



45
YEARS OF
PROVEN
VALUE



Webinar Presentation

2nd Quarter and 6 months of 2018

October 3, 2018

Re-Introduction

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My Own Recent Developments

- I am Salvis Lapins and you know me from previous webinars and other contacts;
- Soon after my interview in July, where I expressed my concerns about treatment of minority shareholders, the previous Council dismissed me from my Board position in late July;
- Left with no influence over what further developments are expected, I could not effectively continue with my duties and resigned of all positions in early August;
- Except for some limited monthly sales figure publication, no other public investor contacts were made by Olainfarm since.



More Recent Developments

- Company's Council was unexpectedly changed in September 4;
- Very soon after the new Council members were appointed, they contacted me, claiming that one of their priorities is to renew and strengthen transparency and investor relations standards that Olainfarm has been famous for;
- In little less than 3 weeks we agreed that I would help the current management of Olainfarm in an advisory capacity to restart and improve somewhat abandoned practices.

2nd Quarter

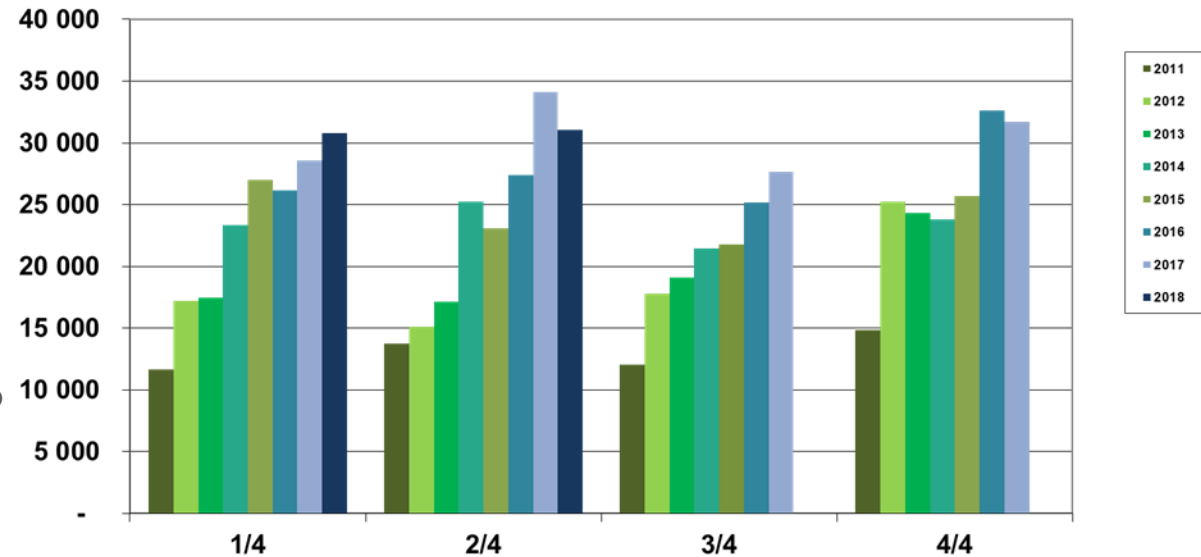
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Sales in 2nd Quarter

- One of the best quarters in corporate history;
- A reduction by 9% compared to Q2 2017 due to very good sales of PASA to WHO in Q2 2017;
- Sales worth more than 31 million euros;
- Sales by own pharmacies = 5.8 million gross, 2.6 million net;
- Sales by Silvanols = 1.3 million gross, 0.9 million net;
- Sales by Tonus Elast and Elast Medical = 2.4 million net.

