WEBINAR PRESENTATION

QUARTER 1, 2020

www.olainfarm.com

June 2020

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QUARTER 1

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SALES IN 1Q 2020 AND 12 MONTHS

In 1Q of 2020, Sales reached **EUR 32.4 million**

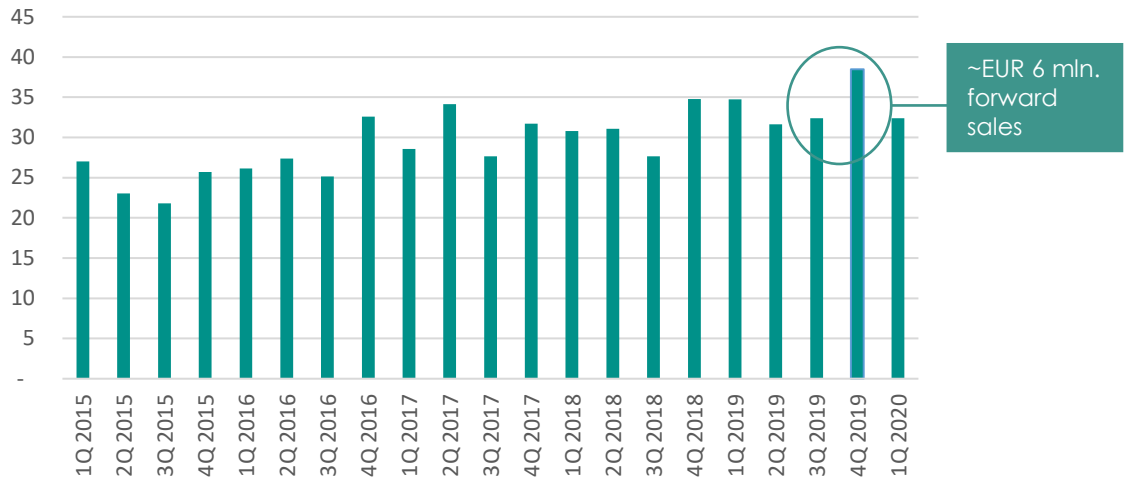
A decline by **7%** y-o-y and **by 16%** q-o-q due to extra sales in September – November, 2019 to Russia

Changes to the sales processes of JSC Olainfarm in 1Q 2020:

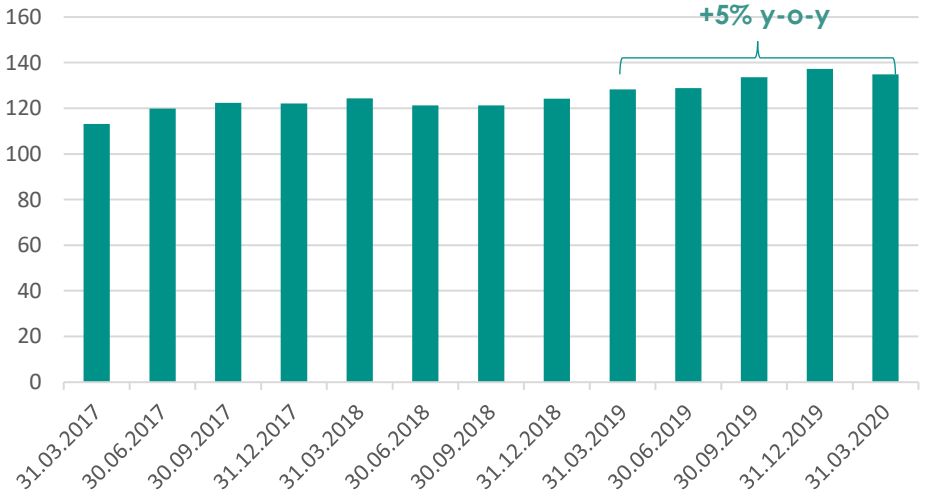
- Review cooperation with all the major distributors
- A new distribution partner in the Ukraine
- A new subsidiary in Russia

Sales for the last 12 months (1 April 2019 – 31 March 2020) were EUR 134.867 million (+5% y-o-y)

Group's quarterly sales, mln. EUR



Trailing 12 months sales, mln. EUR



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SEGMENT PERFORMANCE

Revenues of the main segments:

FDF EUR 16.2 million (-20% y-o-y; -31% q-o-q);

Pharmacies EUR 7.4 million (+13% y-o-y; +9% q-o-q);

