



WEBINAR PRESENTATION

1ST QUARTER 2019

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June 5, 2019



1ST QUARTER

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SALES IN 1ST QUARTER

Sales reached **EUR 34.7 million**

An increase by **13%** compared to Q1 2018

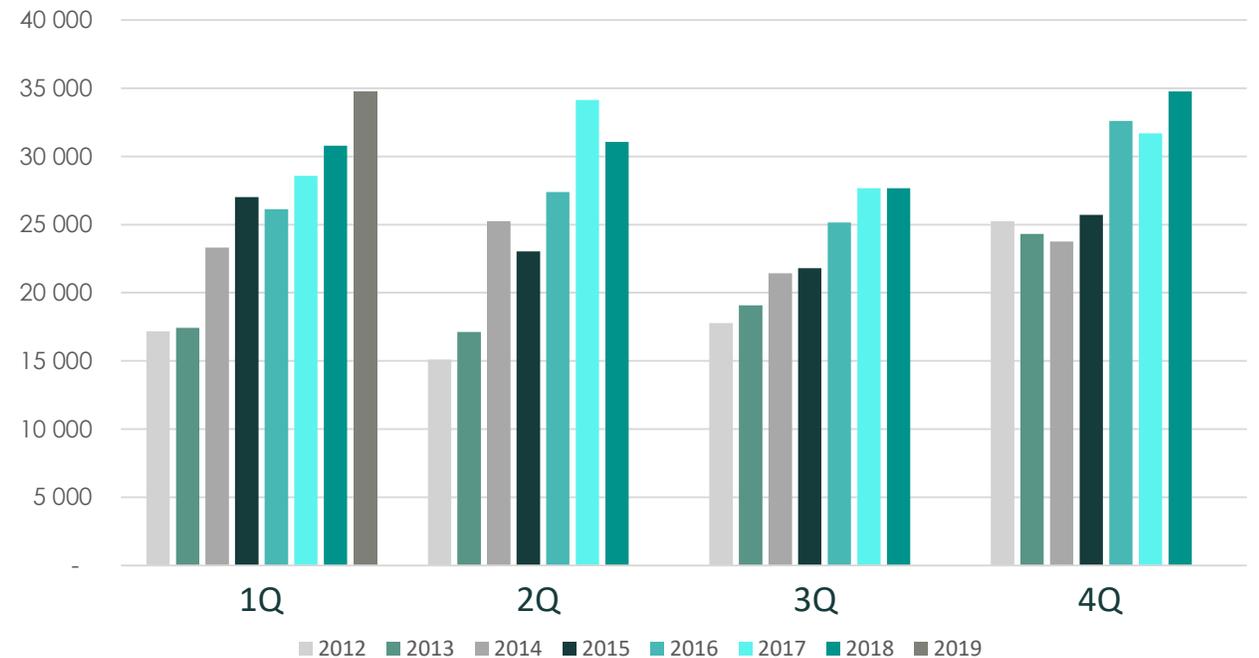
Net sales by pharmacies **= EUR 3.1 million**