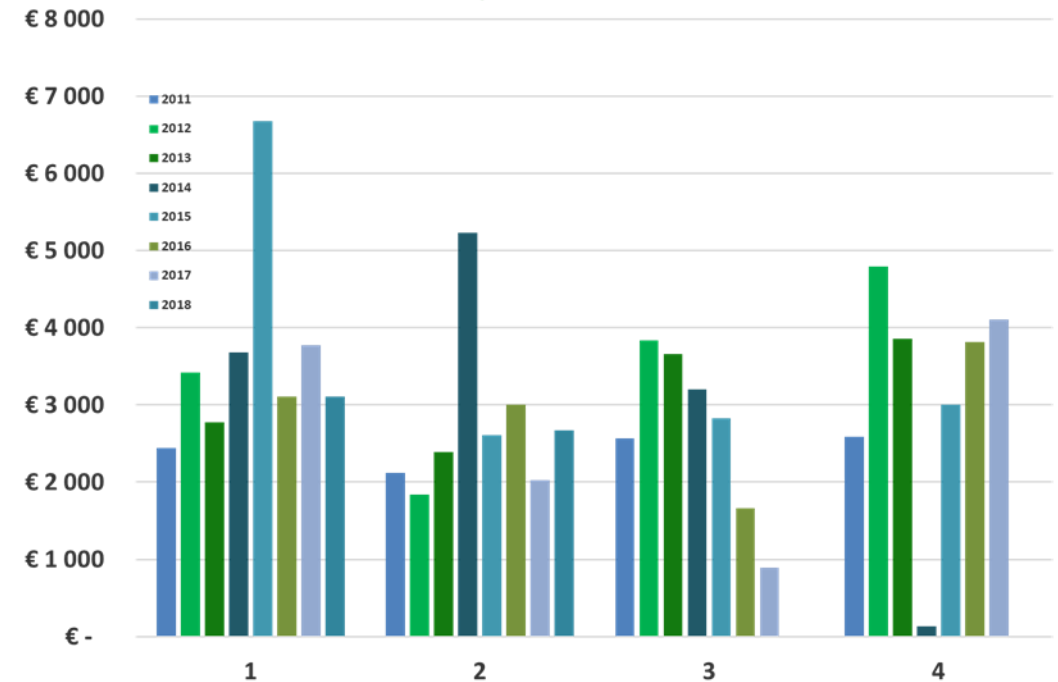
Sales by Quarters, Thsnd. EUR



Profit of 2nd Quarter

- Preliminary at 2.7 million euros, an increase by almost 32% compared to Q2 217;
- Smaller, yet present, impact of forex losses;
- Gross margin lower due to larger share of chemical products and lower added value income, like pharmaceutical retail;
- Net margin higher, as Russian rouble generated approx. 1.6 mln EUR less loss in 2018.

