



JSC OLAINFARM

WEBINAR PRESENTATION Q3 2020

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Agenda

01

**Financial
performance**
9M 2020

03

Russia in Focus

02

Outlook 2020

04

Q&A session

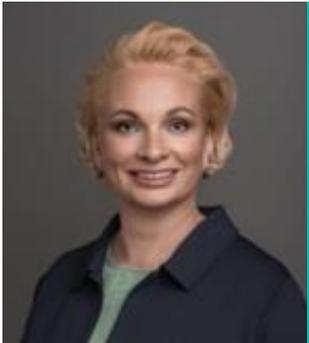
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FORWARD
WITH THE
NEW STRATEGY
2020-2025

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Representatives of Management Board



Zane Kotāne, Group CFO



Elena Bushberg, CEO of Olainfarm

Global Trends

The Covid-19 impact is slowing down economics

Second wave in Latvia is higher than in spring



OlainFarm

Group operations

As 2nd COVID wave in Latvia is substantially higher, all measures developed in Q1 were extended to allow flexible work. Production has not stopped.

Deterioration in economies and volatility of exchange rates in developing countries provided negative impact on profit

Group companies have received Latvian Government financial support amounting to EUR 295 thousand

Vertical integration is a major advantage in the ability to ensure the production of both chemical components and FDF*

Compression products segment experienced the fluctuations in demand

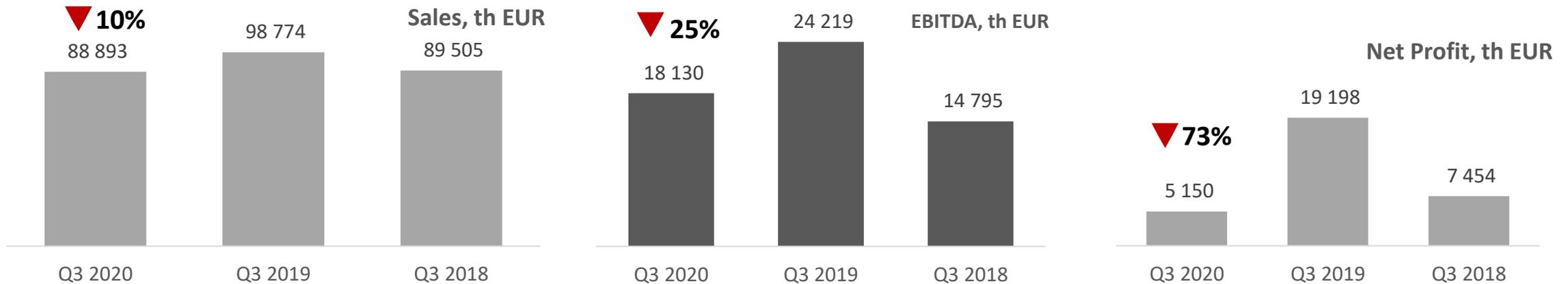
COVID-19 lock down has decreased a number of face to face marketing activities in vast majority of geographies and switched promotion efforts mostly to digital channel

Taking into account guidelines issued by the European Medicines Agency some clinical trials were deferred to 2021

* *Final Dosage Forms*

Key Measures

In nine months accumulated results from introduction of new traceability regulation impact **sales** and **EBITDA**, while **net profit** is **volatile** due to currency fluctuations



Main business factors

Sales in Russia are impacted by introduction of new **traceability*** regulation causing unusual purchasing behavior of distributors compared to prior years. Secondary market shows stable sales results while primary sales reflect stock up trends in several periods.

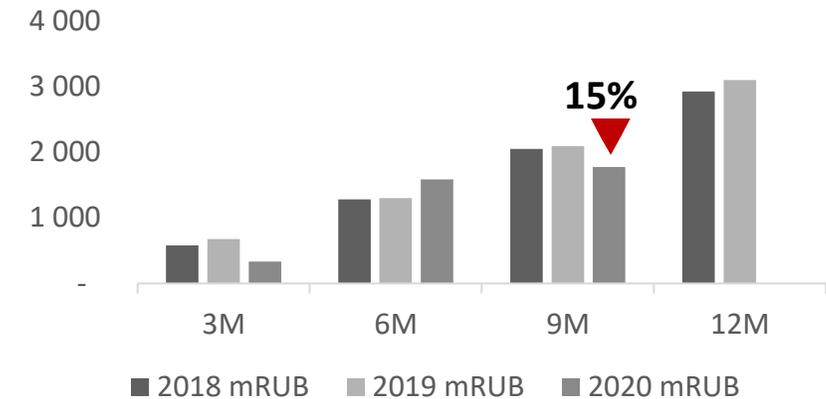
Business model restructurings in key markets during 2020 – change of distributors to Tier 1 companies and change of marketing model oriented to inhouse marketing

Currencies of developing countries lost their value against EUR in nine months of 2020 – value of the **Russian Ruble** dropped by 33%

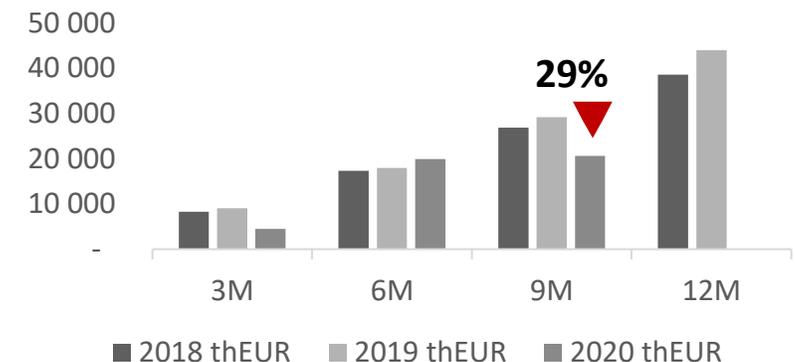


* Serialization

Group Sales, Russia (mRUB)



