



# NOVOLOG GROUP PRESENTATION

May 2020

Health Care

Innovation

Growth

# Forward-looking statement

- The information included in this presentation is a summary only and does not exhaust all of the information on the Company and its business, nor is it a substitute for inspection of the Periodic Report for 2020, the Company's current reports and the presentations released thereby, as reported to the ISA via the Magna distribution site. The presentation does not constitute an offering or an invitation to purchase securities of the Company, and the provisions thereof do not constitute a recommendation or opinion or substitute for the discretion of the investor.
- This presentation includes forecasts, estimates, assessments and other information pertaining to future events and/or matters, whose materialization is uncertain and is beyond the Company's control, and which constitute forward-looking information, as defined in the Securities Law, 5728-1968. Such information may not materialize, in whole or in part, or may materialize in a manner significantly different to that forecast. Such information includes, inter alia, revenue, profit and EBITDA forecasts.
- Forward-looking information is based solely on the Company's subjective assessment, based on facts and data regarding the current condition of the Company's business and macroeconomic facts and figures, all as known to the Company at the time of preparation of this presentation. The materialization or non-materialization of the forward-looking information will be affected, inter alia, by risk factors characteristic of the Company's activity, as well as by developments in the general environment, in market conditions and in external factors affecting the Company's activity, including termination of contracts, changes in the competition, a significant recession, a change in the financing conditions, and other such events which cannot be estimated in advance and which are beyond the Company's control. The Company does not undertake to update and/or change any such forecast and/or assessment to reflect events and/or circumstances postdating this presentation.
- Such information is presented below for the sake of convenience only but is not a substitute for the information provided by the Company in its financial statements or in connection therewith, and therefore should not be relied on solely in itself. The information included in this presentation is similar to the information included in the reports and/or immediate reports of the Company and does not include new material information. However, some of the data included in the presentation are presented in a different manner and/or breakdown and/or are differently edited. In any event of inconsistency between the reports and immediate reports of the Company released to the public and the information contained in this presentation, the information released to the public as aforesaid shall prevail.  
All numbers and figures are approximate.

# Business Card



Founded in **1966**



Approximately **650** employees



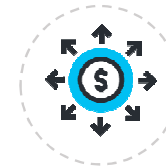
The Company was listed on the Tel-Aviv Stock Exchange in **2017**



Strong and stable statement of financial position and no bank debt



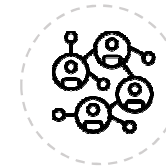
One of the leading companies in Israel in healthcare logistics services, healthcare and digital health services



