

# Q4

and 2023  
preliminary  
results

2024



Vistin Pharma

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# Highlights

- MNOK 111 in revenue vs. MNOK \*99 in Q4 2022 (+12%). Increased volume from new production line compared to same quarter last year has resulted in more volumes available for sale
- MNOK 25 in EBITDA vs. MNOK 10\* in Q4 2022. EBITDA positively affected by increased sales volume, a stronger EUR vs NOK, partly offset by a stronger USD vs NOK. Bonus accrual of MNOK 2.7 booked in quarter (0.5 in Q4'22)
- Positive economies of scale effects as the MEP volume continues to ramp up
- 2023 full year revenue ended at record high MNOK 438 compared to MNOK 305 last year, a 44% increase
- The strong revenue increase in 2023 reflects a year with two production lines running. New line still in ramp-up phase
- 2023 full year all-time high EBITDA of MNOK 86 compared to MNOK 6 last year
- Net profit positively affected with MNOK 7 in quarter by fair value of future FX cash flow hedging contracts (unrealized gain - no cash effect in quarter)
- Strong balance sheet with equity ratio of 81% and net cash of MNOK 26 as of 31.12.2023
- Additional dividend of NOK 0.75 per share approved and paid in January 2024
- The Board of Directors will propose for the AGM an ordinary dividend of total NOK 1 per share, to be paid partly with NOK 0.5 in June and NOK 0.5 in November

*\*Q4 2022 numbers adjusted for the one-time positive liquidated damage compensation (MNOK ~12.5)*

*MEP= Metformin Expansion Project*

### 4TH QUARTER REPORT AND PRELIMINARY FINANCIALS FOR 2023

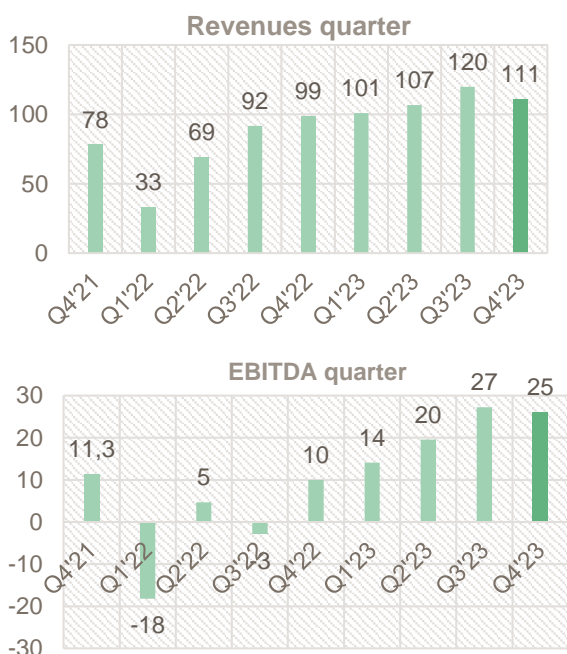
The financial report as per December 2023 has been prepared according to the IFRS (International Financial Reporting Standard) and follows IAS 34 for interim financial reporting, as do the comparable numbers for 2022.

### Financial development

(Comparative numbers for 2022 in parenthesis)

#### Revenue

Revenue in the fourth quarter of MNOK 111 (MNOK 99\*), a 12% increase. The revenue increase was driven by more available volumes (+11%) from the new production line, which translates to more sales. Global Metformin prices were lower during 2023 as raw material prices has decreased from high post pandemic levels. Full year 2023 revenue ended at MNOK 438 compared to MNOK 305 last year, a 44% increase. 2023 currency neutral sales increased by more than 30% YoY.

