Vistin Pharma

Q2 Presentation 2023

Kjell-Erik Nordby (CEO) / Alexander Karlsen (CFO)
23 August 2023

We believe in balance in life.
We want to grow our business but not at the expense of the environment, people's wellbeing, or sound business principles

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All time high sales volume and significantly improved cash flow

MNOK 107 in revenue vs. MNOK 69 in Q2 2022

- Increased volume from the new production line compared to the same quarter last year has resulted in more volumes available for sale
- MNOK 208 in revenue YTD 2023 compared to MNOK 102 YTD last year, a 103% increase

MNOK 20 in EBITDA vs. MNOK 5 in Q2 2022 (+300%)

- EBITDA positively affected by increased sales volume, competitive electricity prices and a stronger EUR vs NOK, partly offset by a stronger USD vs NOK
- Economies of scale is materializing as the MEP volume ramps up
- EBITDA of MNOK 34 YTD 2023 compared to negative MNOK 13 YTD 2022

Other

- Net profit negatively affected with MNOK 3 in quarter by fair value of future FX cash flow hedging contracts (unrealized loss - no cash effect in quarter)
- Improved cash flow in the first half of 2023 (MNOK 47). Net debt of MNOK 44 at year end 2022 to positive net cash of MNOK 3 by end of June

MEP = Metformin Expansion Project

Vistin has high focus on reducing local and global emissions, and programs are in place to consume responsibly

- Zero impact on surrounding environment and safe workplace
- Double production volume without increased impact on environment
- Invested more than EUR 4 mill in sustainable initiatives, 2020-2023
- Reduced emissions to air by 90%
- Recycle cooling water project in 2023 to reduce consumption by ~80% is ongoing
- Cooling water project provides energy available for Kragerø Industrial area
- Close cooperation with waste treatment receivers to optimize waste to raw materials
- Bi-annual effluent surveillance of Kragerø fjords since 2017. 2022 report concludes, no trace of Vistin in fjords of Kragerø
- Target to reach United Nations sustainability vision of zero emission when planning for the future

Agenda

We are pure play metformin company with a bright outlook

Diabetes
One of the largest health emergencies in the 21st century

+

Metformin
The gold standard treatment of type 2 diabetes

=

A bright outlook for Vistin Pharma
A leading global producer of premium metformin

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

Diabetes – A global emergency

Metformin is the 1st-line treatment for type 2 diabetes, being cost-efficient with limited side effects

An estimated 537 million adults aged 20–79 years are currently living with diabetes. This represents 10.5% of the world's population

Today Vistin contributes to deliver Metformin diabetes type 2 medication to more than 50 million patients every day

Total number of diabetes patients expected to rise to 783 million by 2045 (+46%)

World
- 2045: 783 million
- 2030: 643 million
- 2021: 537 million

46% increase

North America & Caribbean (NAC)
- 2045: 63 million
- 2030: 57 million
- 2021: 51 million

