



Vistin Pharma

Q4

**Presentation
2022**

Kjell-Erik Nordby (CEO) / Alexander Karlsen (CFO)
17 February 2023



“Doubling capacity to meet increasing market demand – balancing growth with sustainable operations”



Agenda

Highlights

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Financial review

MEP & Summary

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Highlights

Fourth quarter and preliminary 2022 results

All-time high revenue and other income in a quarter: MNOK 111 vs. MNOK 78 in Q4 2021, a 42% increase

- Revenue and other income increase driven by increased sales volume and higher sales price. In addition, Vistin received a Liquidated Damage (LD) compensation of MNOK 13 booked in December as part of the finalization of the expansion project and contract settlement
- 2022 revenue and other income ended at MNOK 305 compared to MNOK 279 in 2021, a 9% increase

MNOK 23 in EBITDA vs. MNOK 11 in Q4 2021, a 100% increase

- EBITDA positively affected by increased sales volume and higher sales prices, in addition to the effect from the LD booked in the quarter
- Electricity prices continued to be extraordinarily high in Q4 compared to historical price levels
- In December Vistin entered into a long-term renewable energy supply agreement with Statkraft, that will secure a significant part of Vistin's electricity demand on competitive terms from 1st of January 2023 and until 2032
- 2022 EBITDA of MNOK 6 compared to MNOK 44 in 2021

Volume output is increasing with MEP ramp-up activities and production from two parallel manufacturing lines

- Continued process optimizations in Q4, resulted in 1200MT produced metformin HCl volume, which is a new quarterly manufacturing record for the Fikkjebakke plant
- Economies of scale from the second half of Q4 starts to materialize, as the MEP volume ramps-up
- Annual capacity at end Q4 was approx. 5500MT and is expected to continue to grow gradually during 2023 and reach close to 7000MT by year end