Group Sales, Russia (thEUR)

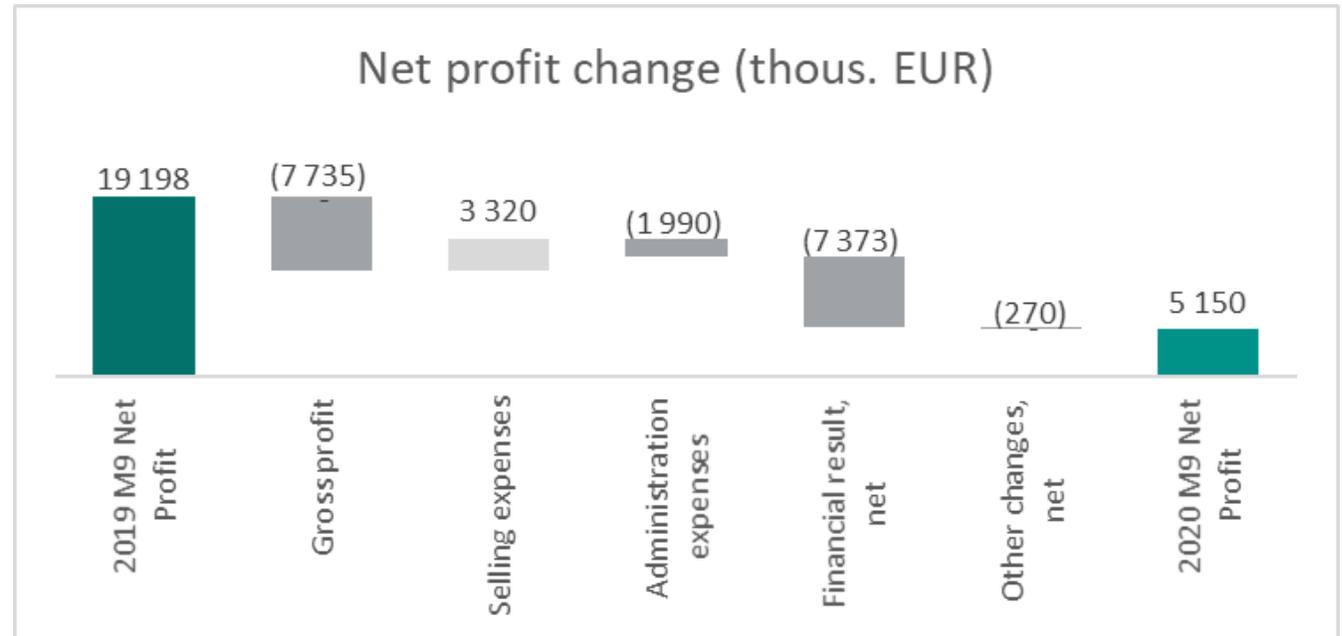


Net Profit

Gross Profit – Less shipments to Russia due to stock-up at the end of 2019

Financial – exchange rate fluctuations (Russian Ruble)

Selling expenses – COVID-19 impact on promo investments: switch to digital promo from off-line channels and delay in set-up business model in Ukraine and Russia



Sales

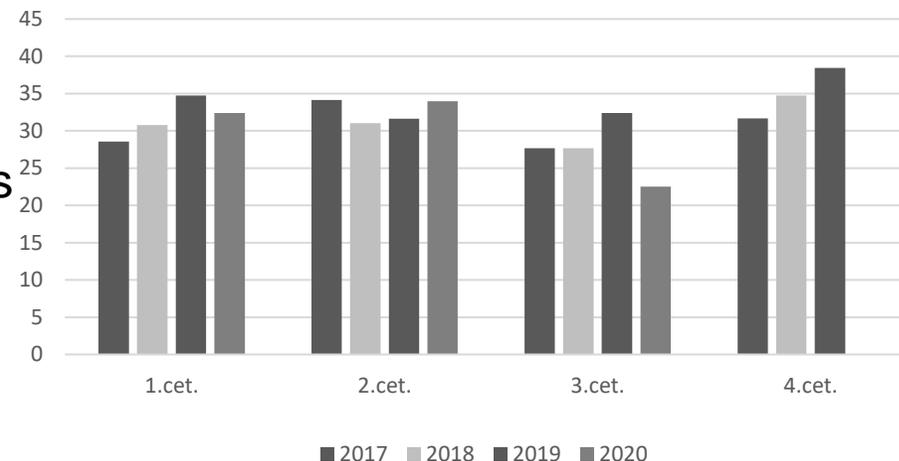
Primary sales reflects only inventory stock-up in distributors warehouses. Trends of medical products sales from pharmacies reflects better dynamic in final consumption across geographies