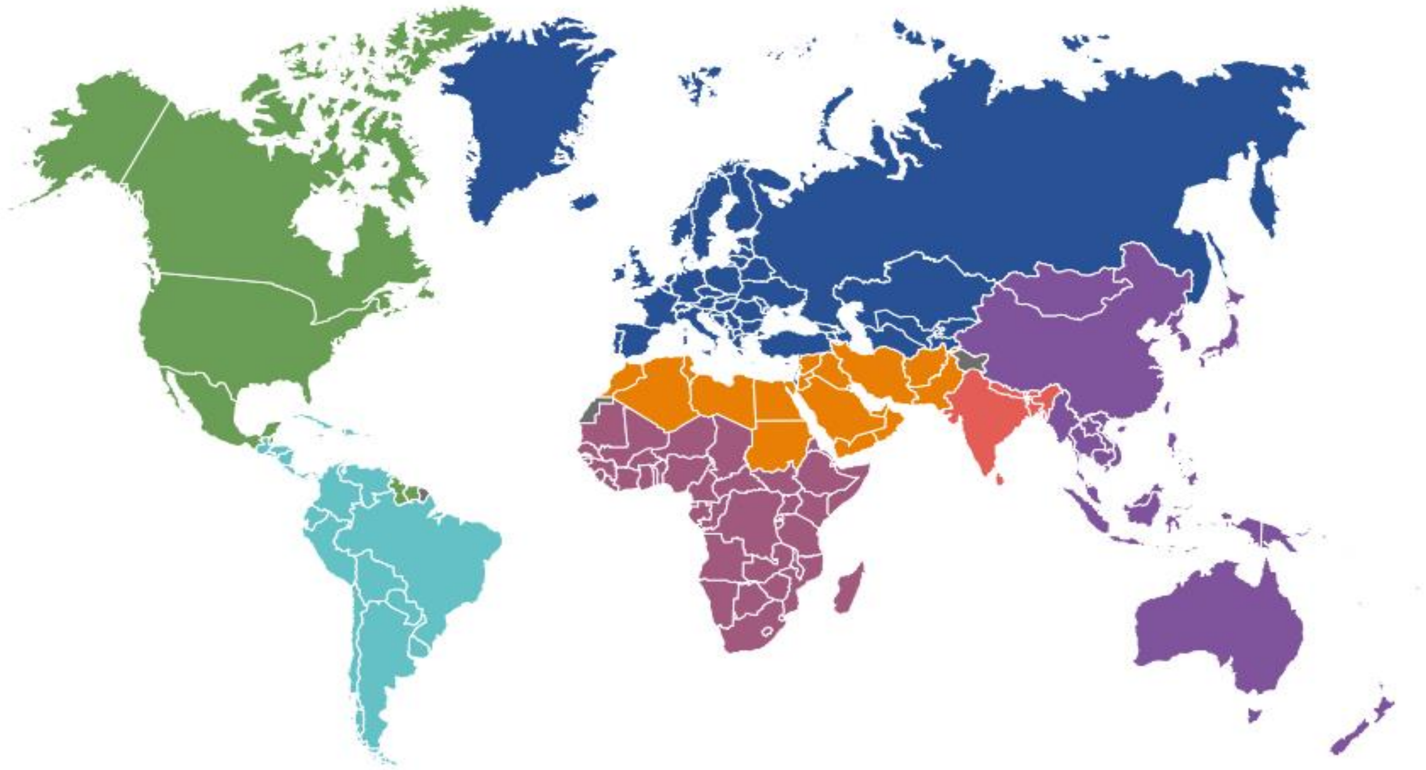
24% increase

Europe (EUR)
- 2045: 69 million
- 2030: 67 million
- 2021: 61 million

13% increase

Western Pacific (WP)
- 2045: 260 million
- 2030: 238 million
- 2021: 206 million

27% increase



South & Central America (SACA)
- 2045: 49 million
- 2030: 40 million
- 2021: 32 million

50% increase

Africa (AFR)
- 2045: 55 million
- 2030: 33 million
- 2021: 24 million

134% increase

Middle East & North Africa (MENA)
- 2045: 136 million
- 2030: 95 million
- 2021: 73 million

87% increase

South-East Asia (SEA)
- 2045: 152 million
- 2030: 113 million
- 2021: 90 million

68% increase

Number of people living with diabetes / Source: International Diabetes Federation, IDF Diabetes Atlas, tenth edition, 2021

Vistin Pharma produces about 10% of the world's demand of metformin and has a world-wide sales coverage