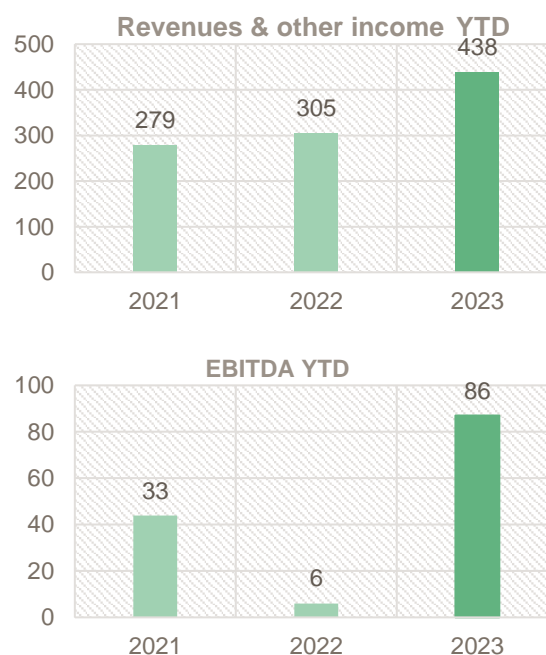


### Cost of goods sold

Cost of goods sold (COGS) in the quarter ended at MNOK 85.7 (MNOK 88.4). The decreased COGS, despite increased volume, is driven by lower raw material, freight, and energy costs. Raw material and freight prices stabilized in Q4 2023 after a decline in 1-3Q 2023. Volume leverage on costs is expected to continue with increasing production volume.

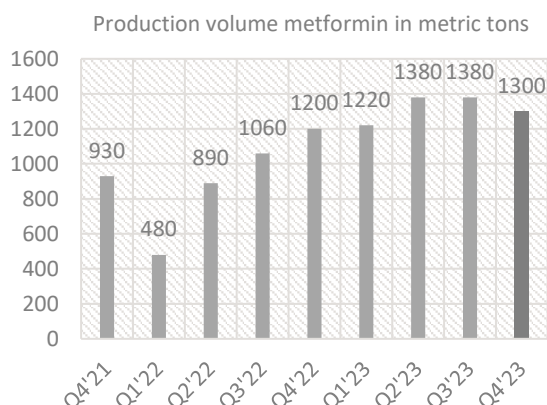
### Earnings

EBITDA ended at MNOK 25 (MNOK 10) for the quarter. EBITDA was positively affected by increased sales volume, decreased raw material and freight prices and the positive effect from the long-term energy supply agreement with Statkraft. In Q4'22 EBITDA was positively affected by a one-time positive liquidated damage compensation of MNOK ~12.5. Bonus accrual of MNOK 2.9 was booked in the fourth quarter (MNOK 0.5 in Q4'22). The strong EUR vs NOK in the quarter had a positive effect on margins and is only partly offset by a strong USD vs NOK. Full year 2023 EBITDA of MNOK 86 compared to MNOK 6.2 FY 2022.



## Production

Production output in the quarter ended at 1300MT produced metformin. There was a planned bi-annual maintenance stop in October. The manufacturing volume is expected to increase in 2024 in accordance with the sales volume. Annual production volume in 2023 ended at close to 5300MT, which is an increase of almost 1700MT compared to 2022 (+46%).



## Financial items

Net finance ended positive with MNOK 2.6 for the fourth quarter of 2023, compared to positive with MNOK 3.1 in the same quarter 2022. Finance income and loss is generally related to realized and unrealized losses from customers receivables, currency hedging contracts in EUR and interest expense from credit overdraft. Net finance income in Q4 2023 was mainly related to unrealized gain of MNOK 7 on FX hedging contracts, partly offset by a realized loss of MNOK 5 on FX hedging contracts for the quarter. The unrealized gain is driven by a partly reversal of previously booked unrealized loss for EUR FX hedging contracts in 2024 and 2025.

The Company has a defined benefit plan for the previous CEO of Vistin Pharma, who retired 31.12.2023. Changes in the pension estimate has resulted in a positive effect to Other Comprehensive Income (OCI) of MNOK 3.7, in Q4 2023. The change has no cash effect.

## Cash flow

YTD net cash flow from operating activities was positive with MNOK 88.1. Net cash flow from operating activities in same period of 2022 was negative with MNOK 8.9.

Net cash flow from investing activities YTD 2023 was negative with MNOK 17.9, which represents capital expenditure and leasing repayments. Net cash flow from investing activities in the same period last year was negative with MNOK 64.3 (mainly MEP).

Net cash flow from financing activities YTD 2023 was negative with MNOK 45.5, which mainly are related to down payment of the bank overdraft. Net cash flow from financing activities in the same period last year was positive with MNOK 38.8 (call on bank facility for MEP project).

