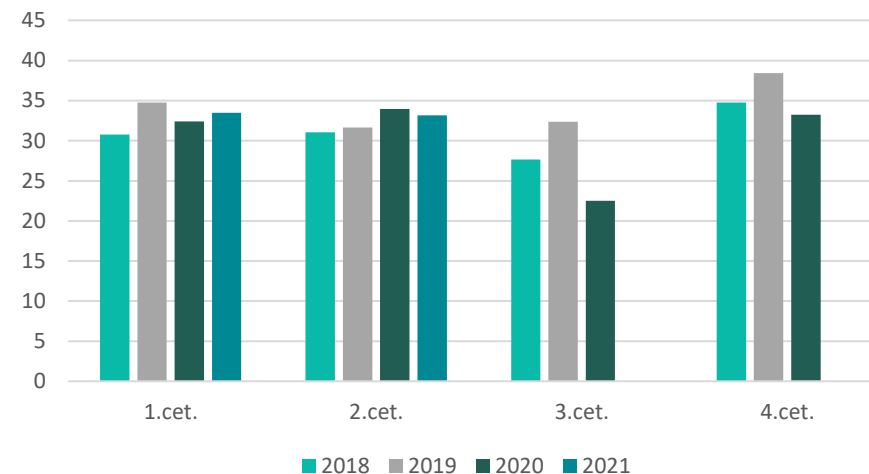
Group Sales

Olainfarm medicines sales continued to grow and to gain market share

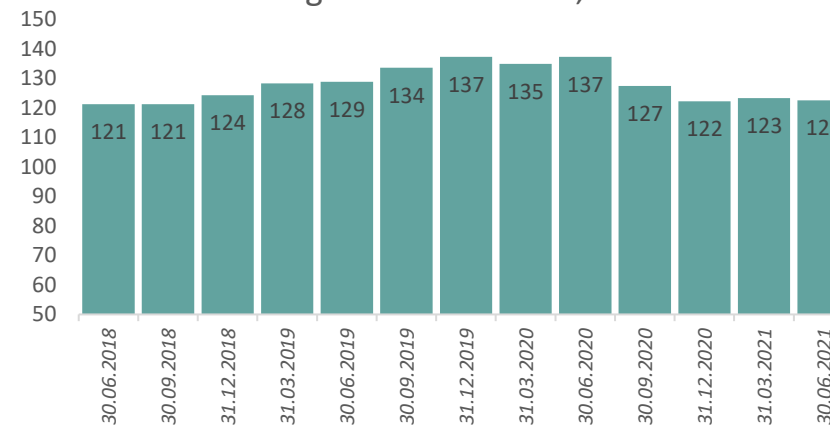
Group's sales in H1 of 2021 reached EUR 66 671 thousand, same level as last year, however 6M 2020 sales include unexpected deliveries to Russia in anticipation of serialization