World sales map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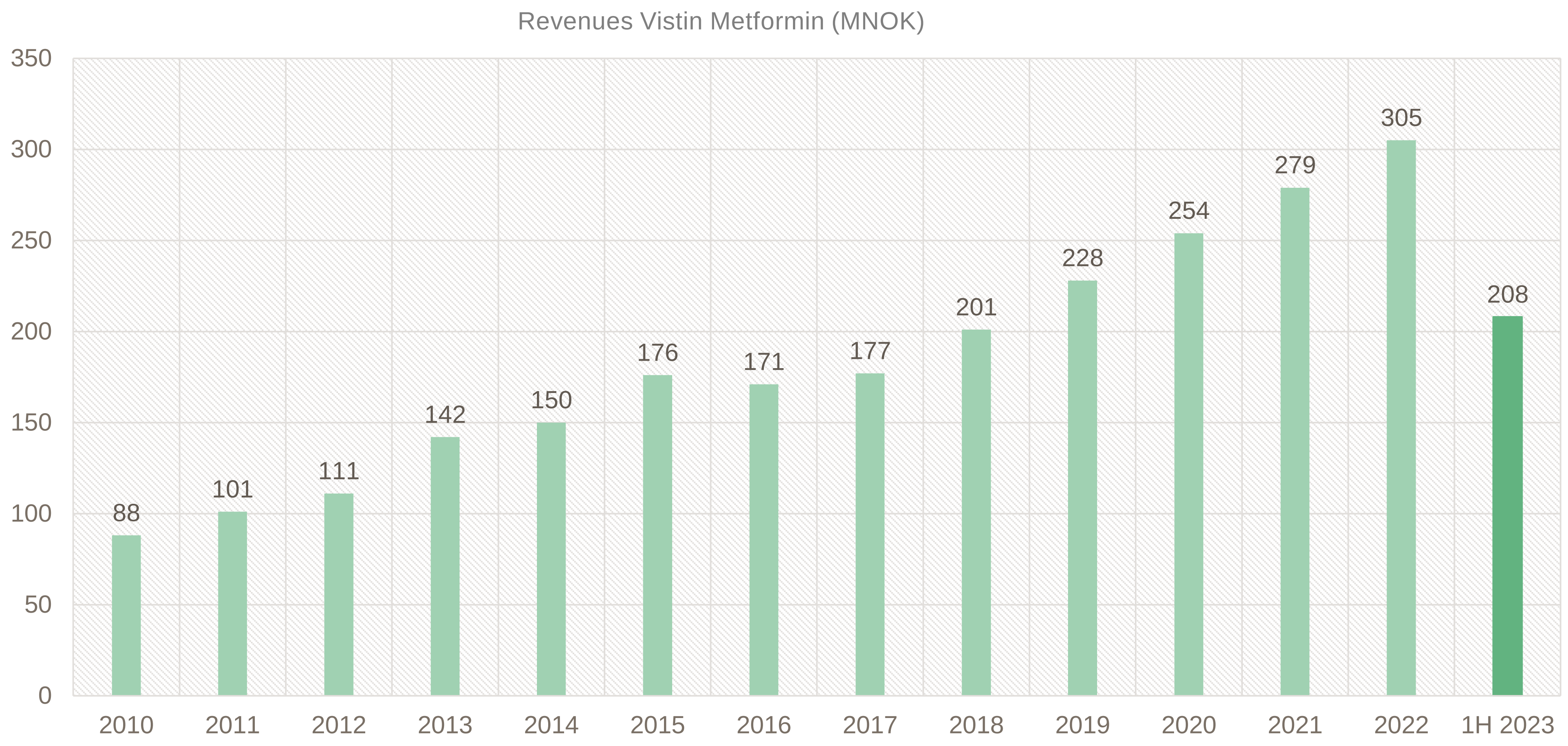
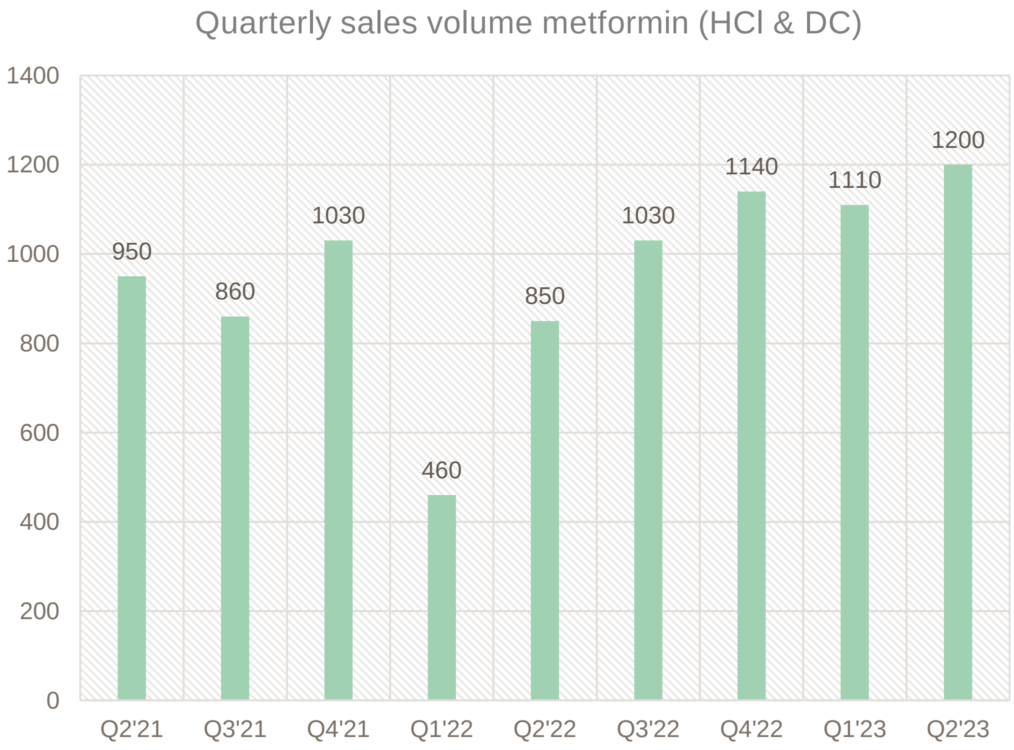
Financial review