Net sales by Silvanols **= EUR 1.4 million**

Net sales by Tonus Elast and Elast Medical

= EUR 2.2 million

Sales by Quarters, Thnsd. EUR



NET PROFIT OF 1ST QUARTER

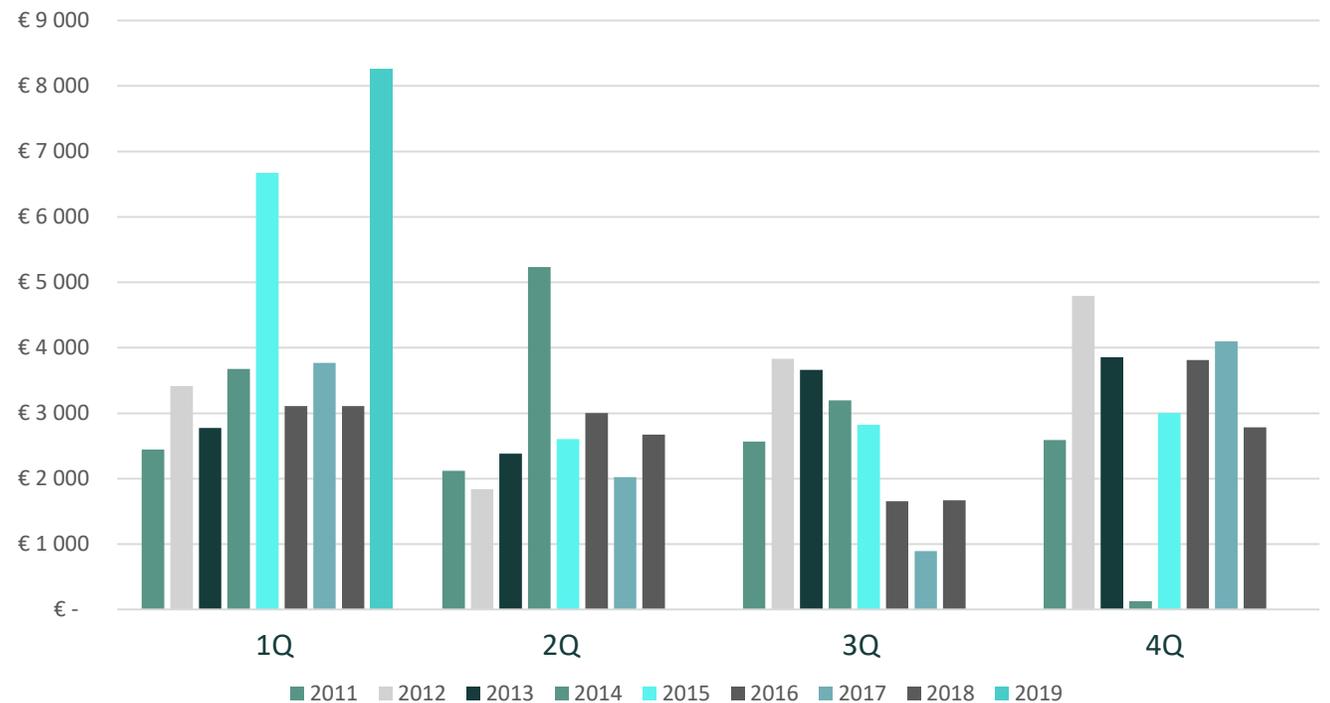
Net profit of EUR 8.3 million, which is an increase by **165% y-o-y**