Change in cash and cash equivalents YTD 2023 was positive with MNOK 24.8. In the same period last year, there was a net decrease in cash and cash equivalents of MNOK 34.3.

## Balance sheet

### Assets

Vistin Pharma had total assets of MNOK 398.6 as of 31 December 2023 (MNOK 407.2). The company has a deferred tax asset of MNOK 14.7 (MNOK 28.6). Based on the financial forecasts for the company, the deferred tax asset is expected to be fully utilized, and thus the full amount has been included as carrying value in the balance sheet.

### Equity

Equity by the end of December was MNOK 322.8 (MNOK 273.3). This equals an equity ratio of 81%.

### Liabilities

The Company had no net interest-bearing debt as of end December 2023, compared to net debt of MNOK 45.1 as of end December 2022. Net cash was MNOK 26.2. MNOK 3.3 (MNOK 3) in obligations related to lease contracts are recognized in the balance sheet according to IFRS 16.

## Operational status

### Market

The global Metformin market has a strong underlying demand and is by industry experts expected to grow by 5-6% annually (CAGR) for the foreseeable future. The global demand for metformin HCl is forecasted to increase by approx. 23.000MT to 87.000MT by 2028. Metformin is the standard first-line treatment of Type 2 Diabetes, which represents around 90% of the global diabetes cases. Vistin Pharma's key customers are well reputable pharmaceutical companies that use our API into innovative and generic metformin drug products to the end market. The product demand will therefore be dependent on the performance of these products in the market. Key drivers for future growth are the number of diabetes patients diagnosed and treated with metformin-containing products, continued growth in sales volume from existing international customers, as well as adding new customers to Vistin's portfolio. The company is currently experiencing strong demand for its products.

### Strategy

After installation of the new second production line (MEP) in Q1 2022, the company has been focusing on ramping up volume from the two production lines. A significant part of the company's resources is involved in optimizing output and building efficient and robust processes to achieve up to 7000 MT of annual Metformin HCl output. Driven by a successful volume ramp-up, Vistin has achieved a significant volume increase in 2023 and further increase is expected.

The Company Metformin strategy is to grow with our existing and new customers, fulfilling their demands and gradually utilize all available production capacity by increasing our market share via active sales Business to Business (B2B).

Higher manufacturing and sales volumes going forward are expected to increase working capital requirements, however this will fluctuate from quarter to quarter. In addition, Vistin's further growth ambitions will require additional CAPEX to support the growth, increased production productivity and sustainability.

The company also has a strategic intent to become a European multiproduct Contract Development and Manufacturing Organization (CDMO) as part of its growth strategy.

### Research and Development (R&D)

Vistin is positioned as a premium supplier in the market. To strengthen the position, Vistin is committed to invest in process and product quality development and take advantage of Best Available Techniques (BAT) in its production environment. Vistin has a separate department of four highly competent engineers dedicated to work with process, productivity-, and quality improvements.

### Current unstable political landscape

The demand in the market for metformin is still high and is not currently affected by the situation in Ukraine. Vistin has a strategy of keeping additional safety stock of critical raw materials, to secure future supply and support the MEP ramp-up plan. Such safety stock is planned to mitigate potential uncertainties or delays around delivery lead times of raw materials from Asia and/or any negative effects from the ongoing war in Ukraine. The raw material and freight prices increased significantly during 2022. However, both the raw material and freight costs have decreased in 2023. Electricity prices were extraordinarily high in 2022, compared to historical price levels. With the long-term supply agreement with Statkraft for renewable power, electricity costs are significantly reduced in 2023, compared to previous year.



**WHO:**

*Diabetes is a chronic, metabolic disease characterized by elevated levels of blood glucose (or blood sugar), which leads over time to serious damage to the heart, blood vessels, eyes, kidneys and nerves. The most common is type 2 diabetes, usually in adults, which occurs when the body becomes resistant to insulin or doesn't make enough insulin. In the past 3 decades the prevalence of type 2 diabetes has risen dramatically in countries of all income levels. For people living with diabetes, access to affordable treatment is critical to their survival.*

Source: [Diabetes \(who.int\)](https://www.who.int)

**Vistin:**

Metformin is the 1st-line treatment for type 2 diabetes and is expected to continue to be so in the foreseeable future, due to its cost-efficient treatment with limited side effects and long-term safety profile. Today Vistin delivers more than 10% of the global demand for Metformin diabetes type 2 medication.