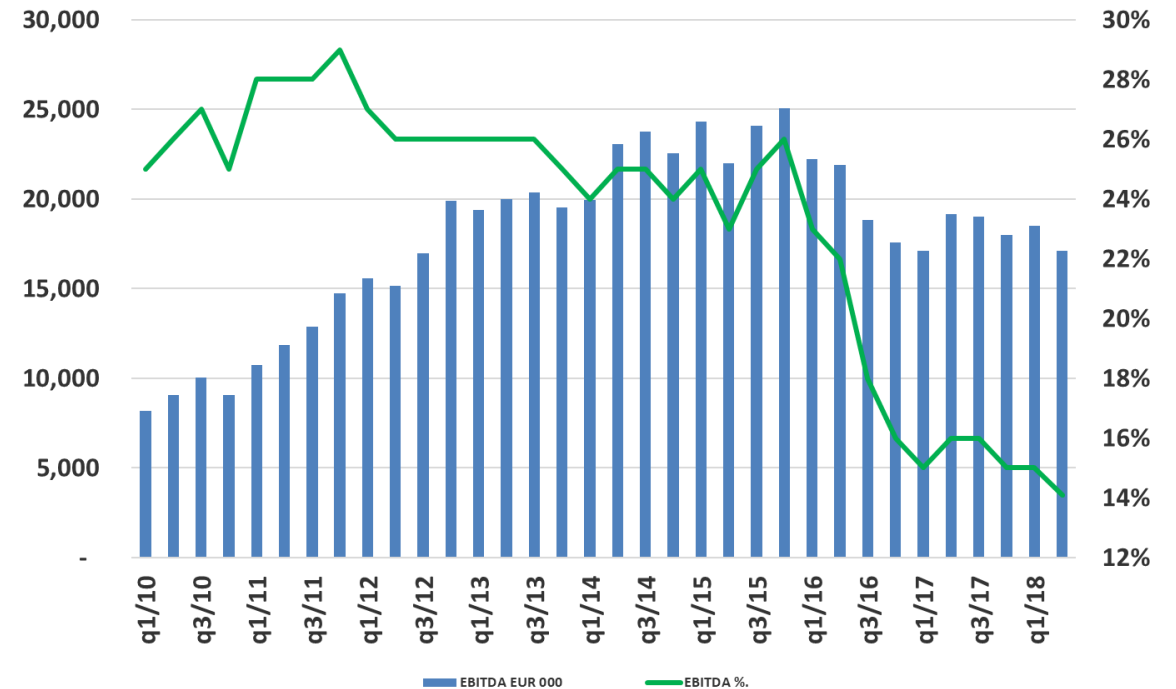
Profit by Quarters, Thsnd. EUR



EBITDA and Margin

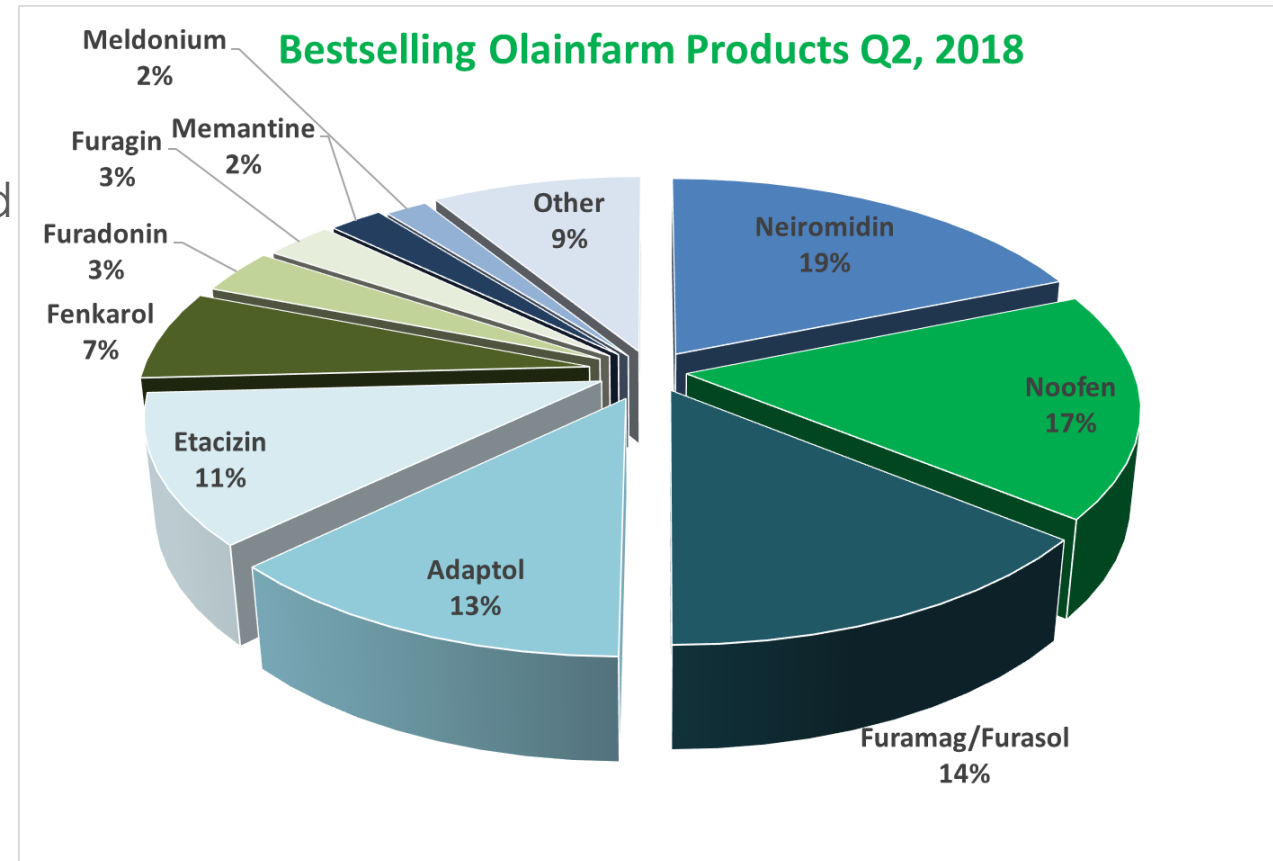
- 12 months EBITDA decreased to 17.1 million EUR, as margin decreased to 14.1%;
- Rapid fall of Russian rouble in the beginning of April adversely impacted topline;
- Forex loss (deriving mainly from receivables) does not influence EBITDA;