Dividend distribution policy – **70%** of the net profit

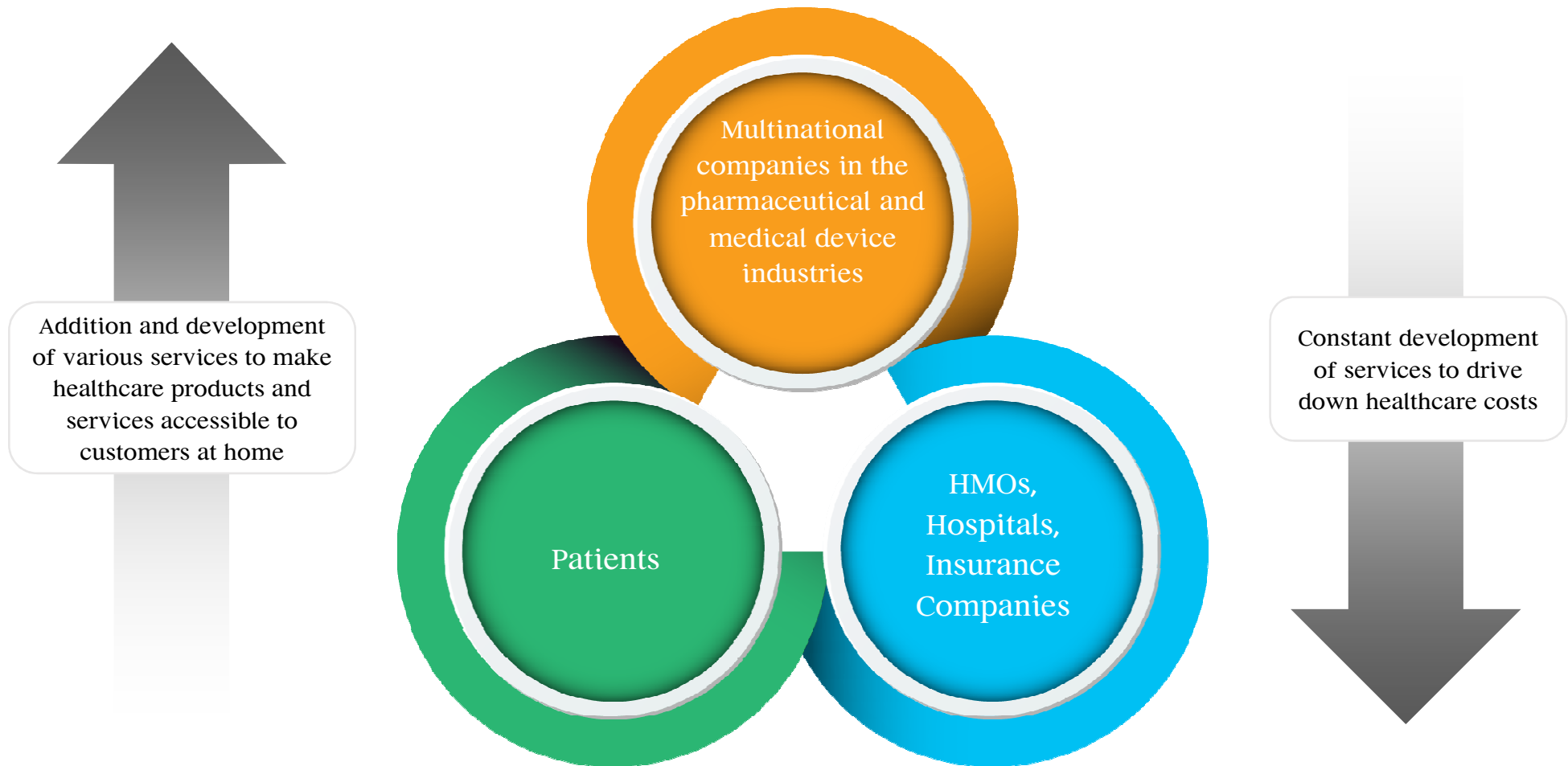


A hub of innovative Israeli technology-based services for end-customers

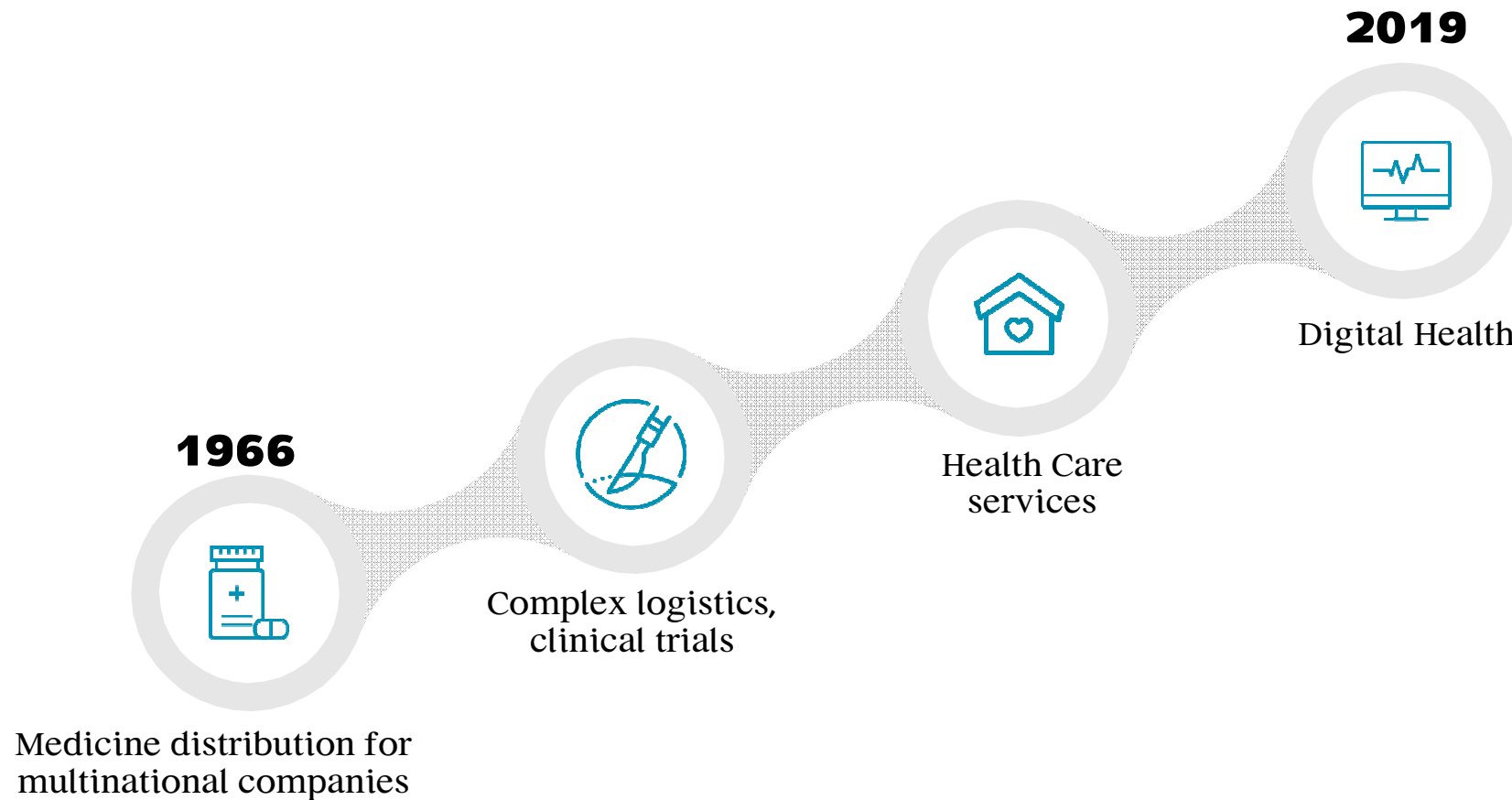


Interested parties: Udi Puzis, Mori Arkin, Eli Dahan and institutional investors

# Strategy



# Business Development



# Group Structure

## Logistics Division

Providing complex logistics services and supplementary pharmaceutical, medical device and clinical trial services

## Health Care Division

Providing medical services to patients in their homes

## Digital Health Division

Providing medical information and services to patients and physicians

# Health Care Services Division

The health care services division specializes in providing healthcare services to patients at home. We improve the treatment and service experience using state-of-the-art technology. The division provides services to healthcare organizations, insurance companies and multinational companies.



MediQuip- Homecare service-provider that focuses on improving the quality of life of chronic patients, whose therapy is delivered at home



Medicare- Provides patient-journey and adherence services for chronic patients



Target Care- Develops systems for procuring medical services and provides medical services and claim-clearing services to insurance companies and HMOs



# Logistics and related services

Market leader in medical logistics and a strategic partner of international pharmaceutical companies and medical device companies



Novolog- Specializes in storage, distribution and logistic services of and for the pharmaceutical and narcotics industries and operates a state-of-the-art logistics center