Positive contribution of gross margin increase

Decrease of sales expenses **(-4% y-o-y)**

Appreciation of RUB brought additional earnings of **EUR 1.5 million**

Profit by Quarters, Thsnd. EUR



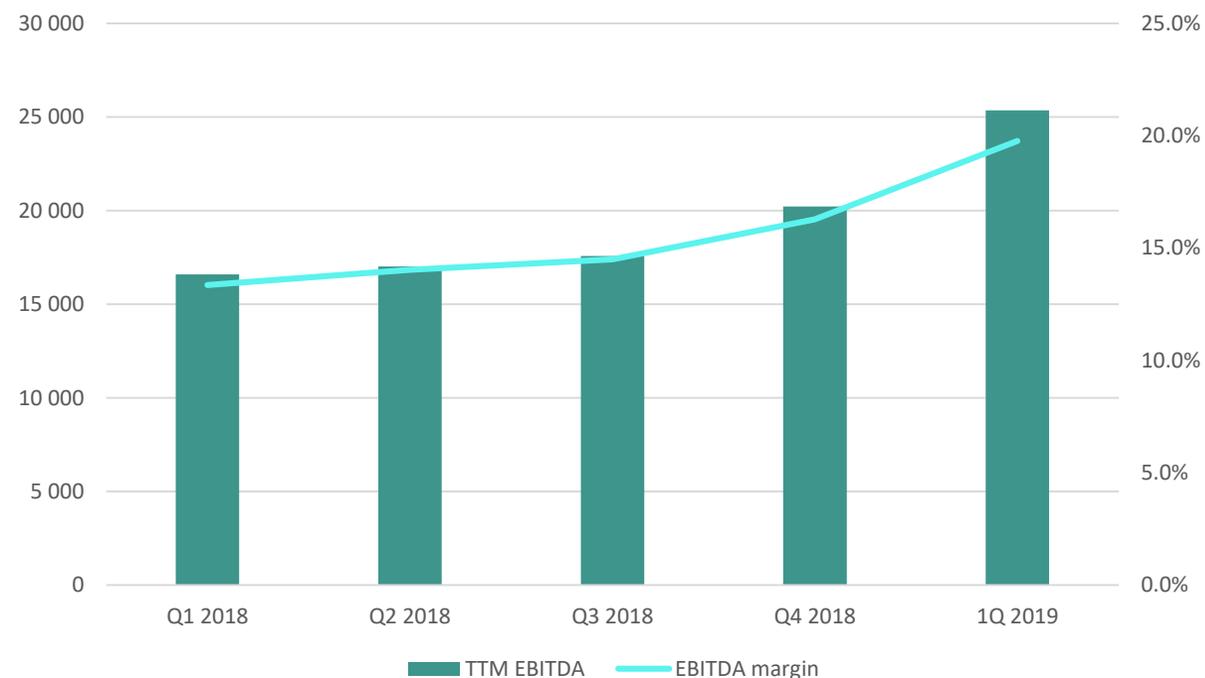
EBITDA AND MARGIN

- Changes in calculation of EBITDA affected by:
 - Implementation of IFRS 16 «Leases» which effectively reclassifies lease of premises (mostly pharmacies of Latvijas aptieka) and lease of cars and trucks from operational expenses to depreciation;
 - Changes in FX are now classified as operational expenses;

EBITDA in the 1st quarter was **EUR 10.5 million**

TTM EBITDA reached **EUR 25.4 million or 19.8%** margin

TTM EBITDA and EBITDA Margin



POLL QUESTION

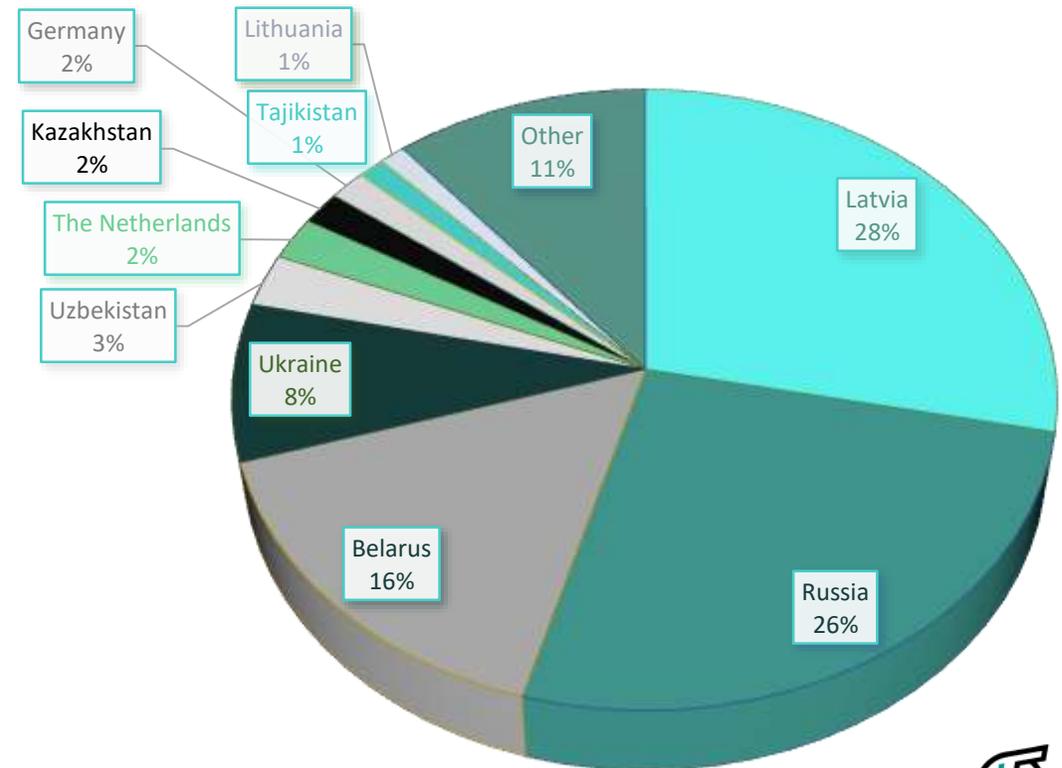
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SALES BY COUNTRIES, 1ST QUARTER