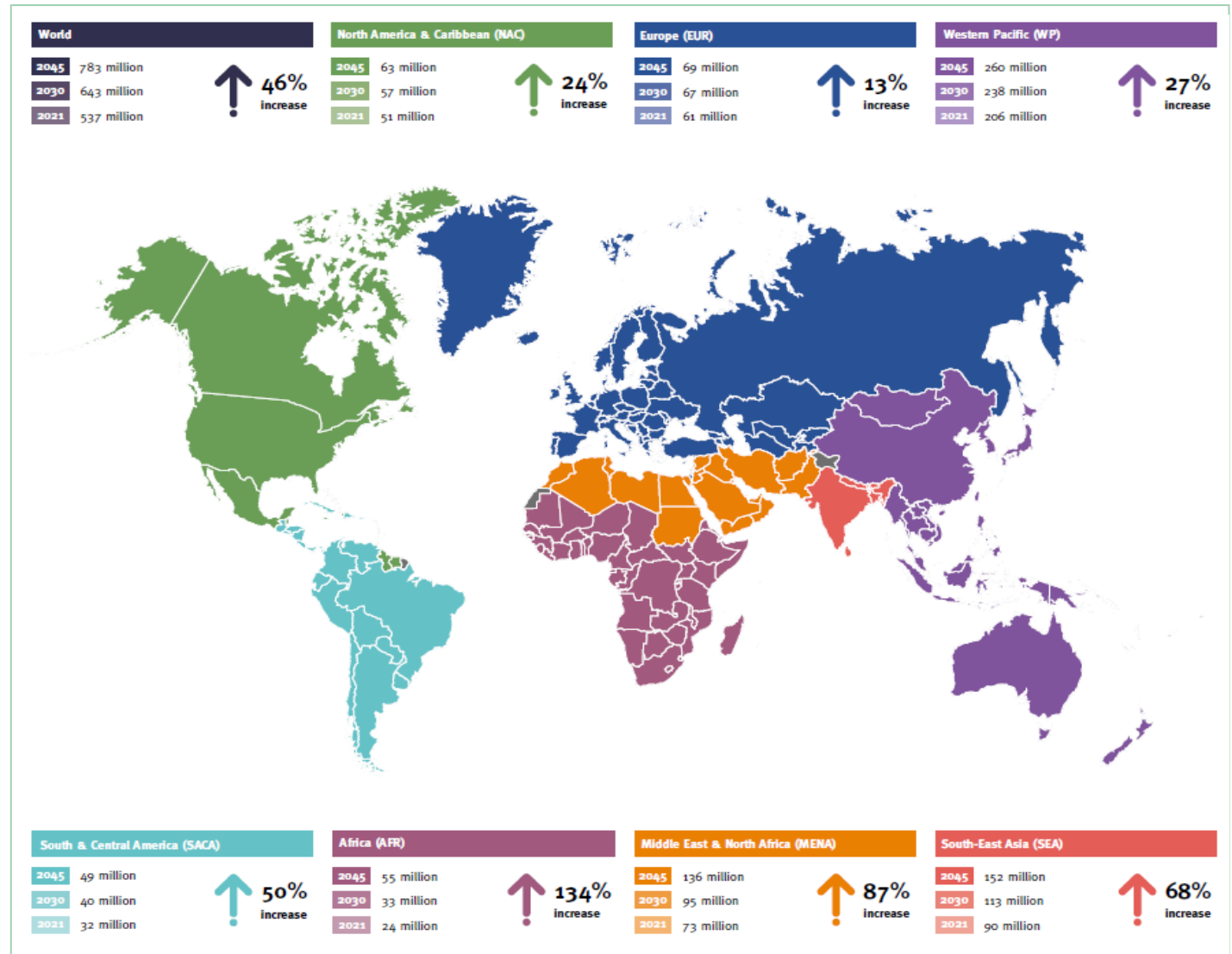


Diabetes – A global emergency

Diabetes – a global epidemic



- An estimated 537 million adults aged 20–79 years are currently living with diabetes. This represents 10.5% of the world's population in this age group
- The total number is predicted to rise to 643 million (11.3%) by 2030 and to 783 million (12.2%) by 2045
- An estimated 240 million people are living with undiagnosed diabetes worldwide, meaning almost one-in-two adults with diabetes are unaware they have the condition
- Almost 90% of people with undiagnosed diabetes live in low- and middle-income countries
- In Africa, South-East Asia and the Western Pacific more than half of people with diabetes are undiagnosed





1st-line treatment

Used to lower glucose (blood sugar) levels

- Reduces the liver's production of glucose
- Delays and reduces absorption of glucose from the intestine
- Increases insulin sensitivity, leading to increased uptake of glucose in the body

Most cost-efficient treatment with limited side effects and long-term safety profile

Comes in tablet form and can be combined with insulin or other glucose-reducing medicines

- Plain metformin is standard first-line treatment (~75% of volume)
- Extended release formulations are growing and expected to cover ~35% of volume by 2026

Metformin in combination with other APIs are second- and third-line treatments, often as higher priced patent-protected fixed dose combination products (~25% of volume)

- Metformin + DDP4-inhibitors – increased insulin production
- Metformin + SGLT2-inhibitors – increased excretion of sugar in urine
- Metformin + DDP4 + SGLT2 – launch 2018 (MSD) and 2019/2020 (BI)



We are pure play metformin company with a bright outlook



- Market demand for Metformin is expected to grow 5-6% annually
- Vistin global market share will be approx. 15% with the new capacity



