



Vistin Pharma

Q1

Presentation 2022

Alexander Karlsen (CFO) / Magnus Tolleshaug (CCO)

27 April 2022



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



Agenda

Highlights

Operational review

Financial review

MEP & Summary

Appendix



Highlights

First quarter 2022 results

MNOK 33 in revenue vs. MNOK 71 in Q1 2021

- Decrease in revenue for the quarter driven by less volume available for sale due to the planned production stop for MEP installation
- 2022 sales prices increased to reflect current raw material and freight prices

MNOK -18 in EBITDA vs. MNOK 15 in Q1 2021

- EBITDA unfavorably affected by limited sales volume available, start-up costs for new line, FX and record high electricity prices in quarter
- Start-up costs driven by onboarding of new operators & quality FTE's and semi-variable overhead costs
- Financial result expected to improve from Q2'22, with more volumes available for sale

Both existing production line #1 and new line #2 producing as of end March

- Existing line #1 successfully resumed production second week of February
- New line #2 is producing, however at reduced capacity during initial ramp-up phase
- Capacity is expected to ramp-up gradually during Q2-Q4 and reach an annual capacity of >5 500MT by end 2022. Annual capacity of approx. 7000MT expected to be reached during 2023
- First commercial batch from the 2nd production line expected to be shipped out in Q2 '22 as planned
- Approximately 70% of the MEP investment paid as of end March. Project cost according to budget

MEP = Metformin Expansion Project





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



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)



Diabetes – A global emergency

Number of adults (20–79 years) with diabetes worldwide

North America & Caribbean

2045 63 million
2030 56 million
2019 48 million

↑ 33% increase

- 1 in 6 adults in this Region is at risk of type 2 diabetes
- 43% of global diabetes-related health expenditure occurs in this Region

South & Central America

2045 49 million
2030 40 million
2019 32 million

↑ 55% increase

- 2 in 5 people with diabetes were undiagnosed
- Only 9% of global diabetes-related health expenditure for diabetes is spent in this Region

Africa

2045 47 million
2030 29 million
2019 19 million

↑ 143% increase

- 3 in 5 people with diabetes are undiagnosed
- 3 in 4 deaths due to diabetes were in people under the age of 60

Middle East & North Africa

2045 108 million
2030 76 million
2019 55 million

↑ 96% increase

- 1 in 8 people have diabetes
- 1 in 2 deaths due to diabetes were in people under the age of 60

South-East Asia

2045 153 million
2030 115 million
2019 88 million

↑ 74% increase

- 1 in 5 adults with diabetes lives in this Region
- 1 in 4 live births are affected by hyperglycaemia in pregnancy

WORLD

2045 700 million
2030 578 million
2019 463 million

↑ 51% increase

Europe

2045 68 million
2030 66 million
2019 59 million

↑ 15% increase

- 1 in 6 live births are affected by hyperglycaemia in pregnancy
- The Region has the highest number of children and adolescents (0–19 years) with type 1 diabetes – 297,000 in total

Western Pacific

2045 212 million
2030 197 million
2019 163 million

↑ 31% increase

- 1 in 3 adults with diabetes lives in this Region
- 1 in 3 deaths due to diabetes occur in this Region