- Share of sales in Top4 countries reached **78%**
- Latvia's and Russia's share lost **1pp**
- Share of sales in Belarus continues to increase and reached in **16%** 1Q, 2019

SALES BY COUNTRIES, EUR, Q1 2019

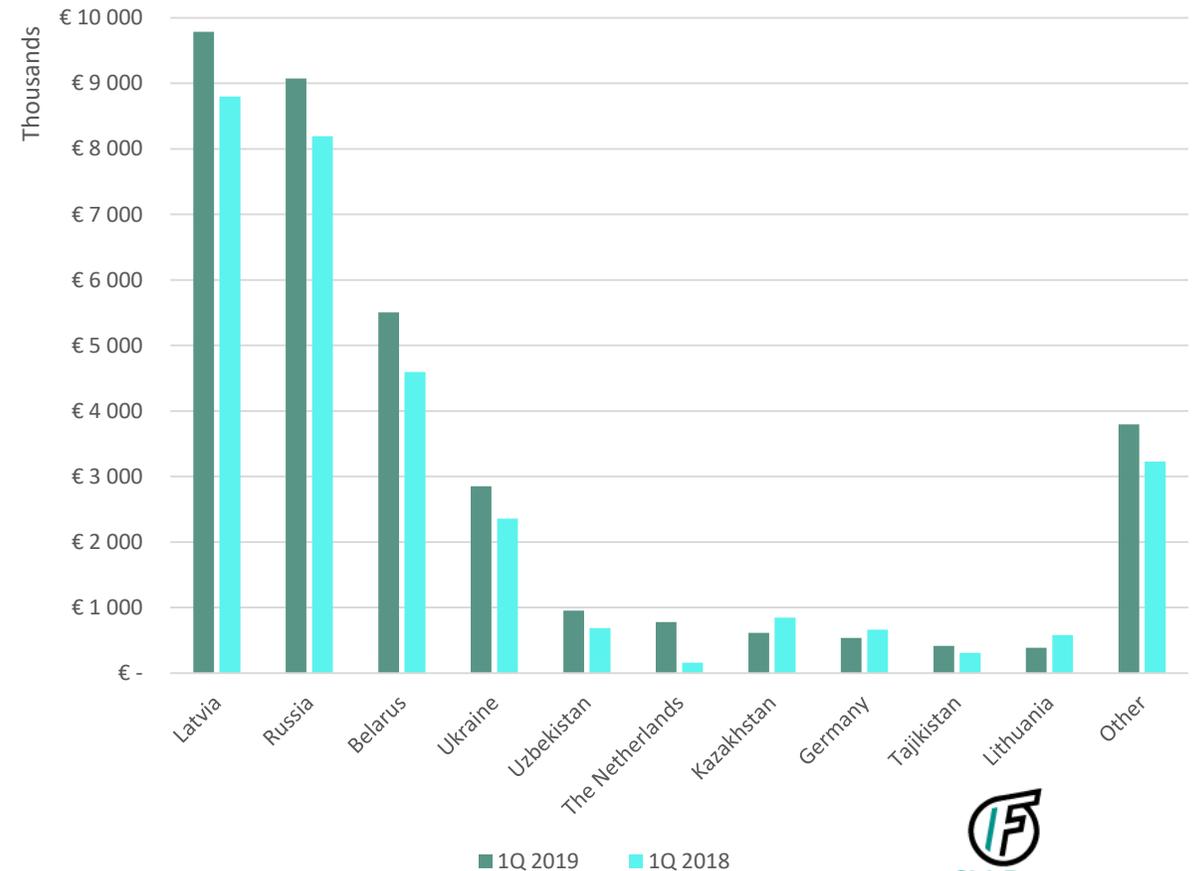


GROWTH DRIVERS: COUNTRIES

- Major six markets are growing
- Largest growth in monetary terms added by **Latvia** (EUR 1m), **Belarus** (EUR 0.9m) and the **Netherlands** (EUR 0.6 m)
- Largest growth in relative terms provided by the **Netherlands** (386%), **Uzbekistan** (39%) and **Tajikistan** (34%)
- Biggest loss in monetary terms comes from **Kazakhstan** and **Lithuania** (both -EUR 0.2 m)
- Biggest loss in relative terms is in **Lithuania** (-34%), **Kazakhstan** (-27%) and **Germany** (-19%)