Vistin Pharma is
a metformin player
with a world wide
sales coverage



World sales map

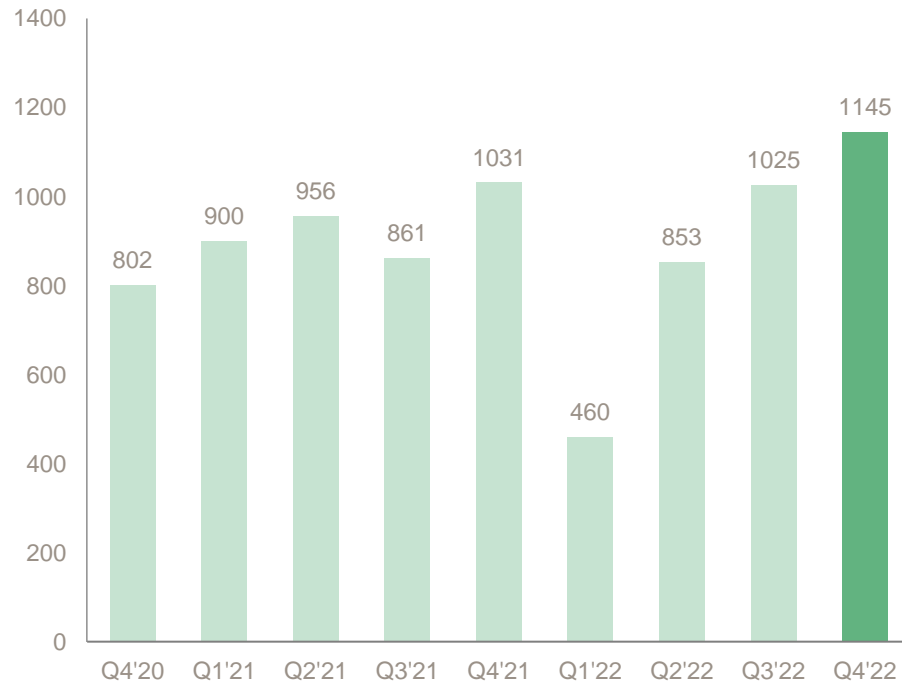




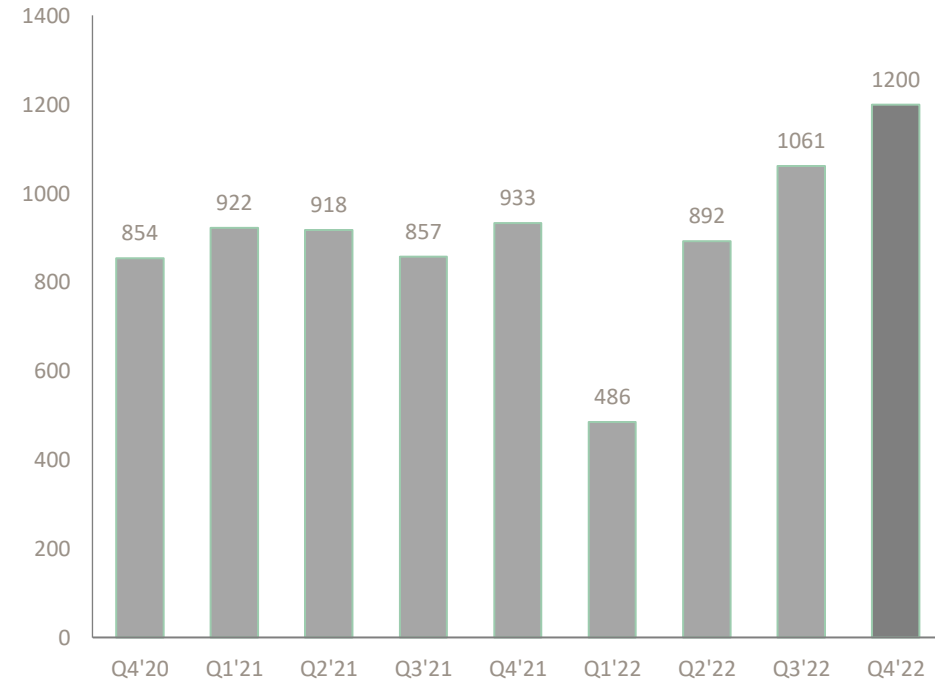
Financial review

MEP volume started to gain traction in Q4, expected to continue to grow in 2023

Quarterly sales volume metformin (HCl & DC)