Accumulated Q3 of 2020 – Group’s sales EUR 88 893 thousand, 10% decrease y-o-y

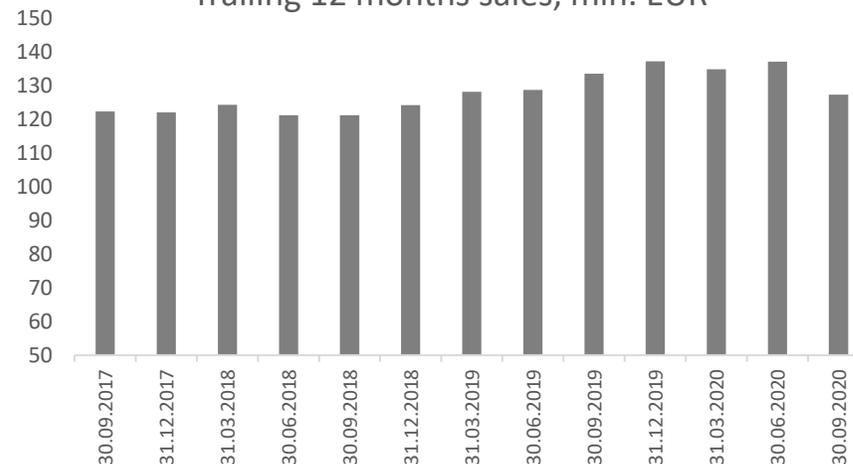
Trailing 12 months Sales (1 October 2019 – 30 September 2020) totaled up to EUR 127 million: 4.6% decrease y-o-y

One off items – Q4 2019 – sale of 6mEUR to Russia for use in Q1 2020; Q2 2020 – sale of 8mEUR to Russia for use in Q3 2020 (impact of traceability regulation) – no significant shipments to Russia Q3 2020

Quarterly revenue distribution, m EUR



Trailing 12 months sales, mln. EUR



Business Segments

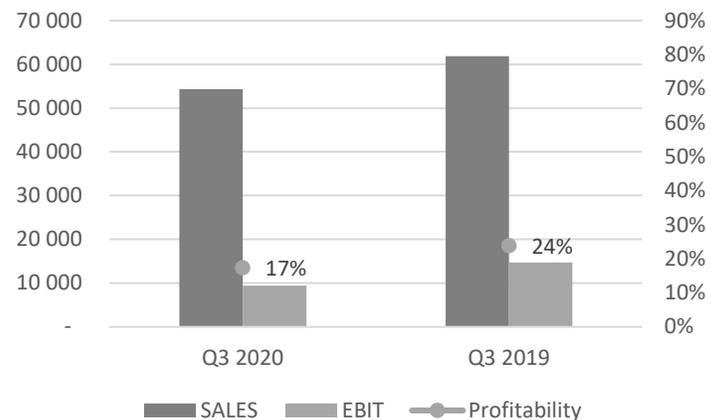
Group's Medicine Production segment constitutes 54% of revenues - sales performance (-12%; y-o-y)

Retail segment has stable performance despite external factors - sales growth 5% y-o-y; EBIT profitability stable at 2%

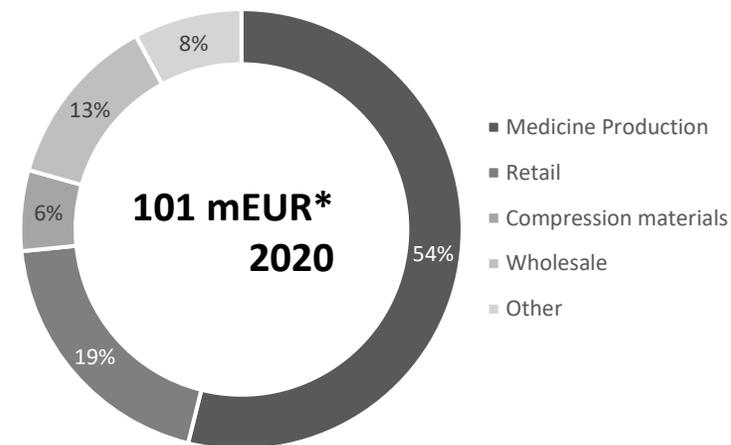
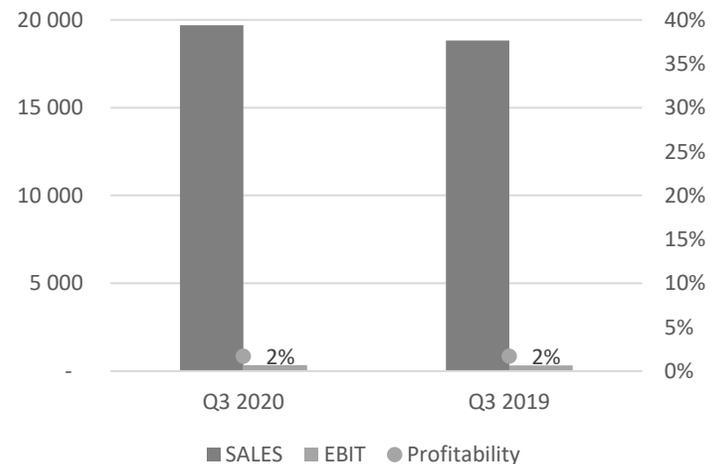
Compression materials segment is recovering from COVID-19, but still is most impacted in the Group resulting in negative EBIT of 122 th. EUR, improved from H1 2020