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Sales to Top 10 countries, Q1 2019 vs Q1 2018

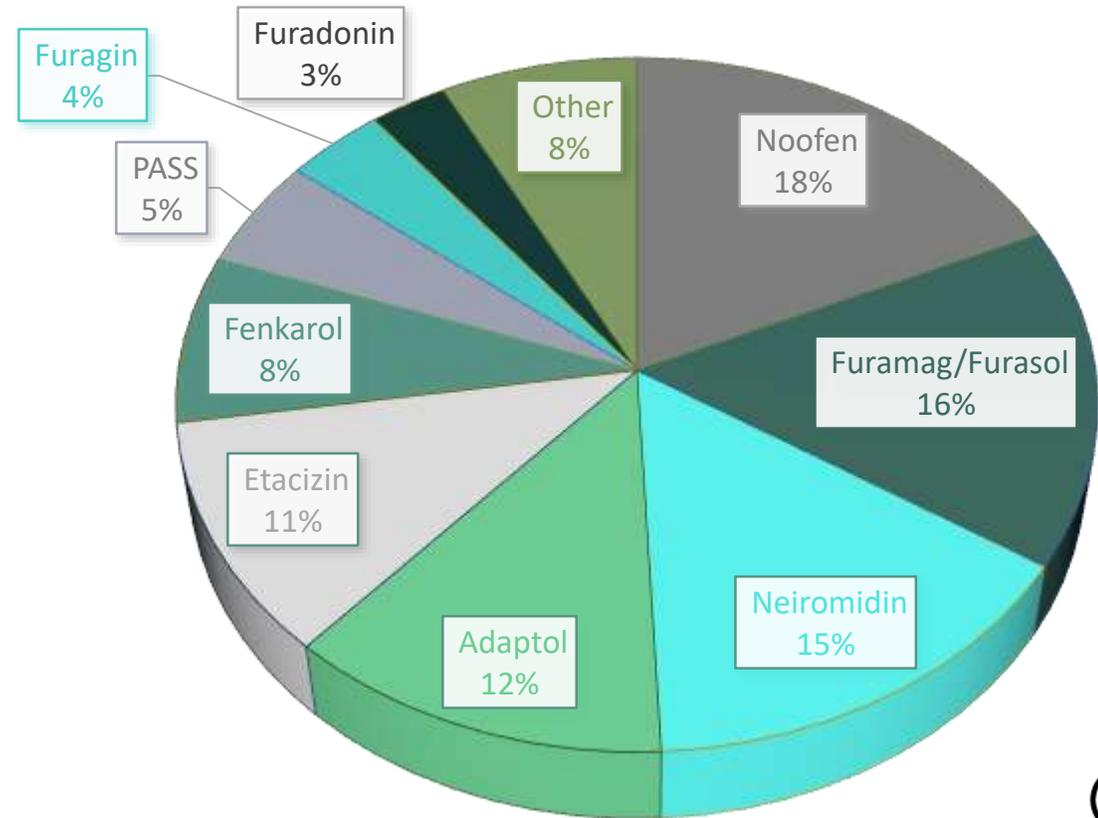


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SALES BY PRODUCTS, 1ST QUARTER

- Noofen's share did not change y-o-y and it remained **THE BESTSELLING PRODUCT**
- Furamag/Furasol and Neiromidin each lost 1pp but are still in **TOP 3** product list
- PASS returned to **TOP 10** due to renewed supplies to the WHO