TTM EBITDA and EBITDA Margin



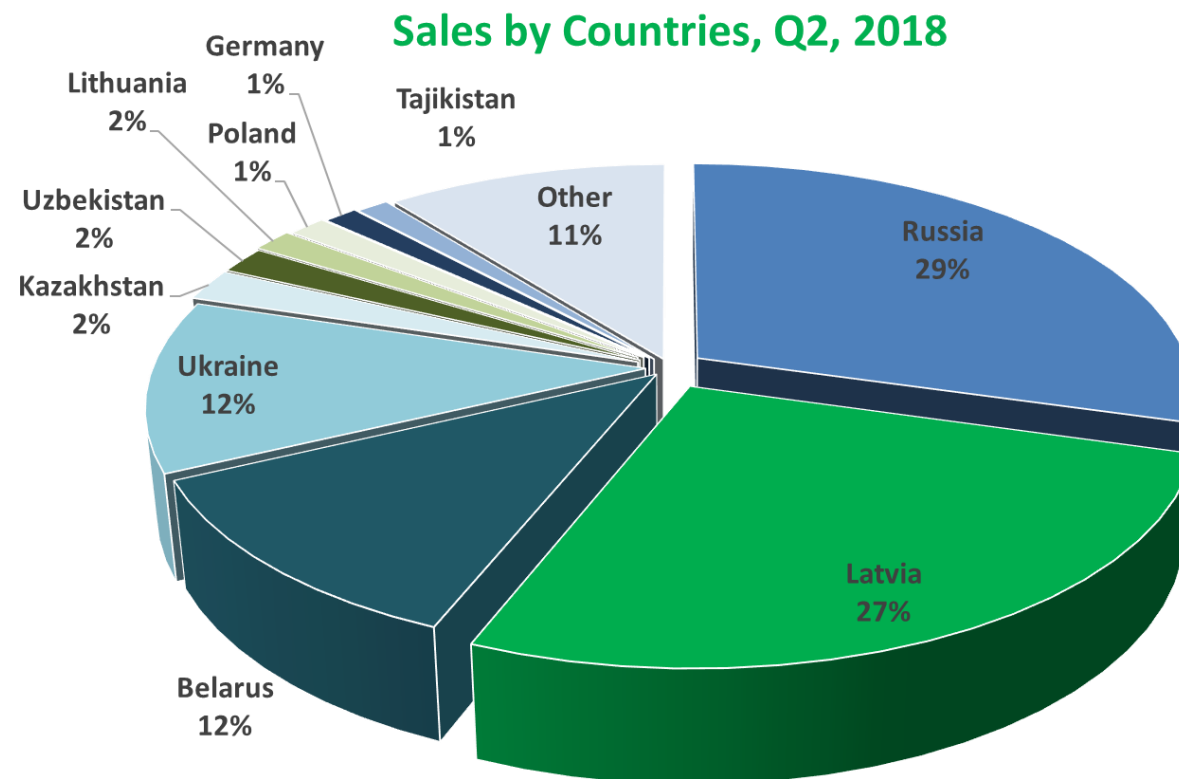
Sales by Products, 2nd Quarter

- Neiromidin a leader again;
- Also Adaptol, Furagin and Meldonium gained shares, while Noofen, Soluble furaginum products and Memantine lost;
- Compared to Q1, composition of top 10 products remained stable.



Sales by Countries, 2nd Quarter

- Russia again replaced Latvia as the biggest sales market;
- Belarus' share shrunk as Ukraine's significantly increased from 8% in Q1 to 12% in Q2;
- Japan and India replaced by Poland and Tajikistan.



6 Months

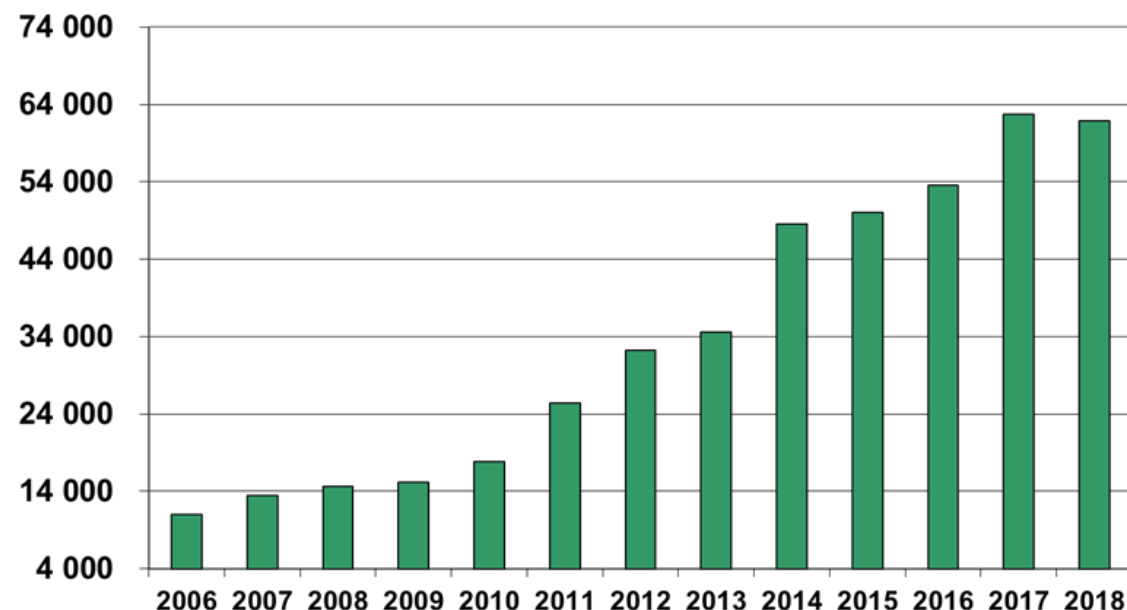
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Sales in 6 Months

- Sales worth slightly less than 62 million euros;
- A reduction by 1% compared to H1 2017, mainly due to very good sales of PASA to WHO throughout 2017;
- Sales by pharmacies = 11.7 million gross, 5.1 million net;
- Sales by Silvanols = 2.9 million gross, 2.1 million net;
- Sales by Tonus Elast and Elast Medical = 4.5 million net.