* Segment total revenues, including internal

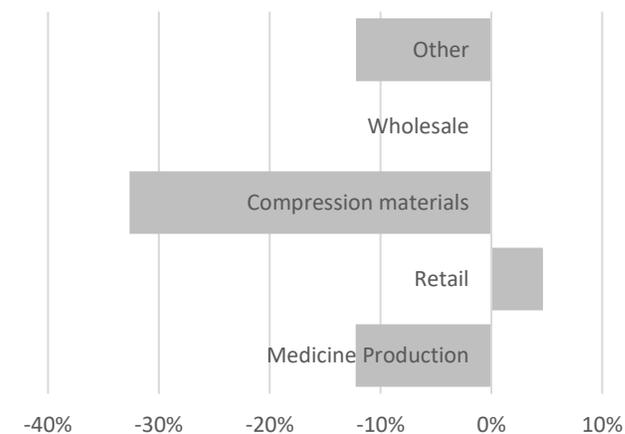
Medicine Production segment (th. EUR)



Retail segment (th. EUR)



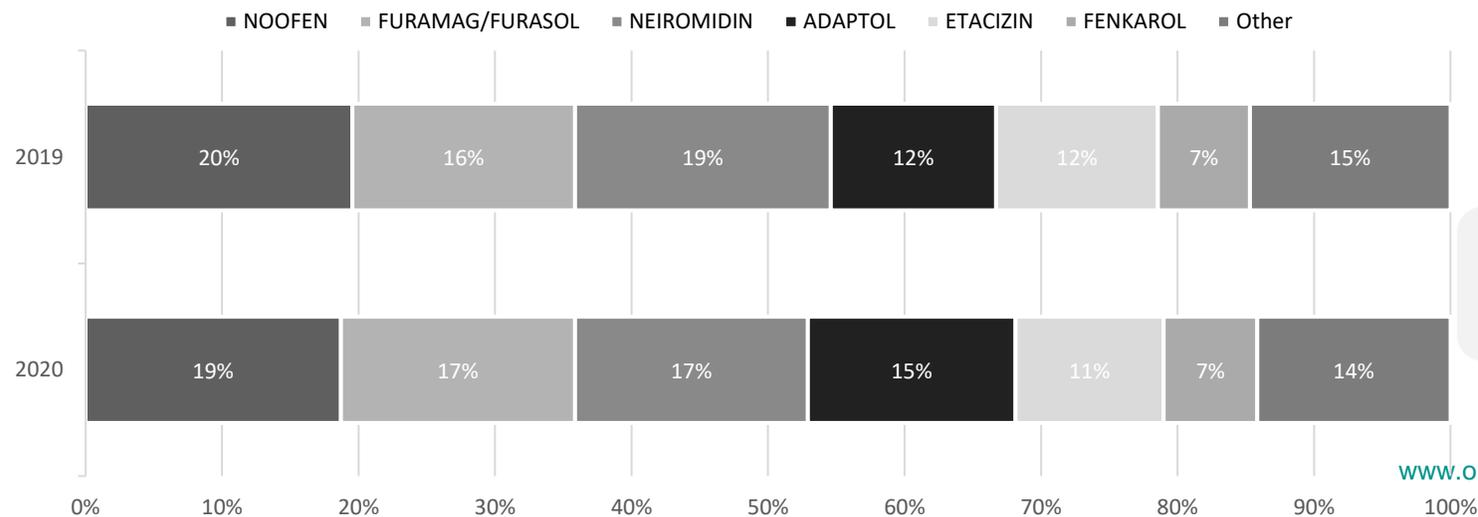
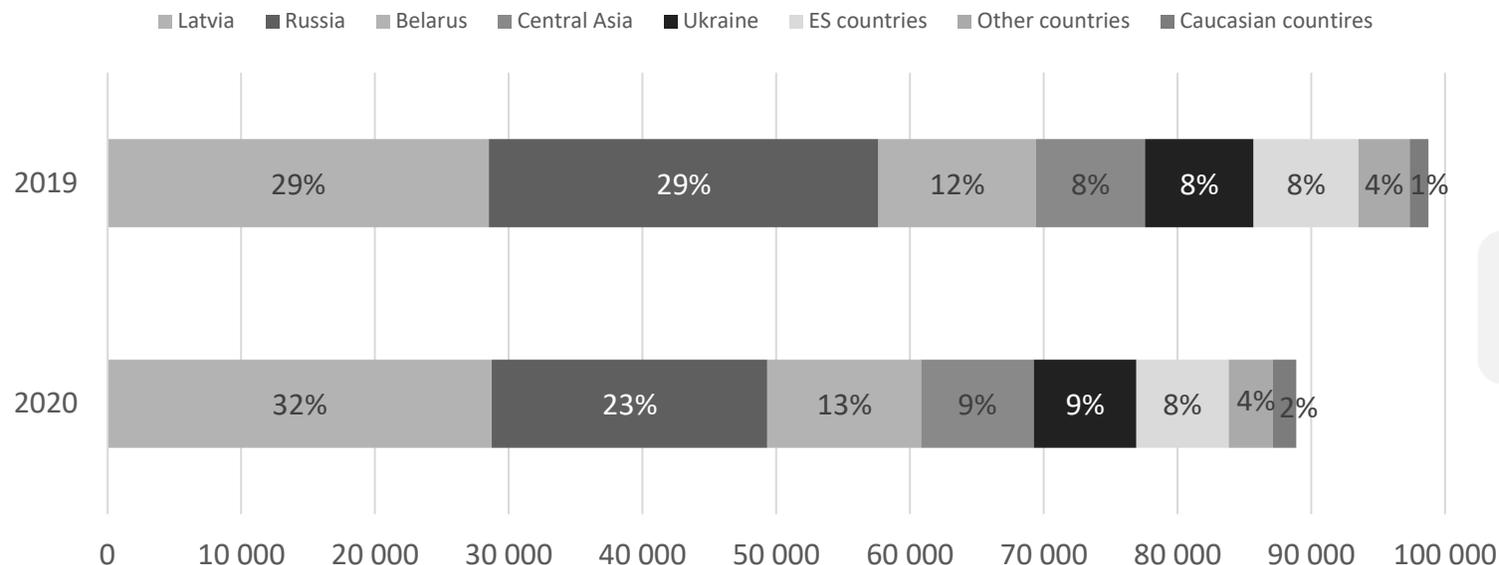
Sales growth (%; yoy)