# No harm vision

- Our vision is to have no negative impact on environment, people, and local community by our presence
- Vistin is a green and environmentally friendly pharmaceutical company with a no harm vision and front runner ambition
- Our goal is to increase our manufacturing capacity without increased environmental impact on water, air, and soil





## Corporate social responsibility, the environment and employees

Vistin Pharma aspires to achieve sustainable development by having a good balance between financial results, value creation, sustainability, and CSR. The Board of Directors have the overall responsibility for aligning Vistin’s strategy and sustainability considerations, while the day-to-day responsibility lies with the CEO, supported by the Leadership Team. The statement of corporate social responsibility required under the Norwegian Accounting Act follows below.

### Corporate social responsibility

Vistin Pharma is committed to conduct its business in a manner that adheres to the highest industry standards within the pharmaceutical industry, and strictly in accordance with international and local laws and regulations. Vistin Pharma is a socially responsible company dedicated to promoting decent working and environmental conditions in the supply chains. Vistin Pharma has adopted the general principles of UN Global Compact with universally accepted principles for human rights, working conditions, environment, and anti-corruption. In pursuit of this the Company has developed a ‘NO HARM VISION’ consisting of:

- ***A vision to have no negative impact on environment, people, and local community by our presence***
- ***A «green» and environmentally friendly pharmaceutical company with a “no harm” vision and “front runner” ambition***
- ***A goal to increase our manufacturing capacity without increased environmental impact on water, air, and soil***

## ESG achievements and initiatives

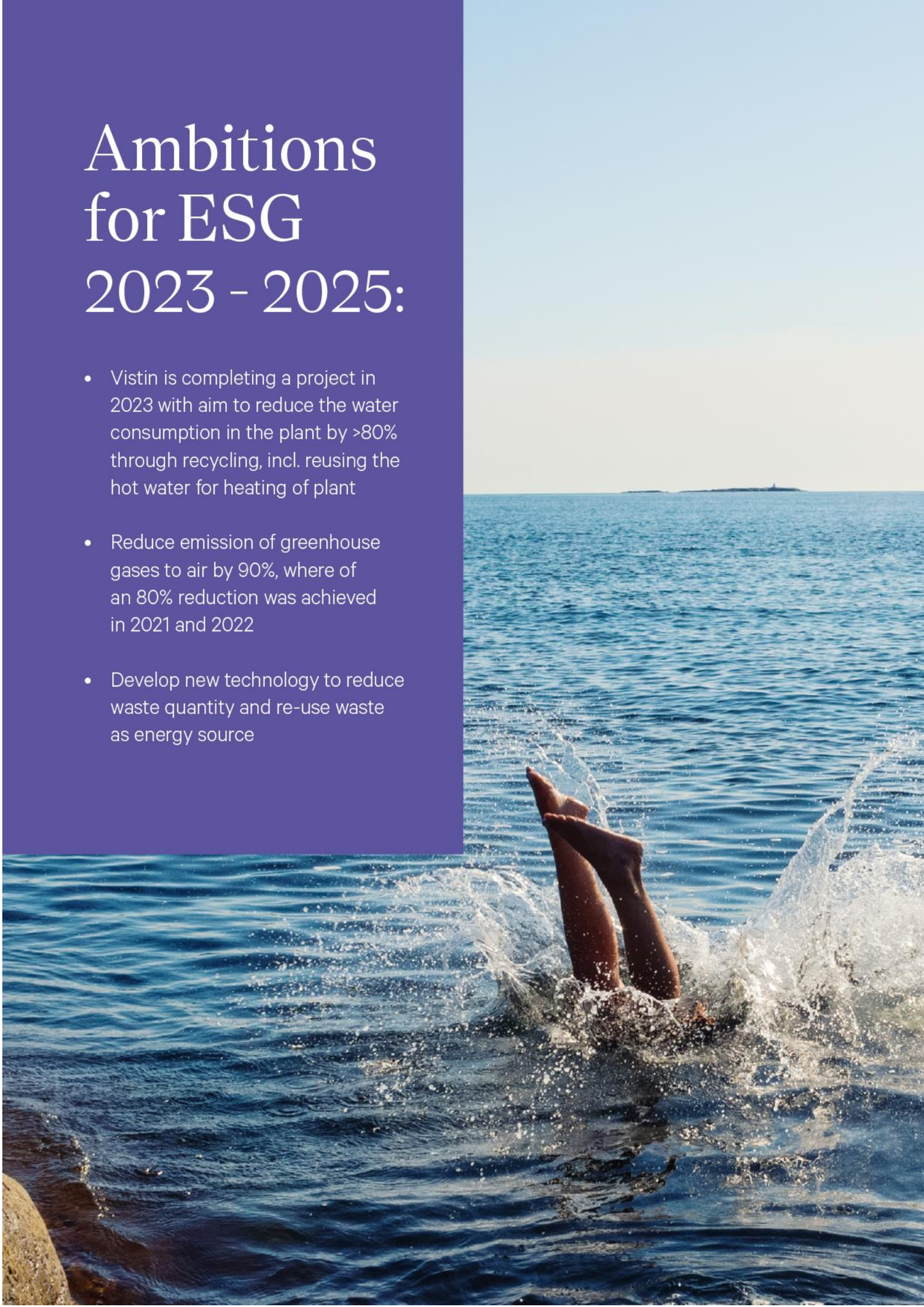
Vistin Pharma has during the last years invested in, completed, and implemented several projects that significantly reduce the environmental footprint. Building on this success, Vistin Pharma has several ESG initiatives ongoing:

- Vistin continues to use only hydro powered energy to minimize carbon footprint.
- Vistin is completing an investment project in 2023 with the aim of reducing the water consumption in the plant by >80% through recycling, incl. reusing the hot water for heating of plant.
- Vistin is working on a technology project where distillation waste will be fractionated into components that can be used as raw materials for other companies.
- Vistin has, since 2017, been part of a national program for surveillance of industrial impact on fjords and effluents. Surveillance program and ecotoxicology test confirm that Vistin do not impact the effluent negatively.
- Vistin has invested MNOK >10 in a cooling system to condense hydrocarbons. This has reduced the emission to air with more than 98%.

Vistin complies with the new Norwegian Transparency Act (‘Åpenhetsloven’) introduced by the Norwegian Government in 2022. The Company has published a detailed due diligence assessment of its raw-material and service suppliers according to the principles in the Transparency Act. The report is available on the company’s homepage: [www.vistin.com](http://www.vistin.com).

# Ambitions for ESG 2023 - 2025:

- Vistin is completing a project in 2023 with aim to reduce the water consumption in the plant by >80% through recycling, incl. reusing the hot water for heating of plant
- Reduce emission of greenhouse gases to air by 90%, where of an 80% reduction was achieved in 2021 and 2022
- Develop new technology to reduce waste quantity and re-use waste as energy source





**Risks and uncertainties**

As a pharmaceutical manufacturing company, Vistin Pharma is exposed to several types of risk. Fluctuations in the price and availability of raw materials and the development in foreign exchange (USD and EUR) are among the most prominent. Majority of the sales are done in EUR, while all primary raw material purchases are in USD. In addition, risk related to potential regulatory changes, new medications for the treatment of diabetes II, and environmental issues connected to emission permits at the Company’s plant, represent central risk factors to the Company.

**Basis of presentation**

This financial information should be read together with the financial statements for the year ended 31 December 2022, prepared in accordance with International Financial Reporting Standards (“IFRS”). The presentation of the Interim Financial Statements is consistent with the Annual Financial Statements. Additional disclosures supplementing the financial statements are included in this report on pages 2–5. The figures are unaudited.