Trialog- One-stop shop of logistics services for clinical trials



Dor- Offers practical regulatory affairs, quality and labeling consulting and outsourcing services as well as comprehensive pharmacovigilance and clinical trial management services



Medioplast- Provides sterilization services using ethylene oxide gas (ETO) to the medical device industry





# Digital Health

A leading platform of technological offerings for doctors and patients. We enable patients to search, book, and review medical specialists online. Our patient self-scheduling solutions help health systems expand patient access and acquisition



**Infomed-** Provides clinicians a strong online presence to help manage their reputations. Creates and facilitates access to medical data by both the general public and medical professionals



**Odoro-** Partners with the nation's leading EMR and PM systems to provide fully automated patient self-scheduling solutions



**Doctorim-** Offers patients a fast and easy-to-use digital registration and check-in experience



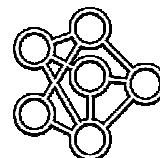
An open innovation hub dedicated to connecting leading multinational corporations (MNCs) with Israeli pharma & health startups and technologies.



Market research, mapping  
and analyses



Providing access to  
thousands of Israeli  
startups



Supporting corporations  
in building successful  
partnerships

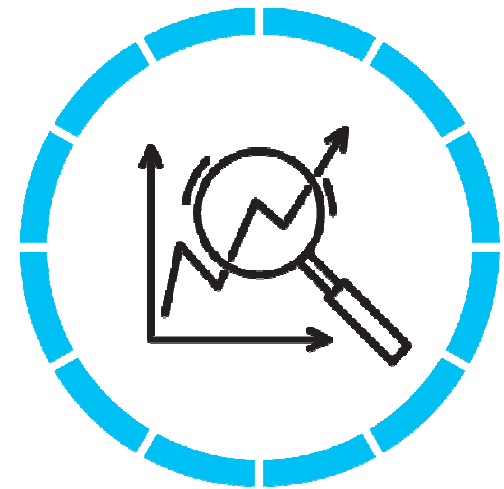


Robust scouting across the  
Israeli healthtech  
ecosystem

Provides Novolog access to breakthrough technologies in the fields of home care and healthcare services to end-customers, thereby advancing the Group's core strategy