Medicine segment

Group's core markets remained stable – 68% of sales delivered to three markets – Russia, Latvia and Belarus

Sales of medicine for health of nervous system reached 51% of product sales (+1% y-o-y)

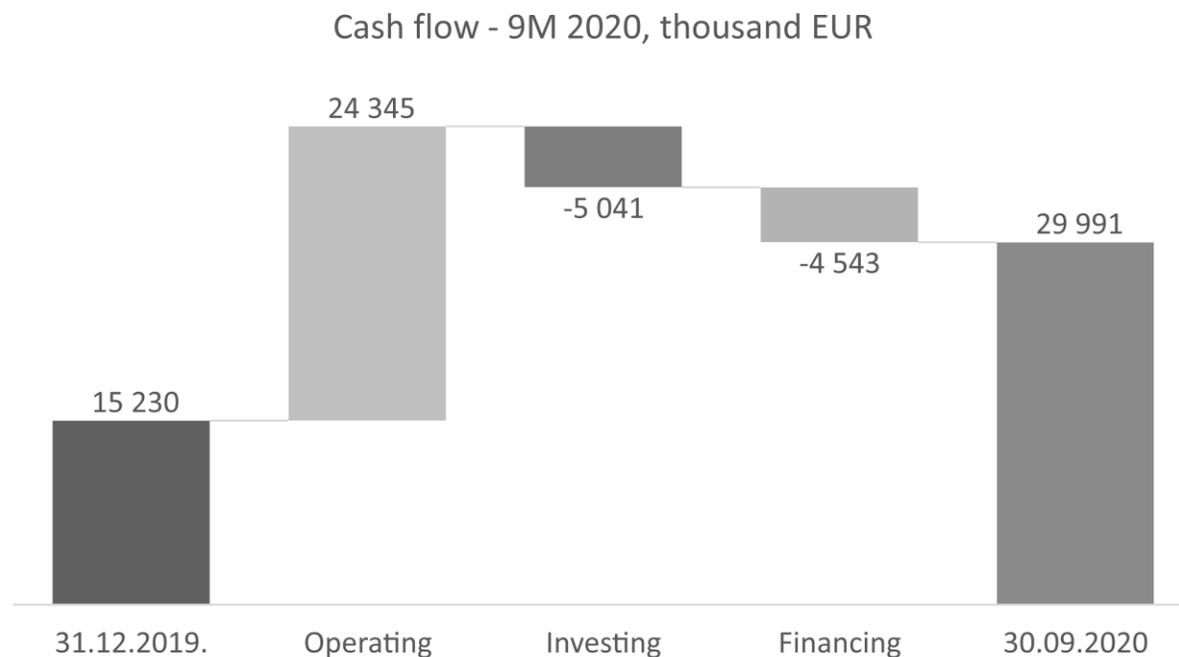


Financial Stability

Cash accumulated during reporting period is **30 million EUR**

The Group's Debt service coverage ratio (**DSCR**) in the first half of the year in 2020 continued to improve and was 5.3 due to higher EBITDA in the last twelve months

Dividends of 4.5 million EUR paid subsequent to the end of reporting period



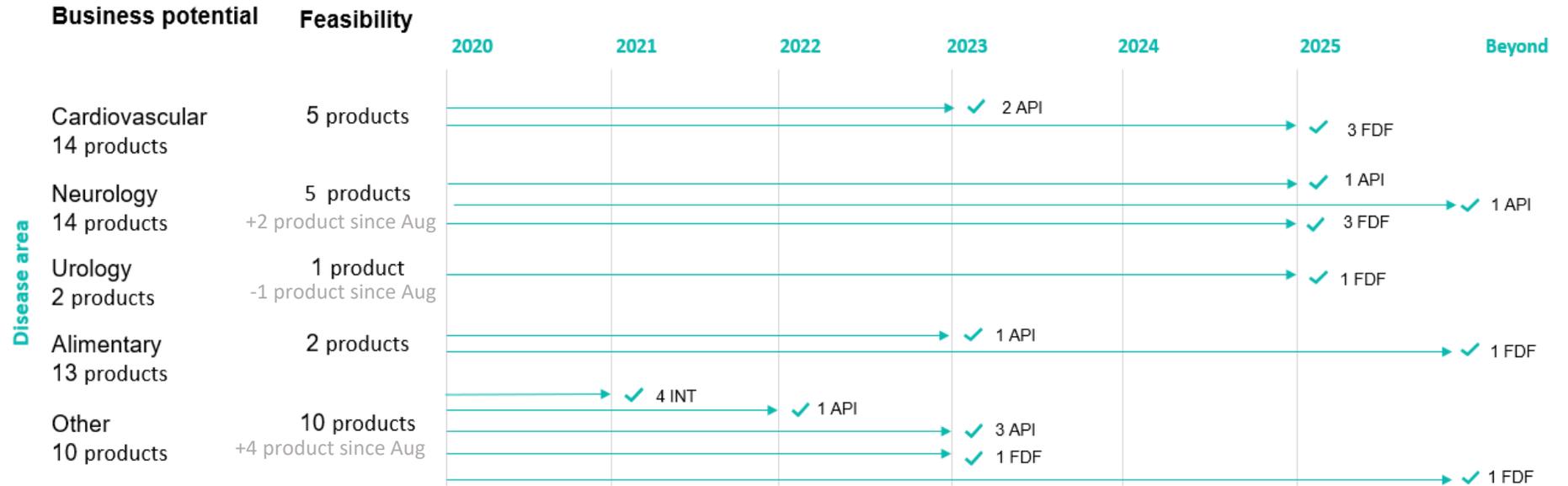
Product Development

R&D: Current* product pipeline driving value



New products at feasibility phase

- Neurology (+2 products)
- Other (+4 products)