In contrast to 2019 and 2020, significant one-off items are not expected in 2021

Quarterly revenue distribution, m EUR

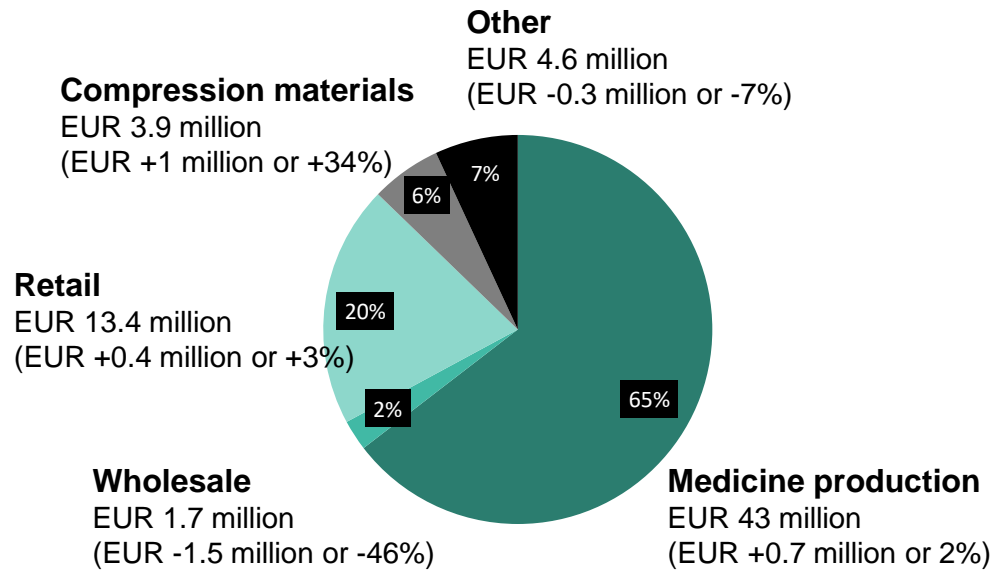


Trailing 12 months sales, mln. EUR



Group Sales by Segment

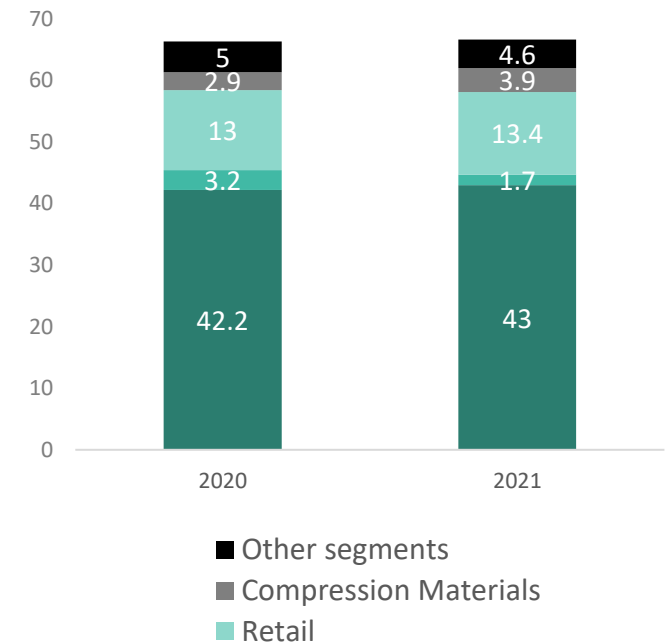
Medicine production is a key segment



JSC Olainfarm's most important segment of products in terms of sales value remains **Medicine production**, with sales totaling at EUR 43.0 million

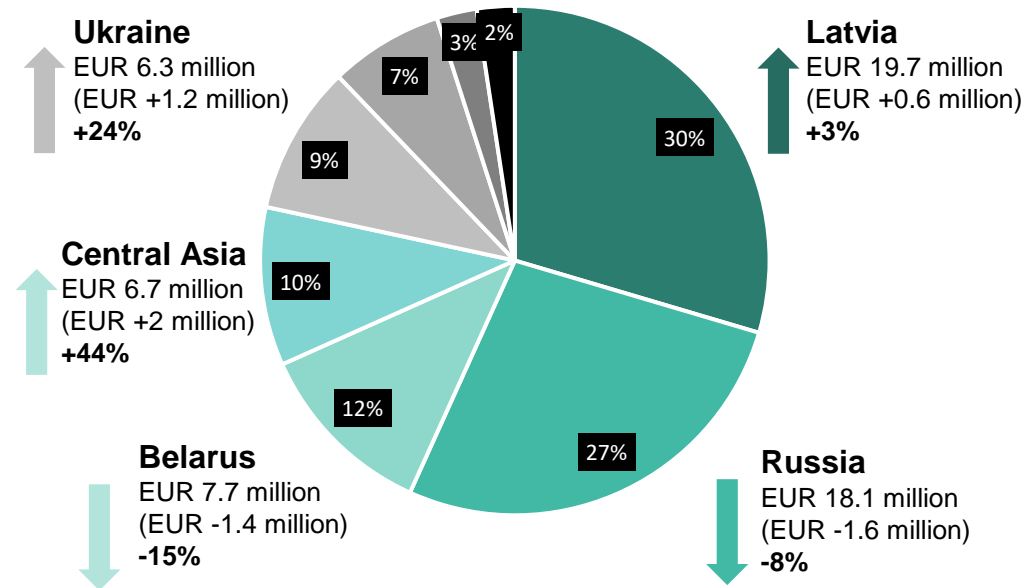
Increase in the second most important segment **Retail is 3%**

Group Sales by Segment, H1 2020 vs H1 2021, mln. EUR

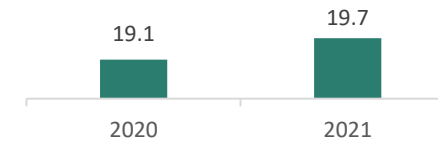


Group Main target markets

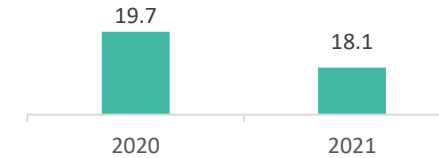
**2021 sales EUR 66.7 million;
increase by EUR 0.3 million**



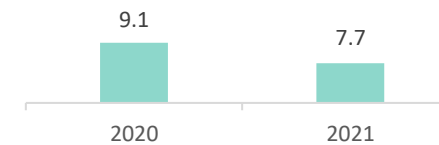
- ❖ **Largest market for JSC Olainfarm in H1 2021 was Latvia:** EUR 19.7 million of products sold; an increase of EUR +0.6 million (+3% yoy)