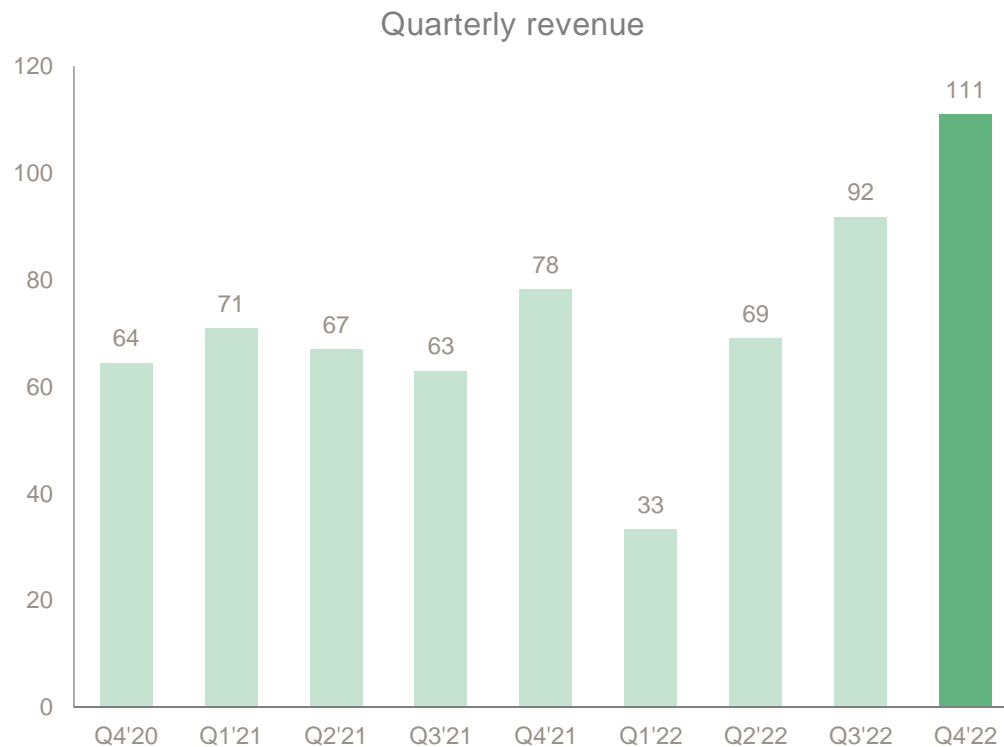
Quarterly production volume metformin (HCl)



Figures in Metric Tons (MT)



Revenue and other income

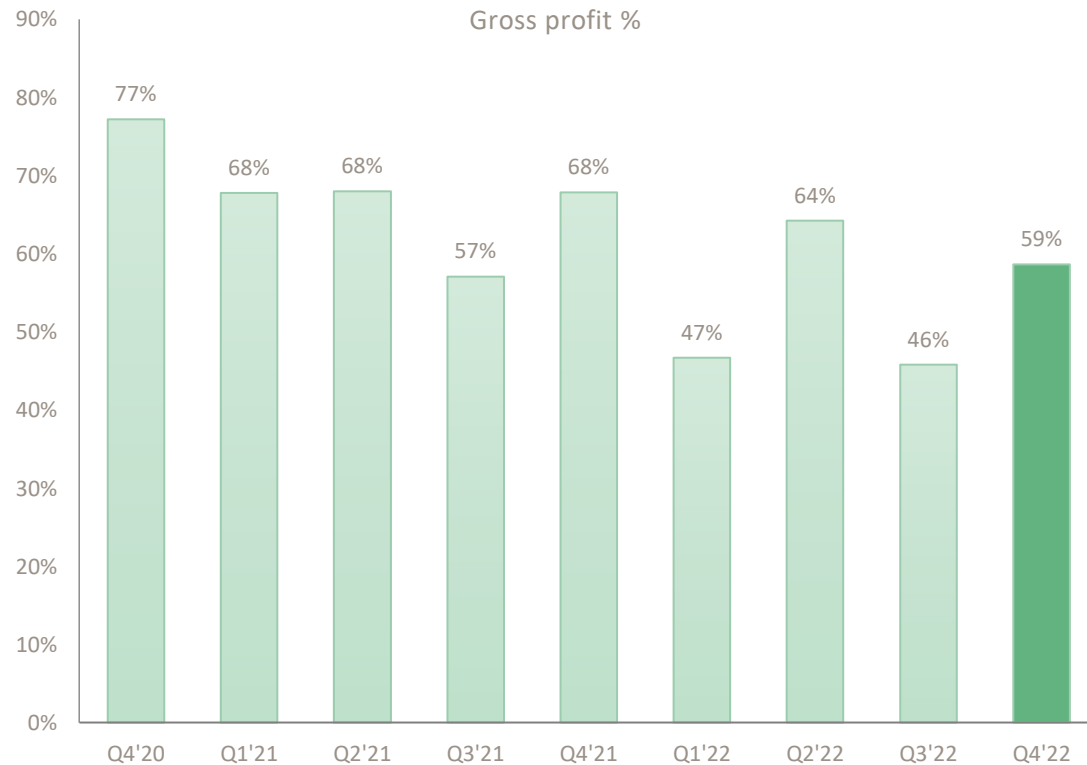


Figures in MNOK

- Revenue and other income increase of 42% compared to Q4'21, driven by significant increase in both volume and sales prices, in addition to the Liquidated Damages received as part of MEP contract settlement
- Currency neutralized sales increased by 37% QoQ
- EURNOK on approx. same average level in 2022 as 2021 (i.e., little FX effect on revenue YoY)
- Discussions with key customers to secure sales volume and prices for 2023 finalized
- 2023 sales prices reflecting the current raw material and freight costs