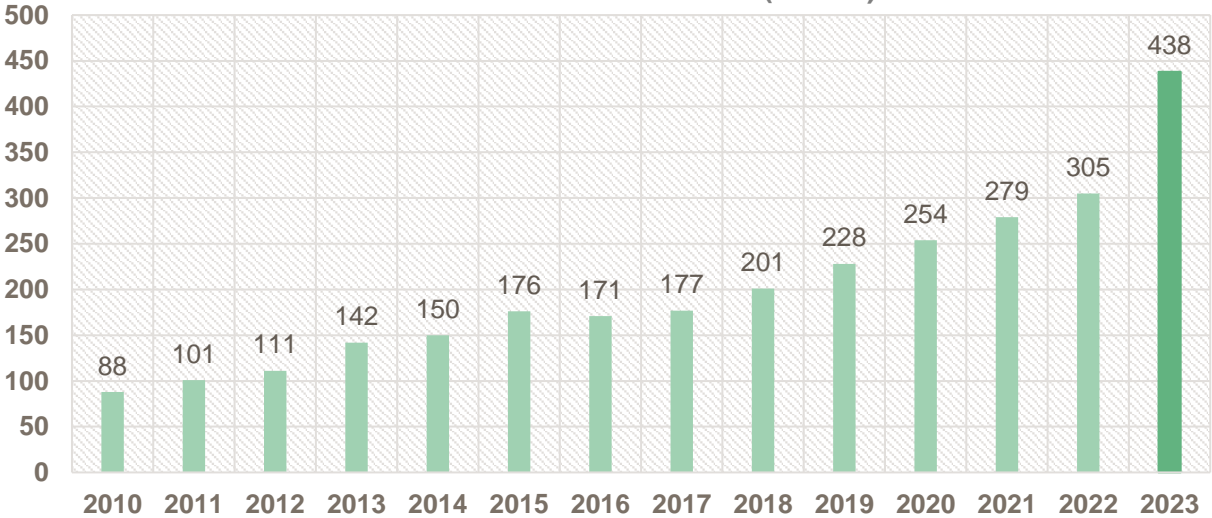
**Events after the reporting date**

There have not been events after the reporting date that affect the Company’s financials for 2023.

**General market outlook**

Diabetes is one of the largest global health crises of the 21st century, and the demand for Metformin medication is expected to continue to grow by 5-6% annually, as it remains the gold-standard treatment for type 2 diabetes. Global metformin HCl demand is forecasted to grow by approx. 23.000MT to 87.000MT by 2028. Most of Vistin Pharma’s key customers are international pharmaceutical companies that sell innovative and plain Metformin drug products to the end market. The demand for the Company’s Metformin will be dependent on the market performance of these companies. The demand for Metformin has not been affected by the corona epidemic or the current situation in Ukraine. The vulnerability for drug supplies during both the corona epidemic and the Ukraine situation has been an ‘eye opener’ for the authorities, and the need for ‘short, travelled medicines’ will be high on the agenda going forward. Vistin is strategically well positioned to benefit from the expected stronger demand for local supplies from Europe going forward.

**Revenues Vistin Metformin (MNOK)**



### Shareholder information

The Company had 44 344 592 issued shares as of 31 December 2023. The five largest shareholders were Intertrade Shipping AS with 12,575,000 shares, Holmen Spesialfond with 3,842 055 shares, Pactum AS with 3,519,733 shares, MP Pensjon PK with 1,719,848 shares, and Ferncliff Listed DAI AS with 1,234,280 shares.

The share price has moved from NOK 24.2 per share at 30 of September 2023, to NOK 23.2 as of 31 December 2023.

### Dividend policy

The company 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.

Additional dividend of NOK 0.75 per share approved and paid in January 2024.

The Board of Directors will propose for the AGM an ordinary dividend of total NOK 1 per share, to be paid partly with NOK 0.5 in June and NOK 0.5 in November.