Managed by Accelmed Venture's management group headed by Dr. Irit Yaniv & Amir Blatt

# RESULTS OVERVIEW Q1 2020



# Q1 2020 Highlights

- During February, Novolog began special preparations to ensure customer service continuity
- Developed logistical support of clinical trials at home
- Developed home care services for chronically ill patients (alternative to treatments only in hospital)
- Launched our Telemedicine Service - VDOC
- Completed divisional transformations: Health Care, Logistics and Digital Health



# Coronavirus Impact

- During Q1 period, there was some increase in the demands for the distribution of medicines and medical equipment (Logistics Division) and for healthcare services to last-mile patients (Healthcare Division). Subsequent to the reporting period, Novolog made several one-off transactions.
- During the period, the Company accelerated the development of new services and the pandemic acted as a catalyst for their advancement. It should be noted that the Company was already developing new services before the outbreak of the coronavirus crisis and expects to continue developing its services after the crisis passes.
- The Company estimates that, during the report period and to date, the Company's expenses in preparing to contend with the coronavirus (PPEs, etc.) totalled about ILS **750** thousand. During the quarantine period, there was some decrease in the Group's revenues from services provided to service-providers who were unable to provide their services, such as doctors in private clinics. Nevertheless, the planned profits were not adversely affected.
- The Company expects to generate additional revenues during the second and third quarters of **2020** deriving from the impact of the coronavirus.

# Q1 2020 Results including IFRS 16

(ILS millions)

	Q1 2020	Q1 2019	% change
Revenues	302.1	264.4	14.3%
Gross Profit	30.7	24.2	27.0%
Operating Profit	18.3	12.3	48.7%
Adjusted Operating Profit*	16.4	13.9	18.0%
Net Profit	13.4	5.3	151.5%
Adjusted EBITDA	25.1	23.4	7.3%

Gross Profit **+ 27%**

Adjusted Operating Profit **+ 18%**

Adjusted EBITDA **+ 7%**

\* Adjusted operating profit is operating profit after neutralizing expenses unrelated to the routine operation of the Company's businesses.

# Q1 2020 Results excluding IFRS 16

(ILS millions)

	Q1 2020	Q1 2019	% change
Revenues	302.1	264.4	14.3%
Gross Profit	30.0	24.1	24.6%
Operating Profit	13.2	11.4	15.3%
Adjusted Operating Profit*	15.3	13.0	17.9%
Net Profit	10.6	5.9	80.2%
Adjusted EBITDA	20.1	17.8	12.7%

Gross Profit **+ 25%**

Adjusted Operating Profit **+ 18%**

Adjusted EBITDA **+ 13%**

\* Adjusted operating profit is operating profit after neutralizing expenses unrelated to the routine operation of the Company's businesses.

# Q1 2020 Results by Segment excluding IFRS 16

(ILS millions)

	Revenues			Adjusted EBITDA		
	Q1 2020	Q1 2019	%	Q1 2020	Q1 2019	%
Health Care	23.7	13.0	83%	4.6	2.9	59%
Logistics	275.3	248.6	11%	13.3	13.6	(2%)
Digital Health	6.0	2.8	114%	2.2	1.3	69%
Intercompany Transactions	(2.9)	-		-	-	
Total	302.1	264.4	14%	20.1	17.8	13%



# Balance Sheet Q1 2020

including IFRS 16

(ILS millions)

	31.03.2020	31.12.2019
Cash	165	185
Current assets	1,818	1,675
Noncurrent assets	476	475
Current liabilities	1,845	1,713
Noncurrent liabilities	171	173
Equity	278	264
Total Balance Sheet	2,294	2,150