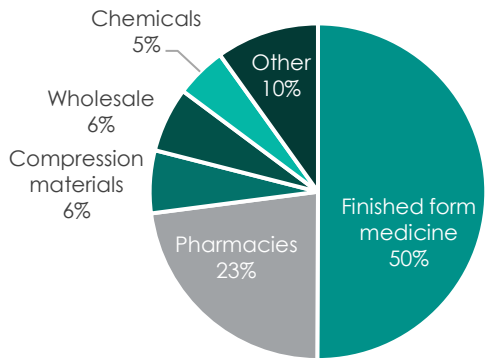
Compression materials EUR 2.0 million (+1% y-o-y; -17% q-o-q);

Wholesale EUR 2.0 million (+43% y-o-y; +36% q-o-q);

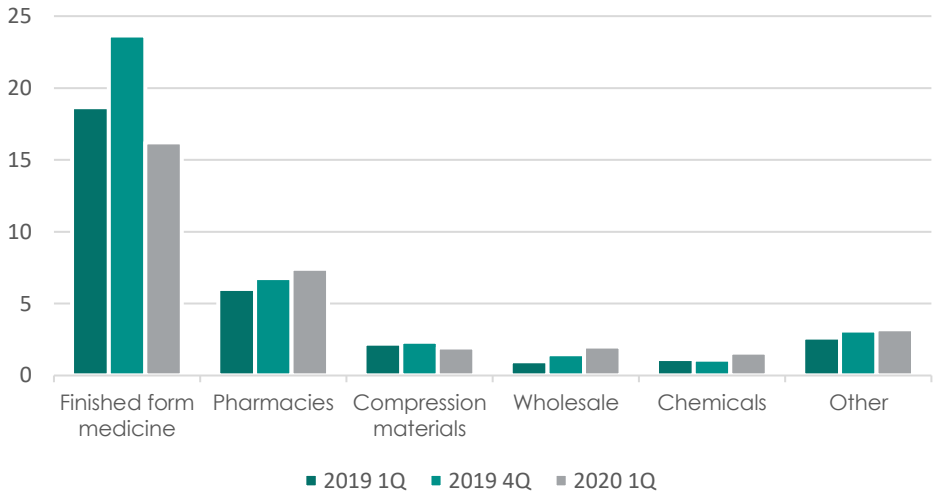
Chemicals EUR 1.6 million (+1% y-o-y; +45% q-o-q);

Other EUR 3.2 million (+4% y-o-y; +2% q-o-q)

Sales breakdown by segments, 1Q 2020



Sales breakdown by segments, mln. EUR



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SALES BY PRODUCTS AND MARKETS

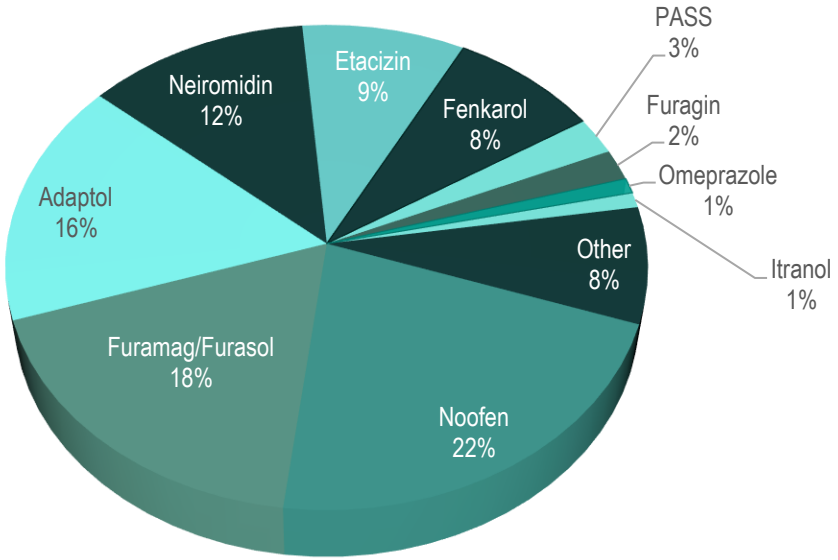
Shares of the best sold products:

- Noofen's - 22% (+3 p.p.)
- Furamag/Furasol - 18% (+2 p.p.)
- Adaptol - 16% (+4 p.p.)
- Neiromidin - 12% (-3 p.p).