API = Active Pharmaceutical Ingredient

✓ = commercially available

FDF = Final Dose Form

* November 2020

INT = Intermediates

2020 Outlook

Group's forecast annual sales to 126 million EUR

Parent company sales are forecasted to 92 million EUR

Estimated of annual profit of the Group is 11.2 million EUR

The profits of the Parent company are expected to be 12.5 million EUR

2020
outlook is
not revised
and
remains as
reported in
H1 financial
statements



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RUSSIA in FOCUS

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Latest Development

01

Ruble exchange – provided negative impact on sales operations

03

GMP – Inspection conducted in September and Certificate is obtained

02

Market performance - Russian retail pharmaceutical market declined 2% YTD 09 2020 in EURO value and stagnated in standard units (0% growth).

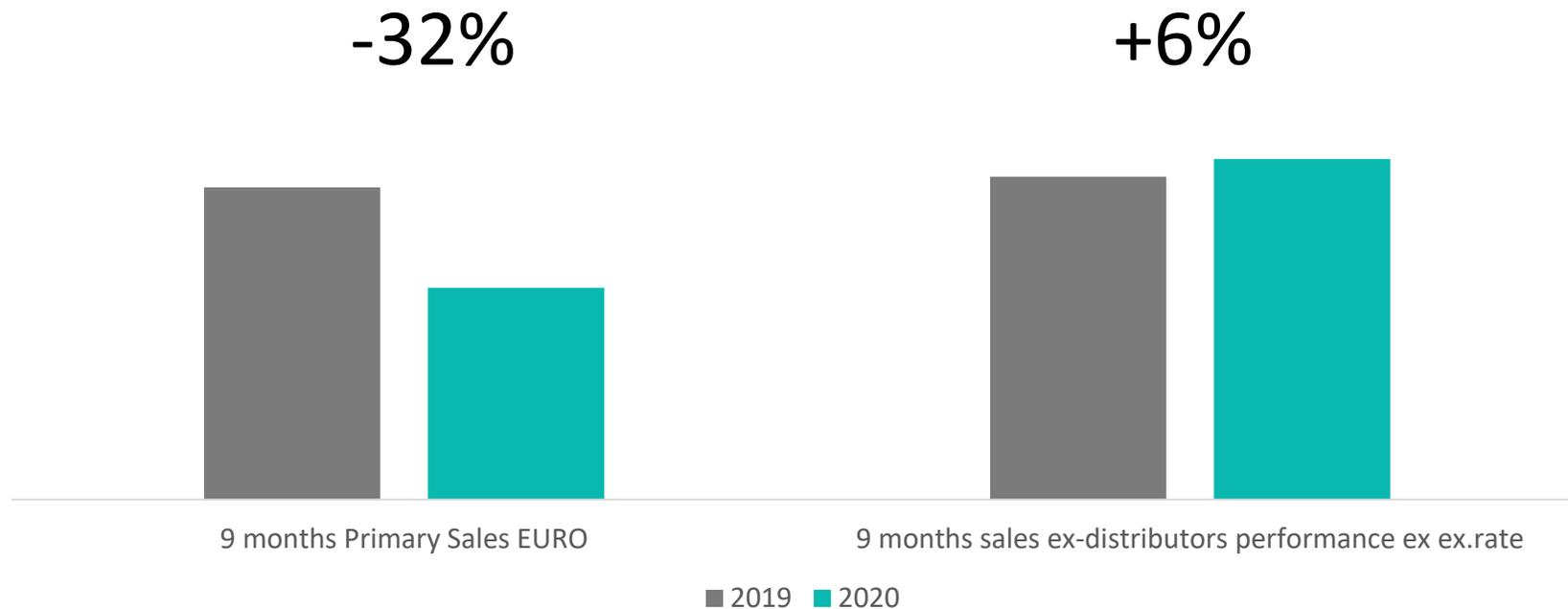
04

Serialization – The first batch of serialized products successfully shipped and accepted by wholesalers in October. Previously shipped inventory prevented lack of product for consumers during Russian system shutdown.

Overview of Russia performance:

Exchange rate and phasing in shipments due to serialization impact Primary sales performance

In-market performance ex exchange rate demonstrated growth 6% in YTD 09 2020



- ❖ In Q2 2020 (lockdown) Olainfarm RUS focused at digital conferences conducted via Webinar.ru platform.
- ❖ From April and till August **39 events to about 4,000 healthcare professionals were conducted.**
- ❖ To ensure constant medical lecturers and articles the long-term (3 years) agreements are signed with **30 medical Key Opinion Leaders (KOLs) in neurology, urology, pediatrics, cardiology.**
- ❖ Olainfarm RUS **signed joined projects with healthcare associations** “Association of interdisciplinary medicine”, “Association of young medical specialists”, “Academy of Intervention Medicine”, “Russian Association of Urologists”. One of the projects is made under sponsorship of Ministry of Health.