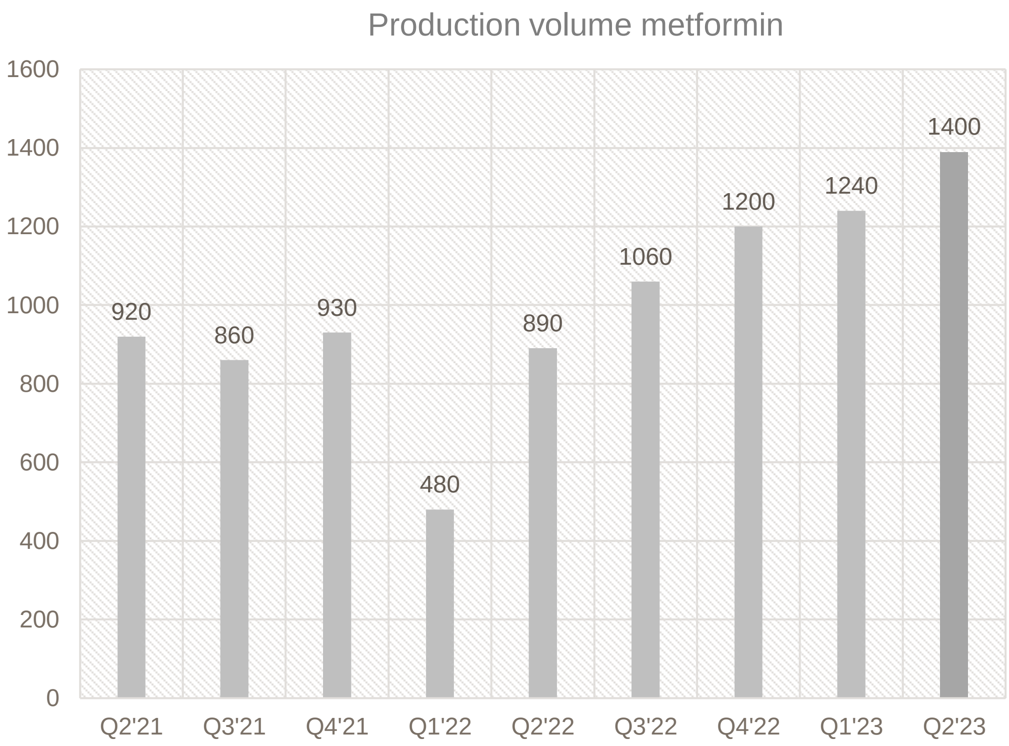
Long and successful growth track record



Financial review

Production volume increased in Q2, and is expected to continue to increase throughout 2023