Total of 67% in the three main markets:

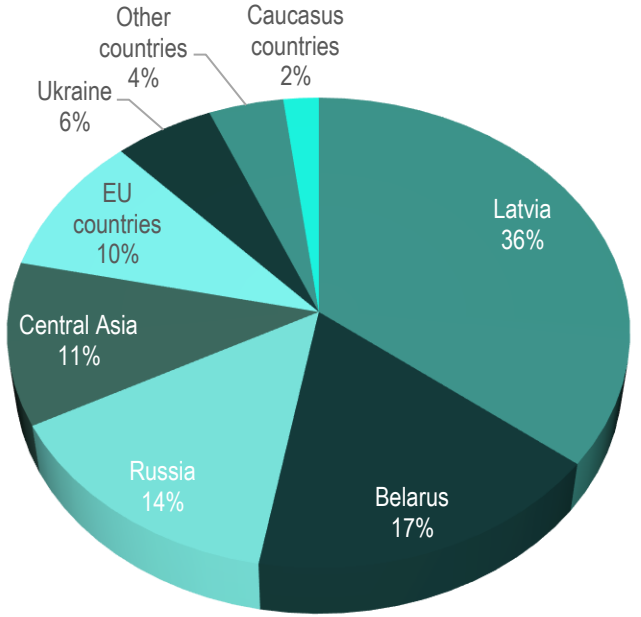
- Latvia with 36% (+7 p.p.)
- Belarus with 17% (+2 p.p.)
- Russia with 14% (-11% p.p.)

OLAINFARM TOP PRODUCTS*, 1Q 2020



*Final dosage forms only

SALES BREAKDOWN BY MARKETS IN 1Q 2020



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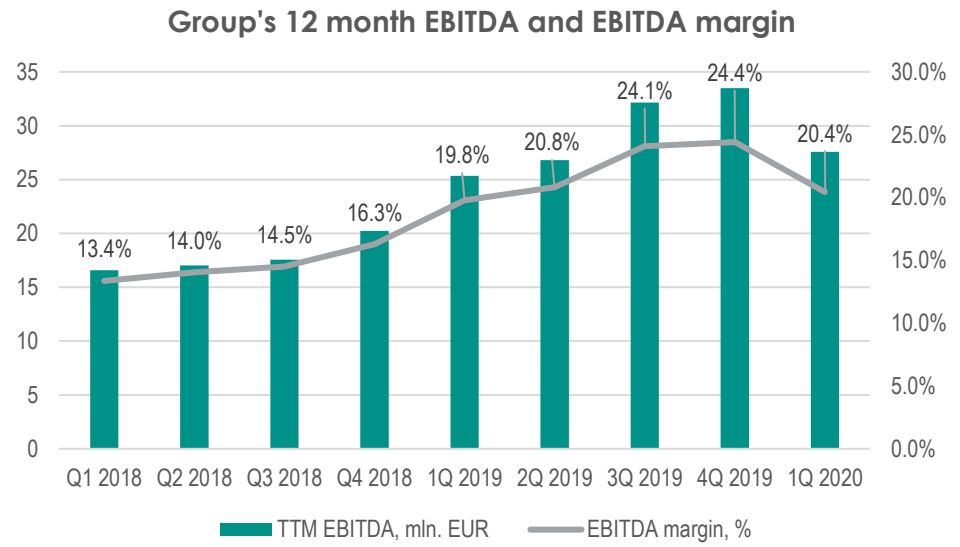
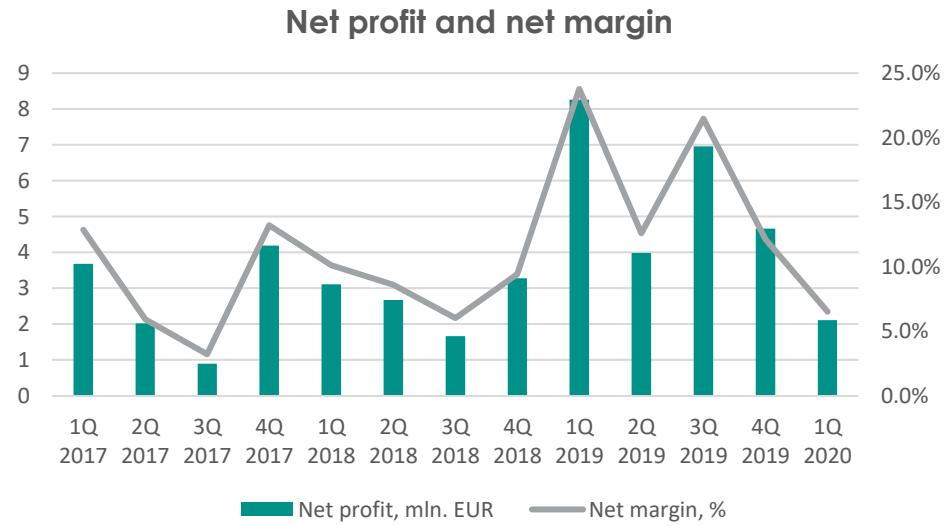
EBITDA AND NET PROFIT