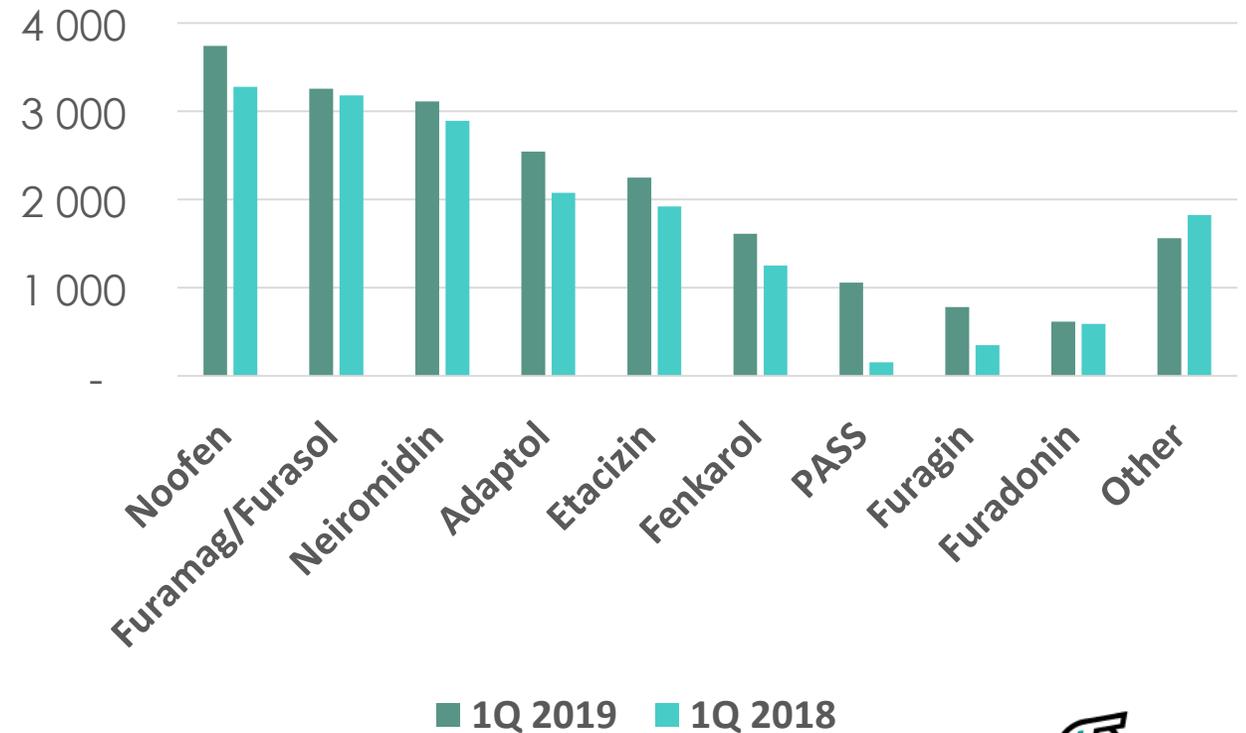
BESTSELLING "OLAINFARM" PRODUCTS, EUR, Q1, 2019



GROWTH DRIVERS: PRODUCTS

- All of the Top 10 products are growing;
- The biggest growth in monetary terms added by **PASS** (0.9m), **Adaptol** (0.5m) and **Noofen** (0.5m);
- The biggest growth in relative terms provided by **PASS** (588%), **Furagin** (125%) and **Fenkarol** (28%);
- Further growth is expected in **PASS** due to additional agreement signed in May 2019.

Bestselling Products, 1Q 2019 vs 1Q 2018, EUR '000



UPDATE ON RECENT EVENTS

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EGM ON APRIL 1ST, 2019

- Elected new Supervisory Council;
- Set remuneration for the members of the Council;
- Elected new Auditing Committee.



SUPERVISORY COUNCIL

- New Supervisory Council elected for a period of five years;
- Members of the new Council are:
 - **GUNDARS BĒRZIŅŠ** (Chairman)
 - **JĀNIS BUKS** (Deputy Chairman)
 - **KĀRLIS KRASTIŅŠ**
 - **HARALDS VELMERS**
 - **ANDREJS SAVEĻJEVS**



CHAIRMAN OF SUPERVISORY COUNCIL



PROF. GUNDARS BĒRZIŅŠ is an expert in business management;



Current positions include:

Dean of the Business, Management and Economy Faculty of the University of Latvia;

Member of the Board of the Stockholm School of Economics in Riga.



NEAR TERM TASKS OF SUPERVISORY COUNCIL

- Develop new **STRATEGY** for the next five years;
- Improve **CORPORATE GOVERNANCE** system;
- Review current **MANAGEMENT MODEL** and **DIVISION OF FUNCTIONS** among Management Board members;
- Evaluate "Olainfarm". **FINANCIAL MODEL**, explore opportunities to optimise mix of equity and debt, free cash flow and borrowings.