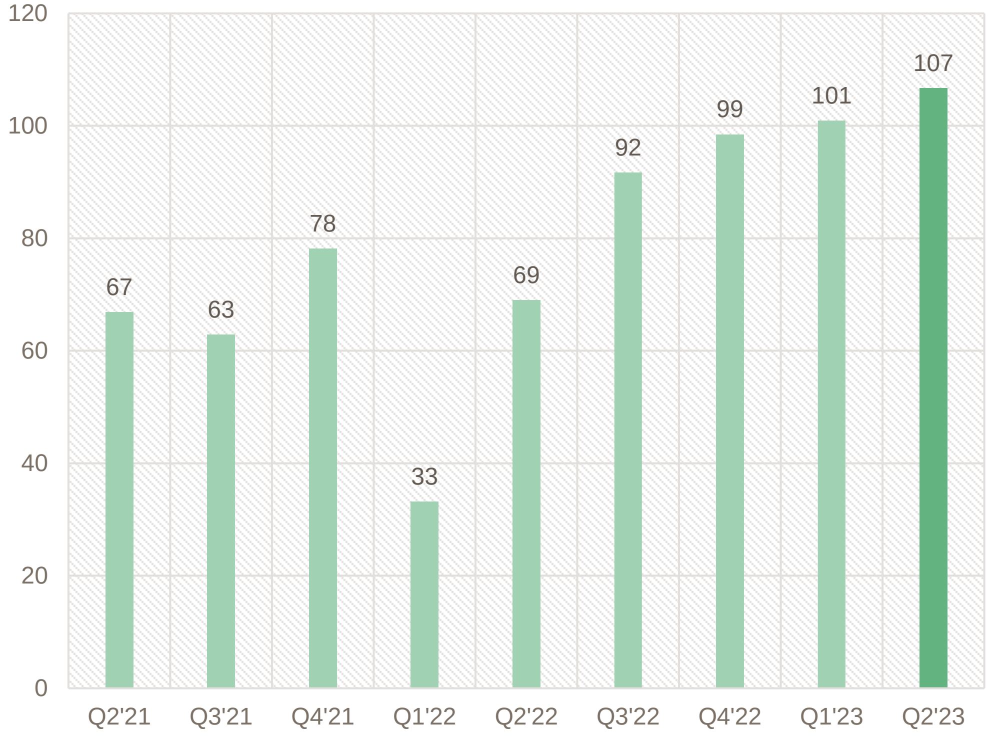


- Finished good inventory increase in first half of year to secure customer service level and to prepare for increased sales volume in second half of 2023

- Planned bi-annually maintenance stop of 5-days in April

Figures in Metric Tons (MT)

Revenue: Increased volume from new production line compared to same quarter last year has resulted in more volumes available for sale

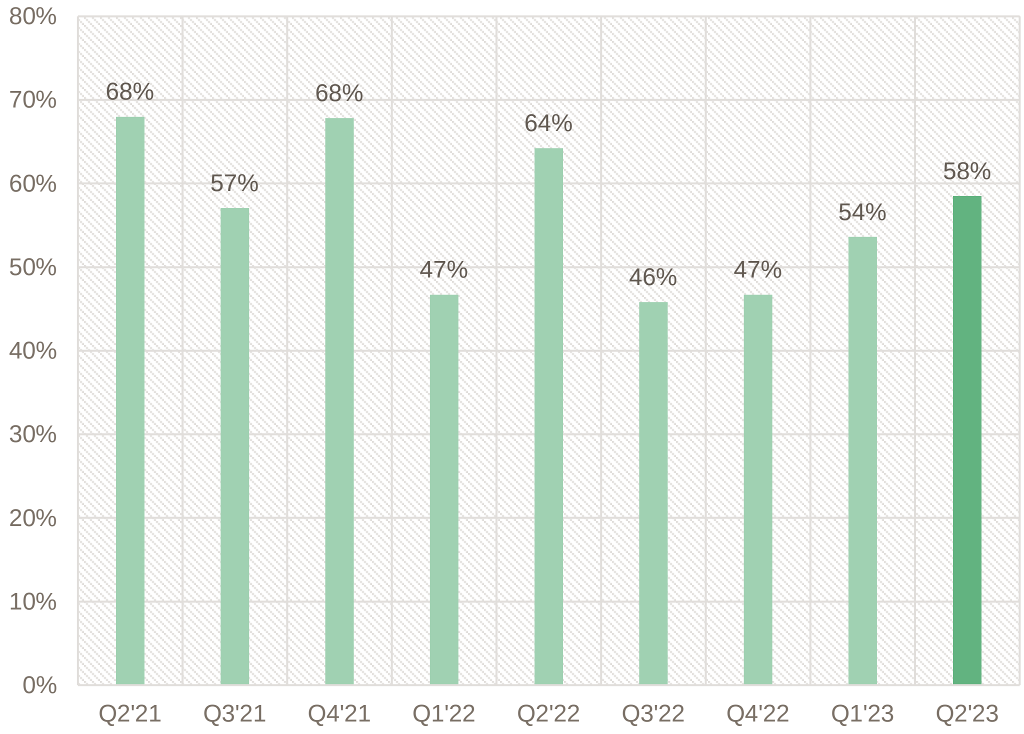


Q4 2022 adjusted for the one time liquidated damage compensation (MNOK ~12.5)