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



World sales map

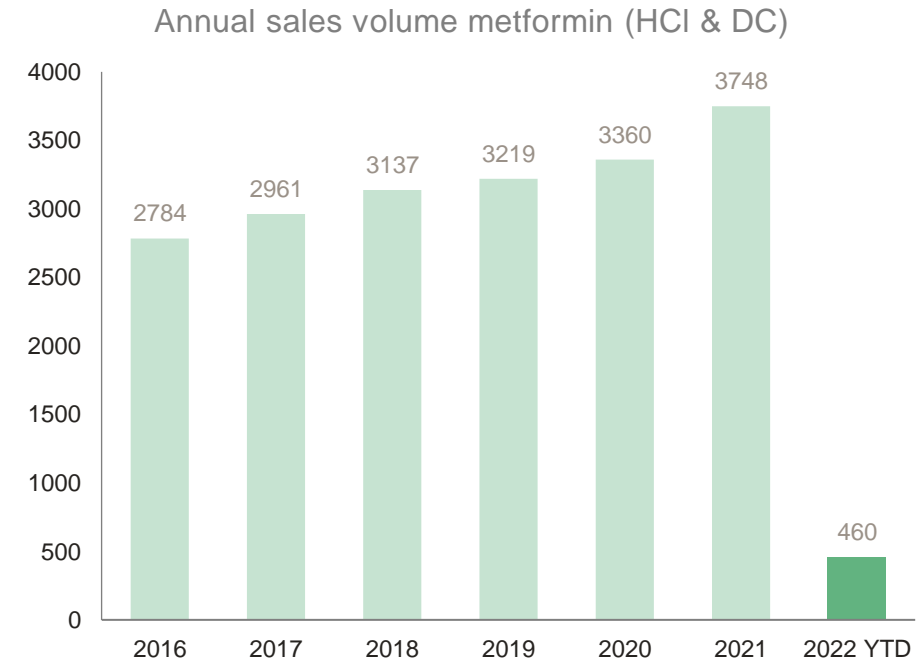
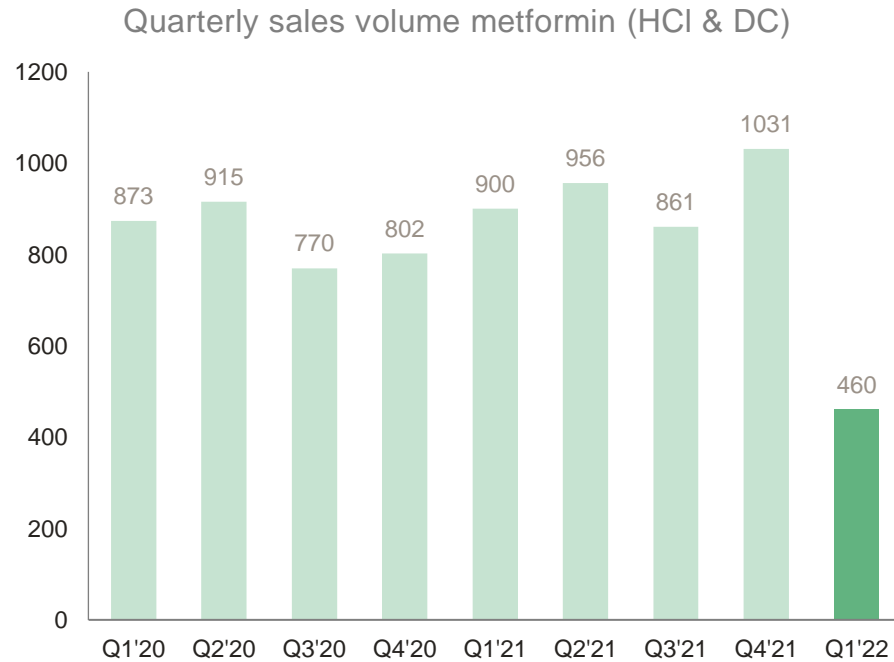






Financial review

Limited sales volume in Q1'22 due to planned production stop for MEP installation

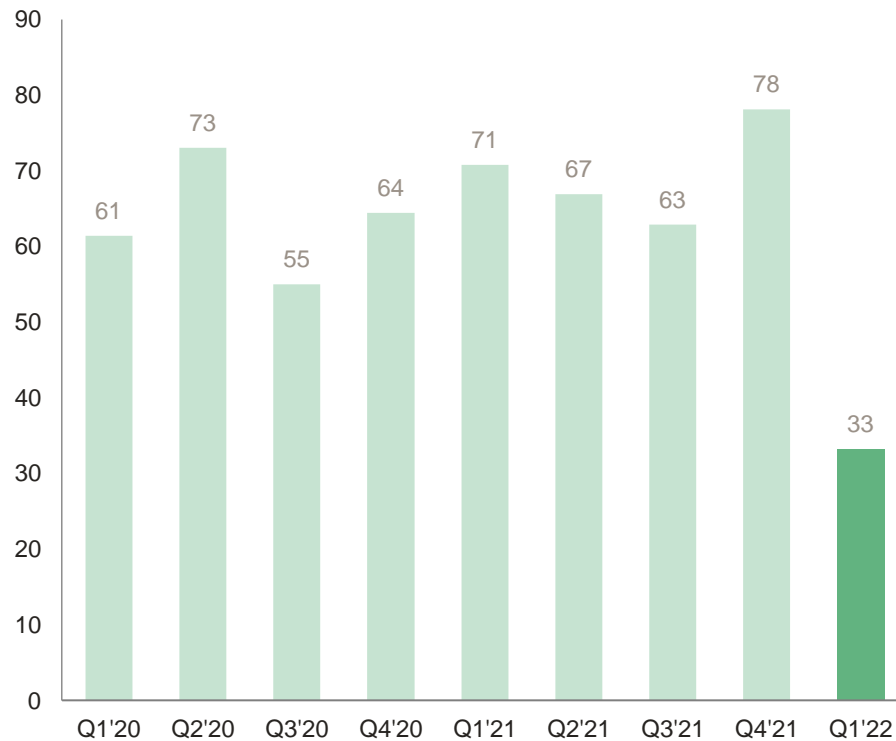


Figures in Metric Tons (MT)