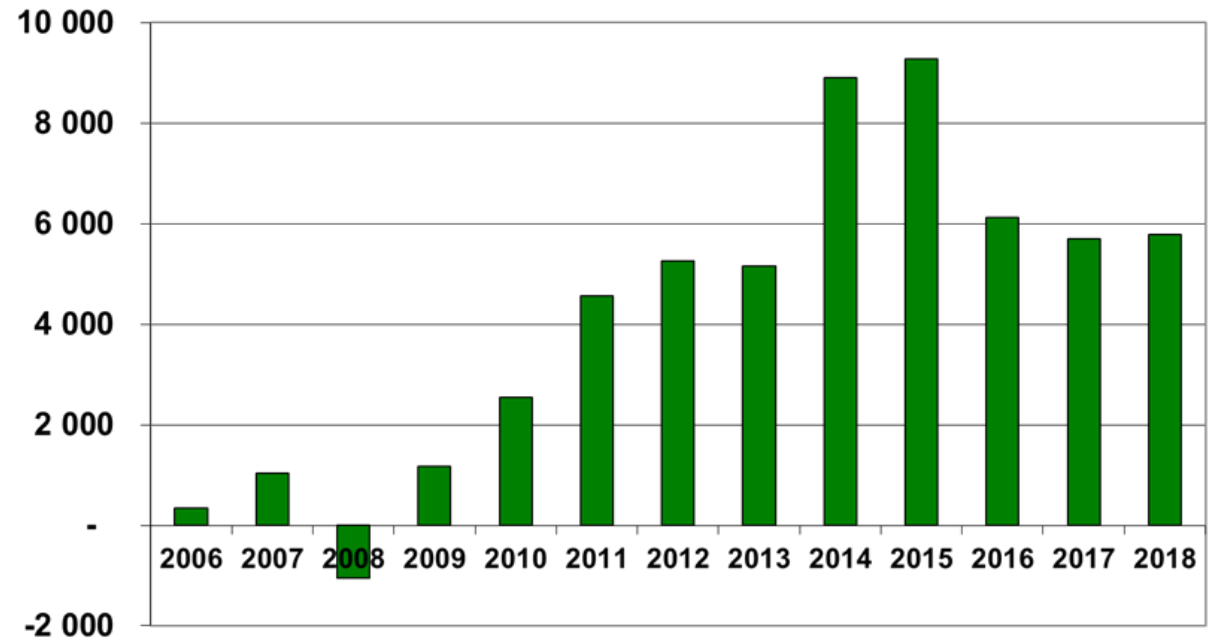
Six Months Sales, Thsnd. EUR



Profit in 6 Months

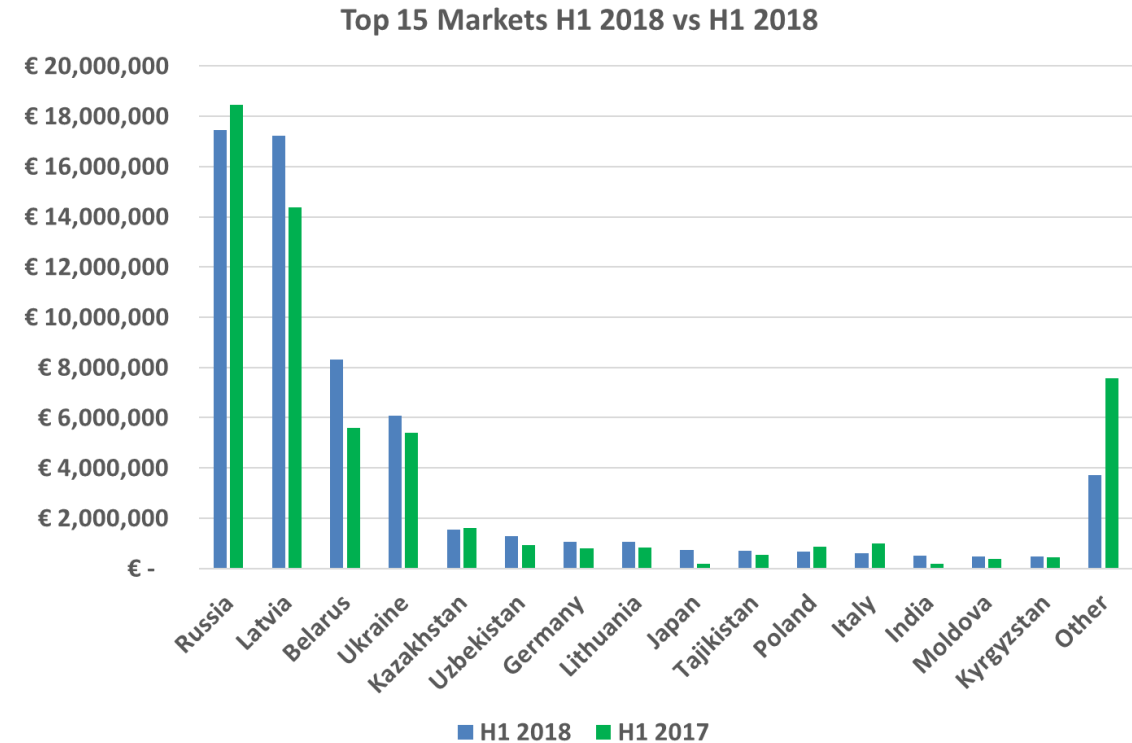
- Preliminary at 5.8 million euros, an increase by 1% compared to H1 217;
- Smaller, yet present, impact of forex losses and provisions;
- Small positive impact of changes to Latvian tax legislation.