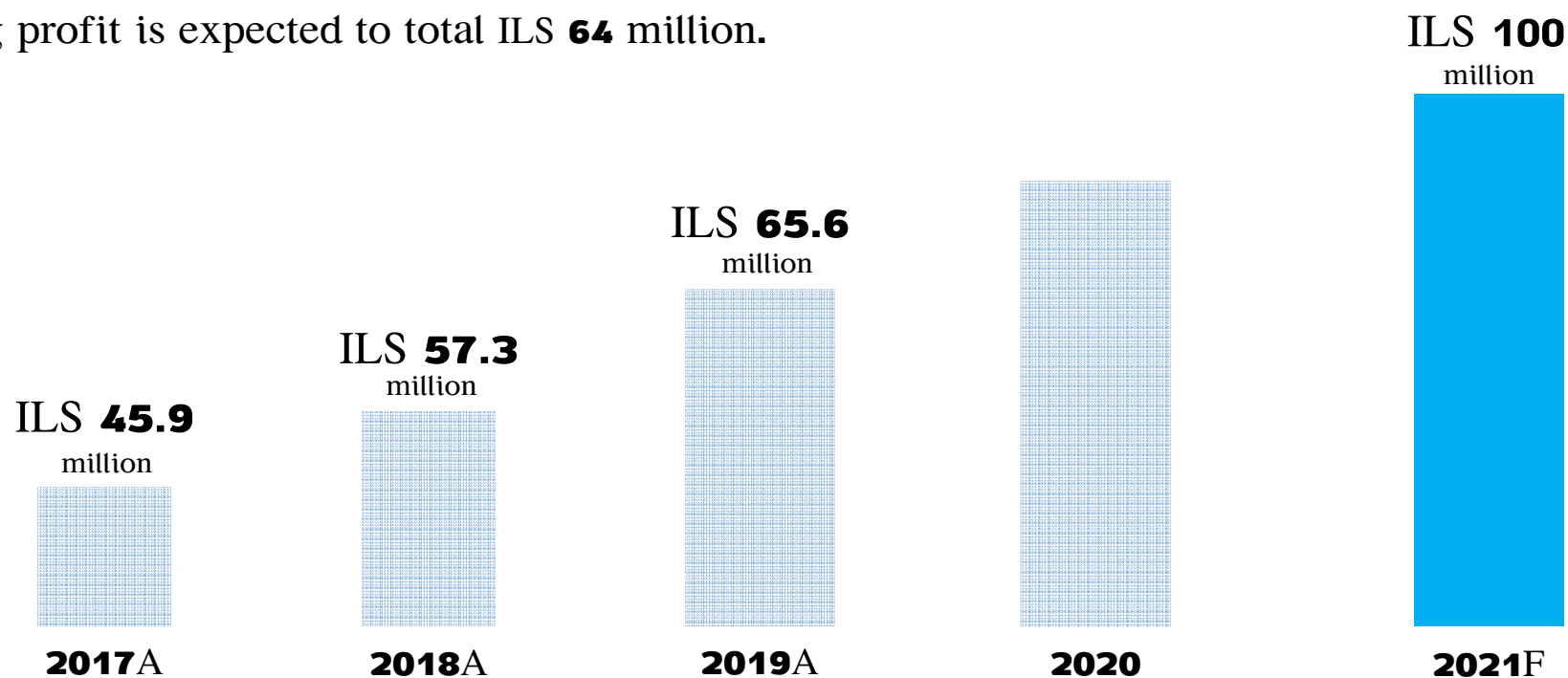
Cash ILS **165** million

Equity ILS **278** million

Debt ILS **0.5** million

# 100 plan (before the impact of IFRS 16)

As part of our long-range growth plan, the Company's management estimates that by **2021**, the adjusted EBITDA from current operations in Israel is expected to reach about ILS **100** million and the operating profit is expected to total ILS **64** million.



# Growth engines

- Expanding Home Care services
- Continued growth in Digital Health and Telemedicine activities
- Growth in our activities with HMOs and hospitals
- Developing additional SLAs with insurance companies
- Medical cannabis activities
- Acquisitions in Israel that support the Group's growth strategy
- Acquisition of operations abroad to support the Group's strategy

# FINANCIAL EXECUTIVE SUMMARY



## STRONG FINANCIAL PERFORMANCE

The Company has a consistent track record of delivering strong and stable financial performance



## DIVERSIFICATION

Future growth will be fueled by all three divisions



## RESPONSIBLE APPROACH

The Company is not leveraged and invests responsibly. The Company strengthened its capital structure last year.



## CAPITAL ALLOCATION PRIORITIES

Investing for continued growth and maximizing value to our shareholders

# CAPITAL ALLOCATION STRATEGY FOR GROWTH AND STRONG RETURNS TO OUR SHAREHOLDERS



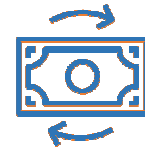
## Reinvest for growth

Investing in processes and ventures that lead to organic growth and generate higher profits



## Acquisitions

Acquisitions that support our current strategies



## Returns to our shareholders

Dividend policy – **70%** of the net profit



Thank You!

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