Financial review

Revenue



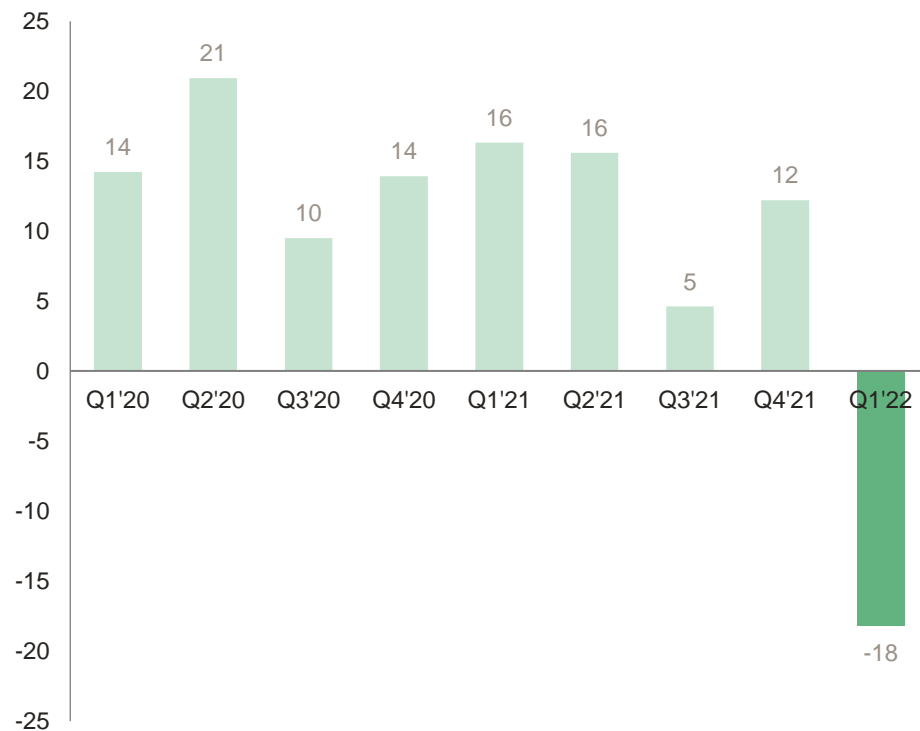
Figures in MNOK

- Limited volumes available for sale in Q1'22 due to the planned MEP installation
- 2022 sales prices increased to reflect current raw material and freight costs
- Ukraine situation has further increased volatility on raw material and freight prices
- Quarterly dialogue with main customers to negotiate sales prices in 2022
- Significant safety-stock of the most important raw materials built in Q4'21 and Q1'22 to secure MEP volume ramp-up



Financial review

EBITDA



Figures in MNOK

- EBITDA significantly affected by limited sales volume available and start-up & onboarding costs for new line
- No expected change in manning for rest of year = significant volume leverage 2H and onwards
- Semi-variable costs like supply, tools & patterns, purchased services and (partly) electricity not expected to increase linearly with production volume
- One-time negative effect of MNOK 1 due to inventory value adjustment in January
- Electricity costs up by approx. 150% in Q1'22 compared to same quarter last year. Working on initiatives in the plant to reduce power consumption.



Financial review

Income statement

(NOK 1 000)	Q1 2022	Q1 2021	FY 2021
<i>Total revenue and income</i>			
Total revenue and income	33 219	70 803	278 623
<i>EBITDA</i>			
EBITDA	(18 194)	15 358	43 858
<i>EBT</i>			
EBT	(19 424)	11 265	31 994
Depreciation & amortisation	(2 749)	(2 872)	(10 609)
Net finance income/(expense)	1 519	(1 221)	(1 255)
Profit/(loss) before tax	(19 424)	11 265	31 994
Profit/(loss) for the period	(15 151)	8 787	24 867