- EBITDA in 1Q reached **EUR 4.6 million**
  -57% y-o-y and -37% q-o-q;
- TTM EBITDA was EUR 27.6 million with EBITDA margin decreased to 20.4%.
- Net profit of EUR 2.1 million (-74% y-o-y), and the net margin of 6.5%





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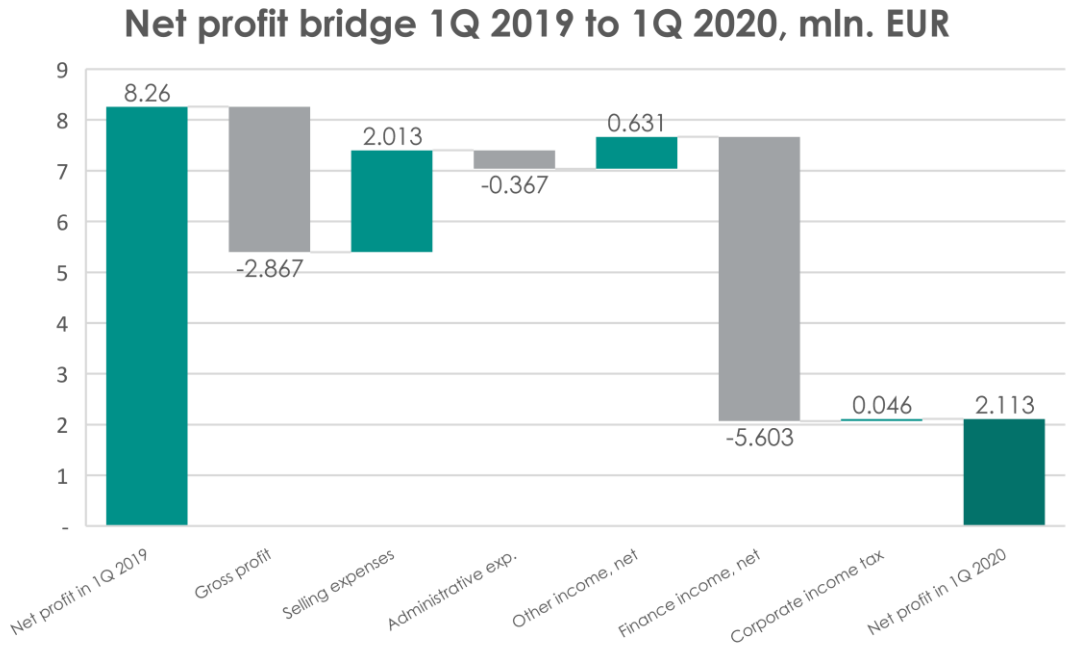
FACTORS AFFECTING NET PROFIT

Main factors contributing to the increase of the net profit:

- decrease in selling expenses by EUR 2.013 million, due to a review of the marketing model in the main sales markets
- net increase in other operating income by EUR 0.69 million.

Net profit was negatively affected by:

- FX impact of EUR 5.6 million
- Lower gross profit by EUR 2.867 million than a year ago.