Condensed financial statement (P&L)	Q4 2023	Q4 2022	FY 2023	FY 2022
All numbers in NOK 1000				
<b>Total revenue and income</b>	<b>110 721</b>	<b>110 931</b>	<b>438 328</b>	<b>304 853</b>
Cost of materials	38 357	45 882	176 644	138 064
Salary and social expenses	26 170	21 136	93 135	78 972
Other operating expenses	21 188	21 391	82 605	81 632
Total operating expenses	85 715	88 409	352 384	298 668
<b>Operating result before depr. (EBITDA)</b>	<b>25 005</b>	<b>22 522</b>	<b>85 944</b>	<b>6 184</b>
<i>Operating result before depr. %</i>	<i>22,6 %</i>	<i>20,3 %</i>	<i>19,6 %</i>	<i>2,0 %</i>
Depreciation	4 488	3 923	17 347	12 280
<b>Operating result</b>	<b>20 517</b>	<b>18 599</b>	<b>68 597</b>	<b>-6 096</b>
<i>Operating result in %</i>	<i>18,5 %</i>	<i>16,8 %</i>	<i>15,6 %</i>	<i>-2,0 %</i>
Financial income	7 407	5 850	20 828	9 554
Financial expenses	4 805	2 748	30 907	9 466
<b>Net finance</b>	<b>2 603</b>	<b>3 102</b>	<b>-10 079</b>	<b>87</b>
<b>Pre tax profit</b>	<b>23 120</b>	<b>21 701</b>	<b>58 517</b>	<b>-6 009</b>
Tax	5 086	4 774	12 874	-1 322
<b>Result</b>	<b>18 034</b>	<b>16 927</b>	<b>45 644</b>	<b>-4 687</b>
<b>Comprehensive income</b>				
Result after tax	18 034	16 927	45 644	-4 687
Other comprehensive income	3 690	2 211	3 690	2 288
<b>Total comprehensive income</b>	<b>21 723</b>	<b>19 138</b>	<b>49 333</b>	<b>-2 399</b>

Key figures	Q4 2023	Q4 2022	FY 2023	FY 2022
Equity share	81 %	68 %	81 %	68 %
Earnings per share	0,41	0,38	1,03	-0,11
Average shares outstanding in 1000	44 345	44 345	44 345	44 345

**Condensed financial statement** 31.12.2023 31.12.2022  
**(balance sheet)**

All numbers in NOK 1000

**Assets**

Fixed assets	219 984	219 430
Deferred tax assets	14 687	28 601
<b>Total tangible and fixed assets</b>	<b>234 671</b>	<b>248 031</b>

Inventory	80 171	83 446
Trade receivables	47 023	66 155
Other receivables	10 514	8 146
Cash	26 204	1 435
<b>Total current assets</b>	<b>163 912</b>	<b>159 182</b>

<b>Total assets</b>	<b>398 583</b>	<b>407 213</b>
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**Equity and liability**

Share capital	44 345	44 345
Share premium reserve	206 885	206 885
Retained earnings	71 590	22 256
<b>Total equity</b>	<b>322 819</b>	<b>273 486</b>

Pension liabilities	8 864	13 199
Other non-current liabilities	2 287	2 956
<b>Total long term liabilities</b>	<b>11 151</b>	<b>16 155</b>

Trade payables	18 916	25 906
Short term debt	-	45 141
Other current liabilities	45 696	46 526
<b>Total short term liabilities</b>	<b>64 612</b>	<b>117 573</b>

<b>Total equity and liability</b>	<b>398 582</b>	<b>407 213</b>
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**Change in equity** 31.12.2023 31.12.2022

All numbers in NOK 1000

Equity start of period

<b>Equity start of period</b>	273 486	275 768
Result for the period	45 644	-4 716
Other comprehensive income	3 690	2 211
<b>Equity end of period</b>	<b>322 819</b>	<b>273 486</b>

<b>Cash flow analysis YTD</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
All numbers in NOK 1000		
Result for the period	58 517	-6 009
Depreciations	17 347	12 280
Working capital changes	12 232	-15 139
<b>Cash flow from operation</b>	<b>88 096</b>	<b>-8 868</b>
Purchase of equipment and intangibles	-17 862	-64 292
<b>Cash flow from investments</b>	<b>-17 862</b>	<b>-64 292</b>
Finance Activities	-45 466	38 846
<b>Cash flow finance activities</b>	<b>-45 466</b>	<b>38 846</b>
Change in cash for the period	24 768	-34 312
Cash at start of period	1 435	35 746
<b>Cash by the end of period</b>	<b>26 204</b>	<b>1 435</b>



# Vistin Pharma

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