**Russia is back
on track since
April 2020**



Olainfarm supported major scientific congresses in Russia



- International congress «Neurorehabilitation 2020»,
- Congress with international participation XXII «Davidenkovskyie readings»,
- «X anniversary Baltyiskyi congress about pediatric neurology»,
- Interregional Conference «Interdisciplinary neurology»,
- «XX Russian Society of Urology Congress»,
- «National Congress of Therapists», Congress Manage pain.

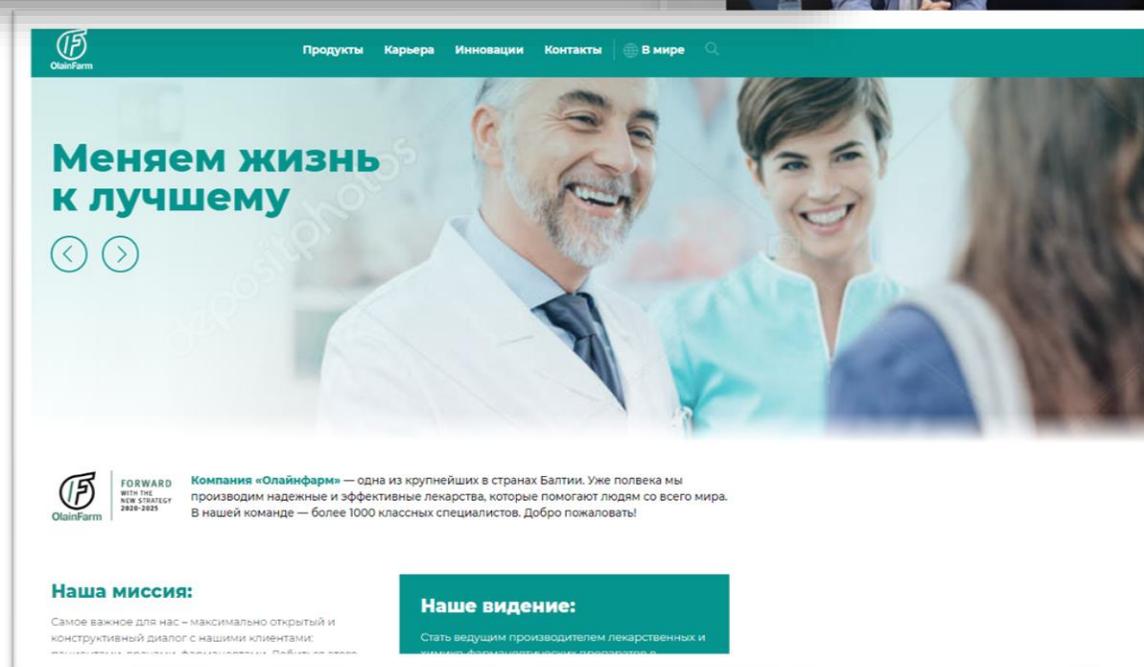
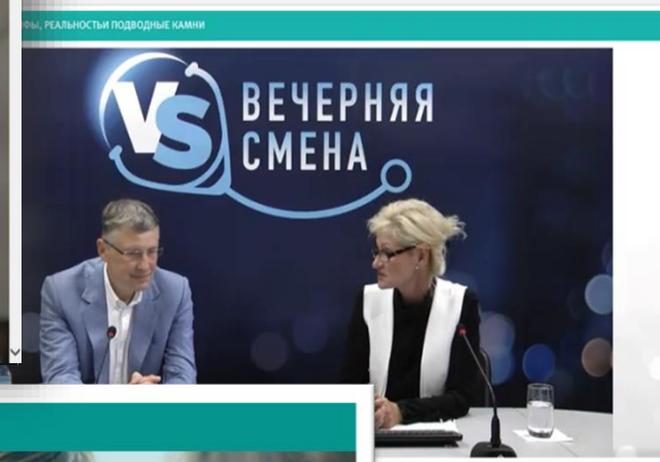
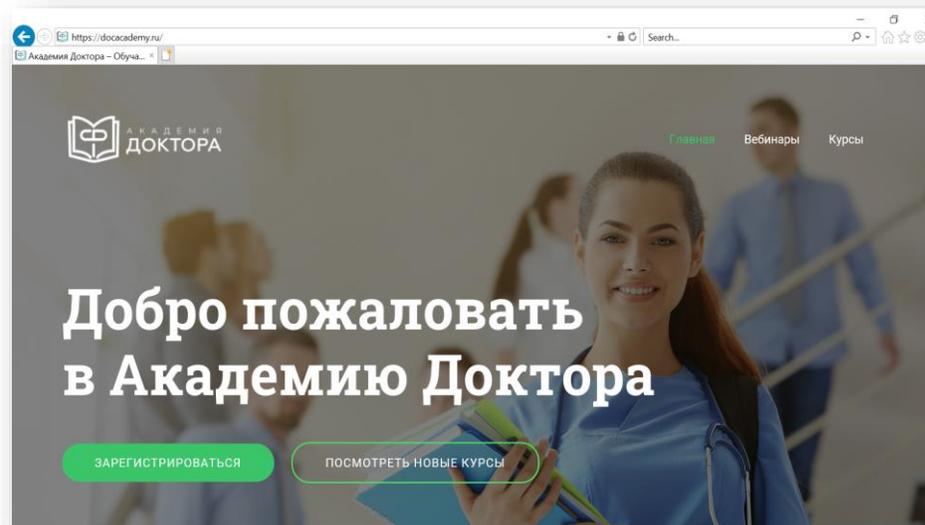
- More than 4000 doctors attended our symposia at the major congresses and
- More than 8000 neurologists, urologists, cardiologists and therapists were educated at 19 regional event (seminars, conferences, round tables)