Balance sheet

Assets

	31.03.2022	31.03.2021	31.12.2021
ASSETS			
Non-current assets			
Fixed assets	184 342	147 720	167 457
Deferred tax assets	32 132	32 622	27 859
Total non-current assets	216 474	180 342	195 316
Current assets			
Inventory	45 571	26 555	42 907
Trade receivables	21 425	30 756	40 245
Other receivables	20 813	3 811	18 934
Cash & cash equivalents	12 184	85 010	35 746
Total current assets	99 993	146 133	137 831
Total Assets	316 467	326 476	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 mainly raw materials
- Decrease in cash balance mainly driven by dividend pay-out and MEP instalments



Balance sheet

Equity and liabilities

	31.03.2022	31.03.2021	31.12.2021
EQUITY AND LIABILITIES			
Equity			
Share capital	44 345	44 345	44 345
Share premium	206 885	229 056	206 885
Retained earnings	9 387	7 791	24 538
Total equity	260 617	281 192	275 768
Non-current liabilities			
Other non-current liabilities	365	1 141	512
Pension liabilities	15 831	16 330	15 831
Total non-current liabilities	16 196	17 471	16 343
Current liabilities			
Trade payables	22 957	14 078	20 808
Other current liabilities	16 698	13 734	20 227
Total current liabilities	39 654	27 813	41 035
Total liabilities	55 850	45 283	57 379
Total Equity and Liabilities	316 467	326 476	333 147

- No interest-bearing debt, MNOK 1.1 in obligations related to lease contracts that are recognized in the balance sheet according to IFRS 16 (MNOK 2.4)
- Share premium reduction due to dividend pay-out in June 2021 of approx. MNOK 22
- Strong balance sheet with an 82 % equity ratio
- Revolving credit facility established to handle planned liquidity effects from ongoing expansion and investments

A blurred industrial or laboratory setting. In the center, a cardboard box is visible, partially covered by a clear plastic bag. The box has the text 'Metformin HCl' printed on it. The background shows various mechanical components, pipes, and cables, all out of focus. The lighting is somewhat dim, with a cool blue tint. The overall image has a shallow depth of field, making the box the primary focus.

Metformin HCl



Metformin Expansion Project update

Operational:

- Line #1 producing according to plan
- Line #2 started production last week of March. Currently producing at reduced capacity during initial ramp-up phase
- Capacity is expected to ramp-up gradually during Q2-Q4 and reach an annual capacity of >5 500MT by end 2022. Annual capacity of approx. 7 000MT expected to be reached during 2023
- First commercial batch from line #2 expected to be shipped out of Plant in Q2 as planned.
- Successful inspection by Norwegian Medicines Agency (NoMA) in March. Approval by NoMA of the new line expected in Q2 according to plan
- Current organization is capable of handling expected 2022 volumes without adding additional FTE's.

Financial:

- Increased working capital requirements in 1H'22 driven by raw material stock and time from production start of line #2 to payment from customers
- Building of new warehouse and project for recirculation of colling water started in Q1. Will require MNOK >25 in CAPEX. Government grants of approx. MNOK 4 secured for latter project.
- Financial result expected to improve from Q2'22, and accelerate from 2H with leverage from the new production capacity



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 available

The Covid-19 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

The expansion project to increase the capacity to +/-7000MT is on track. First commercial batch from the 2nd production line is expected shipped out in Q2 2022 as planned



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





Appendix



Appendix

Top 20 share- holders as of 31 March 2022

NAME	SHAREHOLDING	% SHARE
Intertrade Shipping AS*	12 575 000	28,4%
Pactum Vekst AS*	3 519 733	7,9%
Holmen Spesialfond	3 250 000	7,3%
MP Pensjon PK	1 719 848	3,9%
Ferncliff Listed Dai AS*	784 280	1,8%
August Ringvold Agentur AS	750 315	1,7%
Storkleiven AS	725 000	1,6%
Tigerstaden AS	692 565	1,6%
Lucellum AS	680 000	1,5%
Sparebank 1 Markets AS	650 000	1,5%
Mikla Invest AS	620 874	1,4%
Ivar Løges Stiftelse	560 000	1,3%
Tom Ragnar Prestegård Staavi	512 324	1,2%
Wem Invest AS	500 000	1,1%
Sanden Equity AS	468 947	1,1%
Cortex AS	465 693	1,1%
Dyvi Invest AS	455 500	1,0%
Nordnet Livsforsikring AS	426 300	1,0%
Henrik Midttun Haavie	415 300	0,9%
Delta AS	380 000	0,9%
Total 20 largest shareholders	30 151 679	68,0%
Other shareholders	14 192 913	32,0%
Total number of shareholders	44 344 592	100,0%

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



Thank you for your attention.

www.vistin.com

Alexander Karlsen (CFO)
Magnus Tolleshaug (CCO)

27 April 2022