REMUNERATION OF COUNCIL

- Total remuneration of all the **COUNCIL MEMBERS** has been set to 70,000 EUR per month gross;
- Bonus to the members of the Council for achieving the goals set out by the Council in the amount of 12 months fixed remuneration:
 - New 5 years business strategy of the Company is reviewed and approved during 2019;
 - The Company has achieved the main goals of the economic activity and the Council has prepared the report in accordance with clause 6.3. of the Regulation;
 - Net profit and cash flow of the Company's activity for the reporting year ensures a sufficient amount for payment of dividends, at least 20% from audited net profit for the reporting year;
 - The Auditing committee shall decide on justification of bonus payment.
- Compensation for the member of Council for early recall by the decision of the General meeting of shareholders, in the amount of 12 months fixed remuneration, except if the member of the Council is recalled due to gross violations.

AUDITING COMMITTEE

- Elected to a new two year period;

- Now comprises of:

VIESTURS GURLAVS (The only member of the Committee for several years)

KĀRLIS KRASTIŅŠ (Member of Supervisory Council)

AGRIS AUCE

- Remuneration of all members of the Auditing Committee is set to 11,500 EUR per month, total cost for the company will be up to 14,300 EUR per month.



MANAGEMENT BOARD

- At the beginning of April, Supervisory Council made changes to Management Board;

CURRENT MANAGEMENT BOARD:



Lauris Macijevskis
(Chairman)



Mārtiņš Tambaks



Veranika
Dubitskaya



Raimonds
Terentjevs



Milana Beļeviča



Mārtiņš Pūriņš



Signe
Baldere-Sildedze

CHAIRMAN OF MANAGEMENT BOARD

• **MR. LAURIS MACIJEVSKIS** is a finance expert:

- **16 years of professional experience** in the Latvian banking sector and leading local banks;
- Previous positions include vice president and member of the **Board of Directors of JSC DNB banka, Chairman of the Management Board at DNB Līzings** and various positions at **Swedbank**;
- He holds **Master's Degree in Management**, Riga International School of Economics and Business Administration.

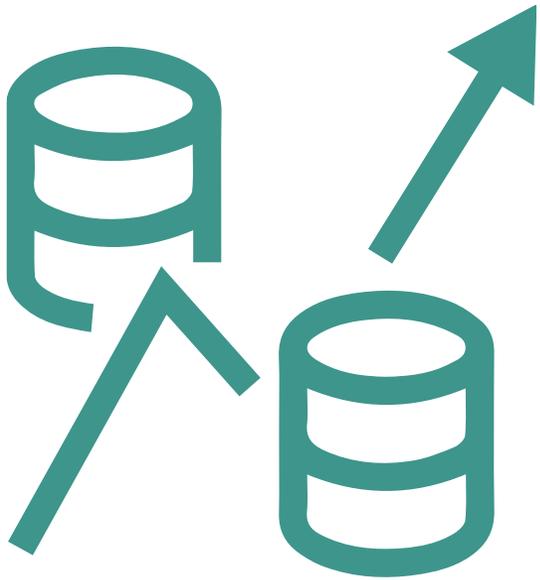


AGM ON JUNE 17TH, 2019

- Management Board announced **annual general meeting** with the following agenda:
 - Report of the Management Board about the results of operations in 2018.
 - Report of the Council about the results of operations in 2018.
 - Report of the Auditing Committee about 2018.
 - Approval of JSC „Olainfarm” Consolidated and Parent Company’s Annual Report for year 2018.
 - Distribution of profit of 2018.
 - Report of the Management Board about the budget and operational plan for 2019.
- Additional item was proposed by SIA OLMAFARM – “6.3. Shareholders meeting has the right to make a decision if more than 50% (fifty percent) of the paid and voting able share capital is represented at the meeting.”



DIVIDENDS



- Management Board proposes to AGM to approve dividend payout of around

1.4 million EUR or 0.10 EUR per share

POLL QUESTION

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EGM ON JUNE 21ST, 2019

- Request to convene an extraordinary general meeting of shareholders has been received from shareholder OÜ “OLFIM”, Estonia:
 - Recall of the Council and Election of the new Council;
 - Recall of the Auditing committee and election of the new Auditing committee.
- Record date – June 13th, 2019;
- Registration of the shareholders will take place on the day of the meeting, i.e. June 21st, 2019, - from 13:00 until 13:45 on the venue;
- Shareholder meeting starts at 14:00.



POLL QUESTION

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Q&A SESSION

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