Digital Activities: Patient Support Programs Educational Platforms for HCPs

🔗 “Doc Academy” for young healthcare professionals <http://docacademy.ru/> : 2,000 doctors are already subscribed

🔗 Night Shift Talk-Show with Key Opinion Leaders and DOOC - discussion club with interaction with participants on the live cases

🔗 Patient Support Program launched on September 1st for <http://zdorovie.ru/> application “Freedom from anxiety” for adults and “Cosmic Peace” for parents of hyperactive kids – 7,000 subscribers already joined!



100% of field force headcount is on board - well trained, highly motivated and equipped with tools

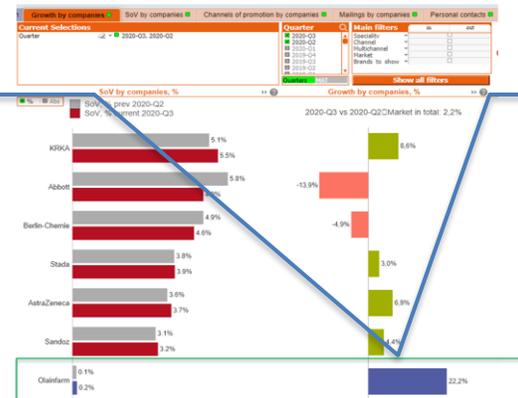
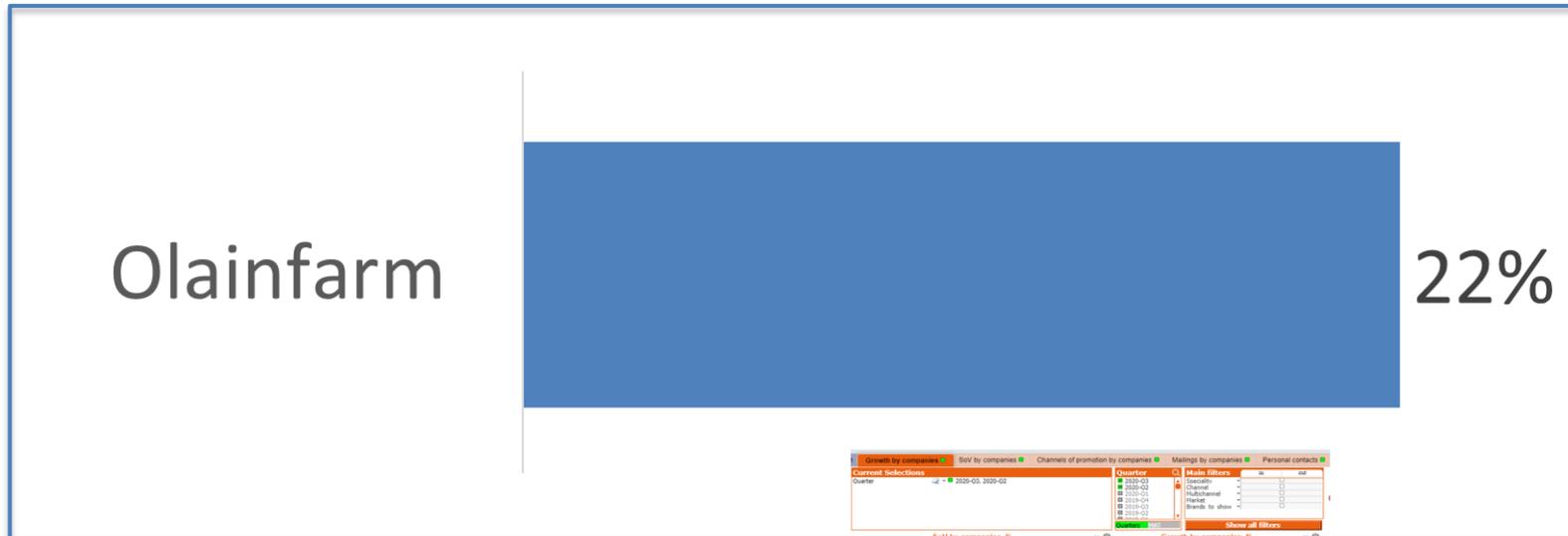
- ❖ **100% of sales force in 21 cities** is on board
- ❖ The young and entrepreneurial team has **experience in Big Pharma** with established contacts with clients and average job experience of **3-5 years**.
- ❖ All of them are **equipped with plachets** and **database of specialists** (neurologists, urologists, pediatricians, general practitioners) is already uploaded to **software platform CRM to start visits**, mailing and text messages.
- ❖ Cycle meeting on-boarding is completed with medical and marketing education on therapeutic areas and products as well as CRM training. Marketing cycle books and slide-kits are provided electronically.
- ❖ Education on **Compliance** was provided, Standard operating procedures are signed.
- ❖ Promo materials are printed and distributed to 21 cities.

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Russia is
“Switched On”
full speed since
September 2020



In Q3 Olainfarm demonstrated the highest growth of visibility among peers in the field



Olainfarm Presence in the Field is Visible since September 2020

More than 20,000 calls in September

+22% visibility in Q3

Q&A session



Thank you!

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