Gross margin



Gross margin (Total revenue and other income – raw materials & freight costs)

- Q4 and 2022 gross margin negatively affected by:
 - a) Significant increase in raw material costs & freight
 - b) Decrease in yield as part of ramp-up of new production line and scrap (Q3)
 - c) Historically strong USD (raw materials and freight paid in USD)
- USD 17% stronger vs NOK in Q4'22 vs Q4'21 and 12% on average through 2022 vs 2021
- Positive signs of decreasing freight and raw material cost in 2023.
- Present 'expensive' raw material inventory to be consumed by Q1. Current raw material purchases for Q2 and onwards at reduced prices = positive gross margin development expected during 2023
- Vistin's ambition for long-term gross margin at >60%



Financial review

EBITDA



Figures in MNOK

- EBITDA in Q4 positively affected by increased sales volume and higher sales prices in addition to the positive effect of the LD booked in the quarter (MNOK 13)
- Electricity costs up by approx. 100% in Q4'22 compared to same quarter last year (adjusted for reimbursement from 'strømsstøtte ordningen' from the government).
- Electricity costs expected to be reduced significantly from Q1'23 with the new long-term renewable energy supply agreement with Statkraft
- Positive economies of scale effects from late Q4 as MEP volume starting to materialize
- New employees already hired for MEP, not yet fully utilized.



Income statement

(NOK 1 000)	Q4 2022	Q4 2021	YTD 2022	YTD 2021	FY 2021
<i>Total revenue and income</i>	110 931	78 119	304 852	278 623	278 623
Total revenue and income	110 931	78 119	304 852	278 623	278 623
<i>EBITDA</i>					
EBITDA	22 522	11 324	6 184	43 858	43 858
<i>EBT</i>					
EBT	21 701	9 238	(6 009)	31 994	31 994
Depreciation & amortisation	(3 923)	(2 087)	(12 280)	(10 609)	(10 609)
Net finance income/(expense)	3 102	(61)	87	(1 255)	(1 255)
Profit/(loss) before tax	21 701	9 177	(6 009)	31 994	31 994
Profit/(loss) for the period	16 927	7 158	(2 399)	24 956	25 472



Balance sheet

Assets

	31.12.2022	31.12.2021
ASSETS		
Non-current assets		
Fixed assets	219 469	167 457
Deferred tax assets	28 535	27 890
Total non-current assets	248 004	195 348
Current assets		
Inventory	83 446	42 907
Trade receivables	66 155	40 245
Other receivables	3 077	18 901
Cash & cash equivalents	1 435	35 746
Total current assets	154 113	137 799
Total Assets	402 117	333 147

- Increase in fixed asset balance driven by MEP
- Deferred tax asset in relation to realized loss for Energy Trading in Q1 2020
- Inventory consists mainly of raw materials (70%). Both additional volume and higher raw material prices drive increase
- Other receivables mainly related to raw materials in transit – should be seen in relation to inventory
- Inventory and receivable increase, and cash decrease driven by MEP volume ramp-up



Balance sheet

Equity and liabilities

	31.12.2022	31.12.2021
EQUITY AND LIABILITIES		
Equity		
Share capital	44 345	44 345
Share premium	206 885	206 885
Retained earnings	22 140	24 657
Total equity	273 370	275 887
Non-current liabilities		
Other non-current liabilities	3 876	512
Pension liabilities	13 199	15 831
Total non-current liabilities	17 075	16 343
Current liabilities		
Trade payables	41 428	20 808
Short term debt	45 141	-
Other current liabilities	25 103	20 808
Total current liabilities	111 671	40 916
Total liabilities	128 746	57 379
Total Equity and Liabilities	402 117	333 147