- ❖ **2nd largest market was Russia:** EUR 18.1 million of products sold, a decrease of EUR -1.6 million (-8% yoy)



- ❖ **3rd largest market was Belarus:** EUR 7.7 million of products sold, a decrease of EUR -1.4 million (-15% yoy)

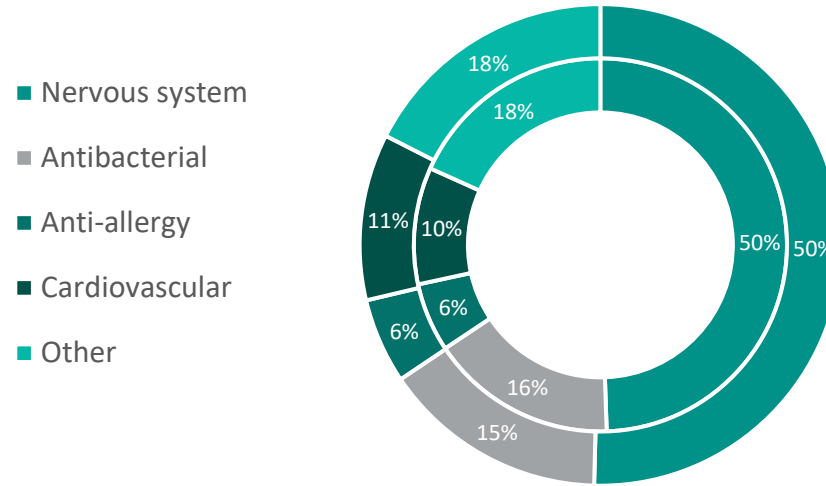


- ❖ **4th largest market was Central Asia:** EUR 6.7 million of products sold, an increase of EUR +2 million (+44% yoy)

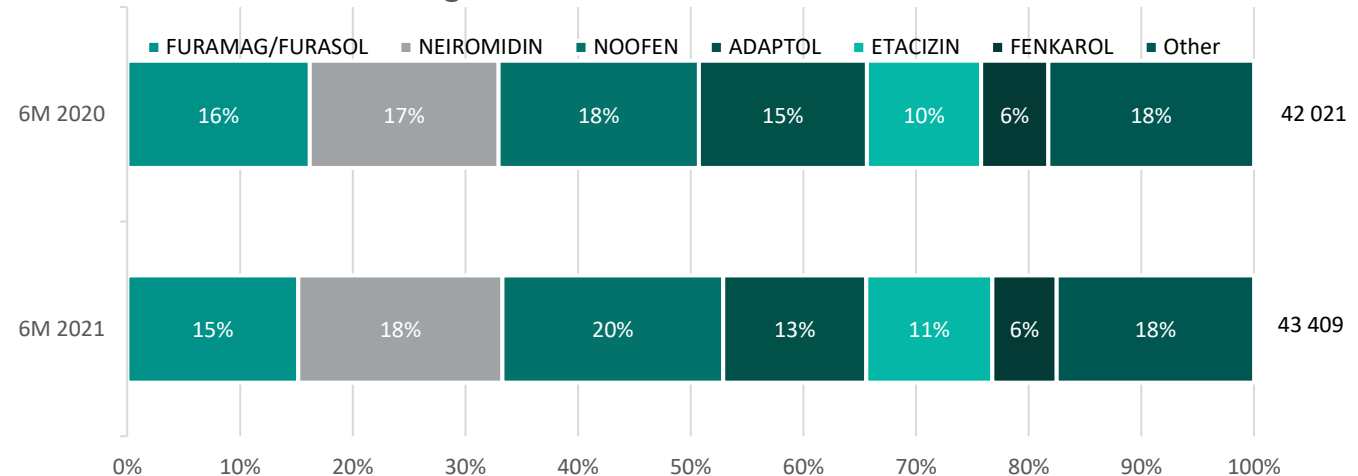
Sales of Medicine Products

Nervous system products is a key product group with a share of 50%

Sales breakdown by product groups, H1 2021 (ext.) vs H1 2020 (int.)