Net Profit of First Halves, Thsnd. EUR



Growth Drivers: Countries

- 11 out of 15 growing;
- Most growth in monetary terms added by Belarus (2.7 m) and Latvia(2.7 m);
- Most growth in relative terms provided by Japan (324%) and India (178%);
- Most loss in monetary terms comes from all the others (-4.3 m) and Russia (-1 m);
- Most loss in relative terms comes from others (-55%) and Italy (-38%);



Poll Question

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Update on Recent Events

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EGM on September 4th, 2018

- Initially convened to make amendments to Articles;
- Unexpectedly 60% of the Council and 2/3 of the Auditing committee were replaced;
- Although the process of replacing the Council did not meet the best corporate governance criteria, newly elected Council instantly declared, their intention to improve governance and transparency standards;

Supervisory Council

- New Supervisory Council elected for a period of five years;
- Members of the new Council are
 - Pavels Rebenoks– Chairman of the Council;
 - Irina Maligina – Vice Chairwoman of the Council;
 - Martins Kriekis
 - Daina Sirlaka
 - Signe Baldere – Sildedze - resigned
- Total remuneration of the all the Council members together has been increased from 40,000 EUR to 70,000 EUR per month.

The New Chairman

- Mr. Pavels Rebenoks is elected the new Chairman of the Supervisory council;
- Previous positions of Mr. Rebenoks includes several law offices and boards of several companies, including Free Port of Venspils, AS Rigas Juras Linija;
- Mr. Rebenoks has also been the head of legal department of PricewaterhouseCoopers, and advisor to Latvian Minister of Finance and the Prime Minister of Latvia.



Auditing Committee

- Elected to a new two year period;
- Now comprises of:
 - Viesturs Gurtlavs (The Only member of the Committee for several years);
 - Daina Sirlaka (Member of Supervisory Council,);
 - Irina Maligina (Vice Chairperson of Supervisory Council).
- Remuneration of all members of the Auditing Committee was increased from 11,500 EUR per month gross to 12,000 EUR per month.

Selected Activities of the New Council

- Routine investor relations activities have been almost fully restored;
- Experienced corporate governance expert contracted, to assess the existing corporate governance practices and suggest improvements, including suggestions on longer term dividend policy;
- Within the next months the practice of autumn Baltic – Nordic Road shows will be restarted, schedules are already being prepared;
- Negotiations with western European based producer of elastic materials is restarted. The expected cost of transaction is below 2 million euros, and, if concluded, the transaction could significantly boost sales of Tonus Elast in Western European countries;
- Veterinary medicine identified as potential source of growth, respective research started.

Poll Question

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Q&A Session

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