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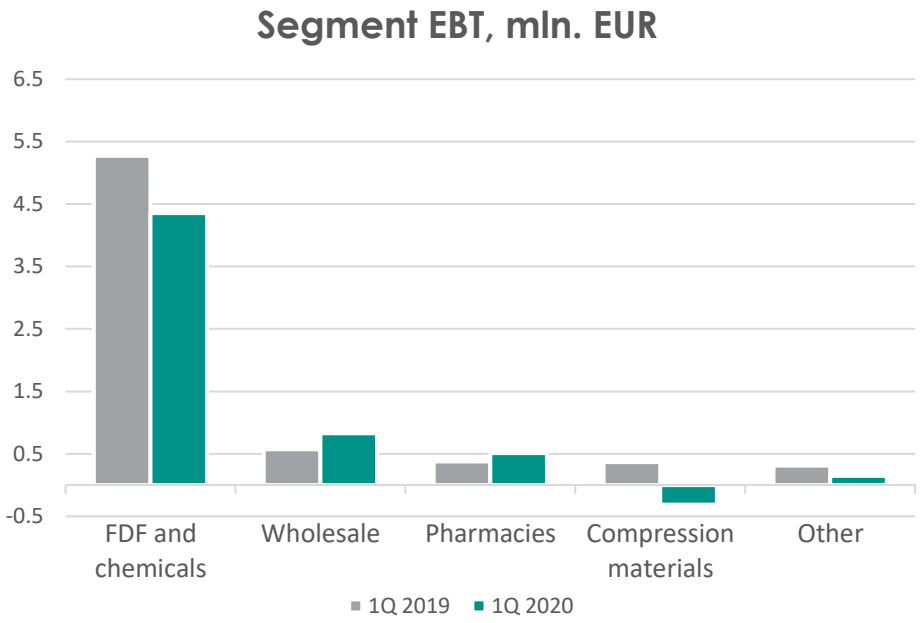
SEGMENT PROFIT BEFORE TAX

- In 1Q 2020, final dosage form and chemical segment contributed a total of **EUR 4.4 million**, a decrease **by 17%** y-o-y, and is 79% of total allocated profit before tax;
- Wholesale segment made **EUR 0.8 million** (+45% y-o-y) and its share is 15% of EBT;
- Pharmacy segment generated **EUR 0.5 million** (+35% y-o-y) with a 9% share;
- Compression material segment operated with a loss of **EUR 0.3 million**.



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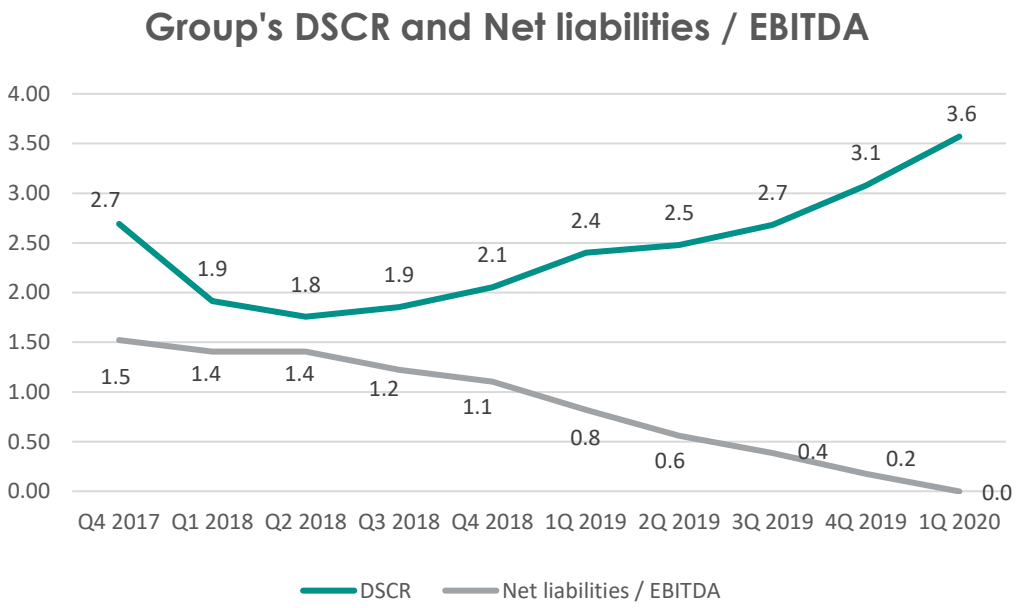
FINANCIAL STABILITY IS A TOP PRIORITY

Cash position reached a new historical high of
EUR 20.2m

- Leverage ratio continued to improve in 1Q, 2020
- **Main** contributing **factors** were:
  - Increase in cash position by EUR 5.0m;
  - Decline in interest bearing liabilities by EUR 1.5m;
  - Decline in debt payments by EUR 2.6m;
- Strong financial position supports further investments in R&D and CAPEX as well as dividend payments.



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COVID-19

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COVID-19 impact

- **Main task** is to safeguard manufacturing operations
- **Safety measures** taken in accordance with local government regulations
- Employees at JSC Olainfarm and the major subsidiaries **regularly check their health condition**
- Employees who can perform tasks remotely are **working from home**
- Group's medical representatives are conducting promotional calls via video conference or by phone to stay connected with customers

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Q&A SESSION

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