Sales of the largest medicine brands in H1 2021 and H1 2020



Net Profit

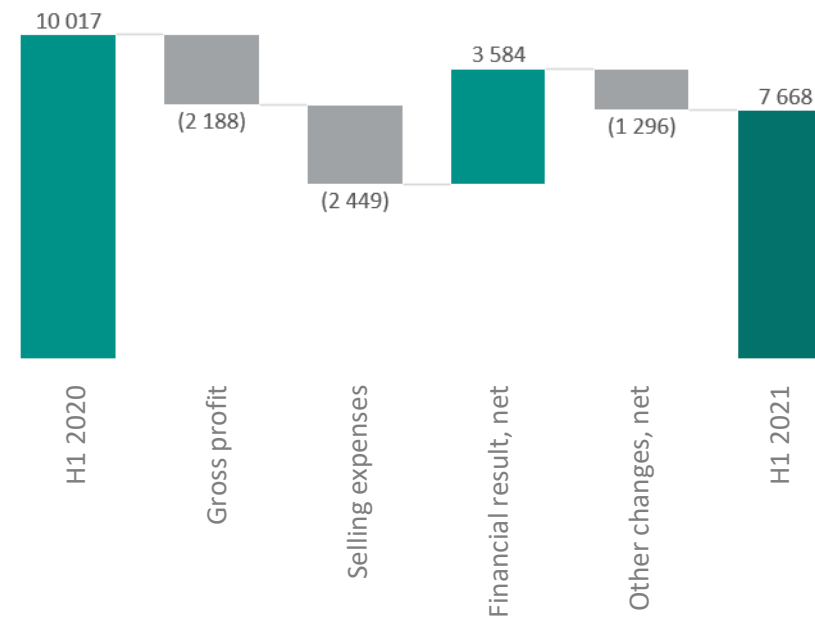
Gross profit – major impact comes from cost reclassification between Administration and Manufacturing expenses

Selling expenses – activation of business operations of Group subsidiary in Russia and affiliate in Ukraine led to increase of selling expenses

Financial – exchange rate fluctuations (Russian Ruble). Positive difference between current and previous year, on the contrary to significant losses in the previous year

Outlook for 2021 remains in line with budget

Net profit change (thous. EUR)



Financial Stability

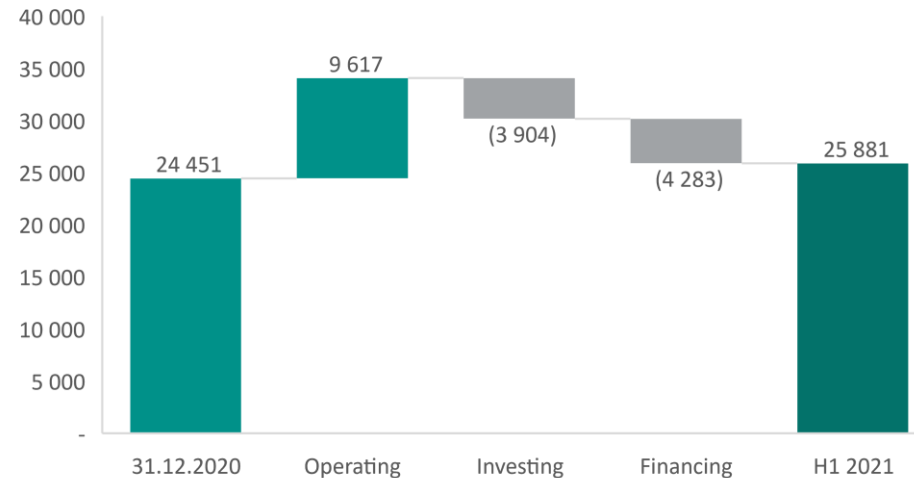
Cash accumulated at the end of the reporting period is **25.9 million EUR**

The Group's Debt service coverage ratio (**DSCR**) in H1 2021 was 2.6 and Net debt-to-EBITDA was -0.9

Early repayment of loan in amount of 2 million EUR was made during the reporting period

Full repayment of BlueOrange loan in amount of 7 million EUR after the reporting period

Cashflow H1 2021, th EUR



Main events

Main events – Extraordinary General Meetings

17th of June:

- New Supervisory Council is elected
- New Audit Committee is elected
- Revised Remuneration Policy for Council and Management board is approved

18th of June:

- Annual report for 2020 is approved
- Payment of dividends is approved (0.17 EUR per share)

New Supervisory Council and Audit Committee

The following Supervisory Council members were elected for the term of five years:

- Juris Bundulis, Chairman
- Sandis Petrovičs, Deputy
- Irina Maligina, Deputy
- Andrejs Leibovičs
- Pēteris Rubenis

Total monthly remuneration of the members of the Council is EUR 21 000.

The following Audit Committee members were elected for the term of two years:

- Viesturs Gurtlavs
- Sandis Petrovičs
- Arnis Gulbis

Total monthly remuneration of the members of the Council is EUR 11 500.

Changes in the Management Board

- New Board members:
 - Jānis Buks, Chairman
 - Jānis Leimanis, CFO
- Elena Bushberg, Signe Baldere-Sildedze and Raimonds Terentjevs continue to serve on the Board

Mandatory share buy back offer

- From 19th of July to 17th of August JSC AB CITY conducted mandatory share buy back offer
- In total 2 427 408 shares or 17.23% were acquired
- JSC AB CITY increased its share in voting rights from 30.85% to 48.08%.

Q&A session



OlainFarm

FORWARD
WITH THE STRATEGY
2020-2025