- Strong balance sheet with an equity ratio of 68%
- Increase in current liabilities driven by working capital requirements due to MEP ramp-up plan
- Short term debt: Revolving credit facility established to handle planned liquidity effects from ongoing expansion and investments





The Manufacturing Expansion Project (MEP) will increase Visteon's global market share to approximately 15%



Metformin Expansion Project update

Operational:

- Continued process optimization and MEP ramp up activities has improved the manufacturing capacity in the quarter, resulting in close to 1200MT production volume which is a new record (by >10%)
- Planned maintenance stop in October negatively affected volume output by approx. 110MT
- Annual capacity at end Q4 is approx. 5500MT and is expected to continue to grow gradually during 2023 and reach close to 7000MT by year end
- Current organization is capable of handling expected 2023 capacity

Financial:

- MEP turnkey contract with Afry settled in December. Due to delayed ramp-up of the MEP volume compared to milestones in the contract, a total compensation (LD) of MNOK 13 to Vistin was negotiated as part of the contract settlement and project closure
- The total project cost is less than MNOK 90, well below the MNOK 100 budget
- Raw material inventory will continue to decrease in Q1 as we see more stable supply from China and India. However, a significant safety stock will still be kept locally to support the ramp-up plan
- Still high working capital requirements in Q4'22 driven by increased raw material stock and time from production start of line #2 to payment from customers. Cash flow expected to improve in 2023



Summary

Metformin market expected to continue to grow by 5-6% annually

- Diabetes is one of the largest health crises of the 21st century
- Metformin is expected to maintain its position as the Gold Standard treatment for T2D in the foreseeable future

Attractive growth potential to be realized when the additional manufacturing capacity is fully available

The Covid-19 and Ukraine situation has been an eye opener to both authorities and the industry leading to large pharma looking for lower risk supply chains and short travelled medicines

Vistin is strategically well positioned as many European clients prefer high quality supplies with short travel distances

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The expansion project to increase the capacity to +/-7000MT by year end is progressing

The long-term renewable energy supply agreement signed with Statkraft until 2032 will significantly improve Vistin's competitive position going forward

Fright and raw material prices are expected to gradually go down during 2023 due to normalization effects post-covid

Vistin has an ambition to pay out 50 percent of net annual profit as dividend. However, the size of the dividend will be dependent on the company's financial capability and capital requirements for future growth.



TRAIGO 15

TOYOTA

RS12

RS13

1



Appendix



Appendix

Top 20 shareholders as of 31 December 2022

NAME	SHAREHOLDING	% SHARE
INTERTRADE SHIPPING AS*	12 575 000	28,36 %
HOLMEN SPESIALFOND	3 520 243	7,94 %
PACTUM AS*	3 519 733	7,94 %
MP PENSJON PK	1 719 848	3,88 %
FERNCLIFF LISTED DAI AS*	784 280	1,77 %
AUGUST RINGVOLD AGENTUR AS	750 315	1,69 %
STORKLEIVEN AS	750 000	1,69 %
LUCELLUM AS	711 322	1,60 %
DNB BANK ASA	641 955	1,45 %
MIKLA INVEST AS	620 874	1,40 %
IVAR LØGES STIFTELSE	560 000	1,26 %
TOM RAGNAR PRESTEGÅRD STAAVIE	512 324	1,16 %
CORTEX AS	508 989	1,15 %
HENRIK MIDTTUN HAAVIE	505 115	1,14 %
WEM INVEST AS	500 000	1,13 %
SANDEN EQUITY AS	468 947	1,06 %
DYVI INVEST AS	455 500	1,03 %
DELTA AS	400 000	0,90 %
GINKO AS	350 000	0,79 %
ØYSTEIN STRAY SPETALEN*	323 650	0,73 %
TOTAL 20 LARGEST SHAREHOLDERS	30 178 095	68,05 %
OTHER SHAREHOLDERS	14 166 497	31,95 %
TOTAL NUMBER OF SHARES	44 344 592	100,00 %

* Board members of Vistina Pharma, or companies controlled by Board members



**Thank you
for your attention.**

www.vistin.com

Kjell-Erik Nordby (CEO)
Alexander Karlsen (CFO)

17 February 2023