- Revenue positively affected by a stronger EUR vs NOK (+17% compared to Q2'22)
- Currency neutral revenue increased by approx. 30% compared to same quarter last year
- Sales prices reflecting the current raw material and freight costs

Figures in MNOK

Gross margin: Q2 positively affected by a weaker NOK compared to EUR, partly offset by a stronger USD

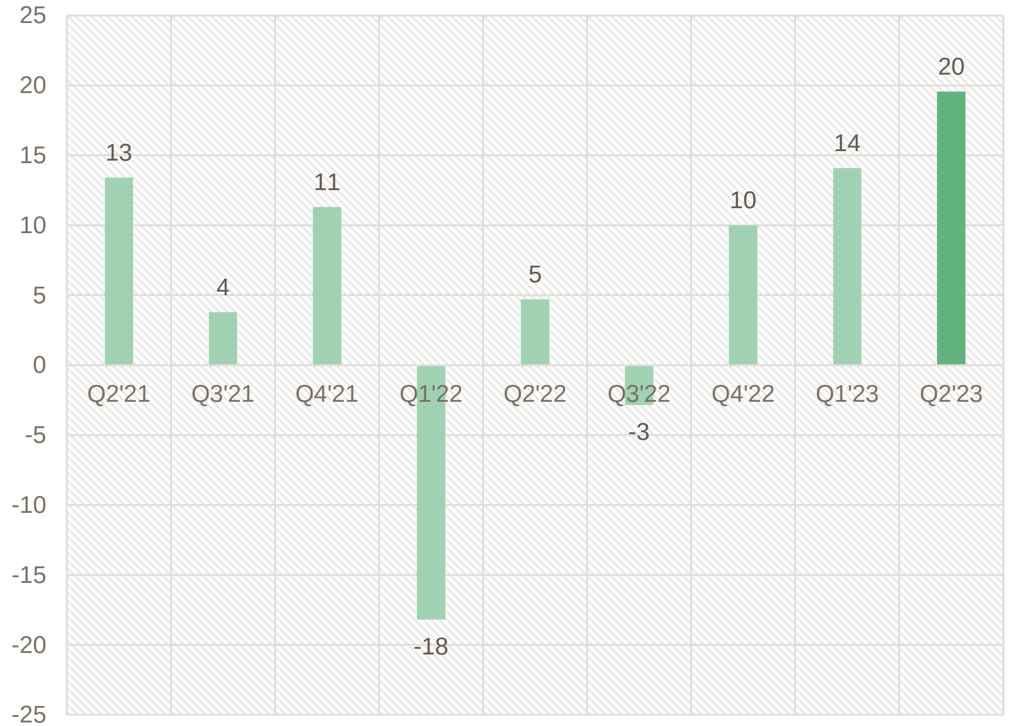


Q4 2022 adjusted for the one time liquidated damage compensation (MNOK ~12.5)

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

- Adjusted for currency (EURNOK & USDNOK) and mix, the gross margin is approx. 2% better in Q2'23 compared to Q1'23
- Gross margin in Q2'22 affected by mix (limited sales volumes available resulted in only premium volumes sold)
- Current raw material at hand (for Q3) and orders for Q4 and onwards at reduced prices = positive (FX neutral) gross margin development expected during 2023
- Vistin's ambition for long-term gross margin is >60%

EBITDA: MNOK 20 vs. MNOK 5 in Q2 2022



Q4 2022 adjusted for the one time liquidated damage compensation (MNOK ~12.5)

Figures in MNOK

- EBITDA positively affected by increased sales volume, competitive energy costs and a strong EUR vs NOK, partly offset by a strong USD vs NOK
- Q2’22 unfavorably affected by limited sales volume available, start-up costs for the new line, and high electricity prices
- Economies of scale is materializing as the MEP volume ramps-up

Key figures: income statement

(NOK 1 000)	Q2 2023	Q2 2022	YTD 2023	YTD 2022	FY 2022
Total revenue and other income					
Total revenue and other income	**106 729**	68 989	**207 669**	102 208	304 852
EBITDA					
EBITDA	**19 546**	4 720	**33 688**	-13 474	6 184
EBT					
EBT	**9 099**	310	**5 278**	-19 114	-6 009
Depreciation & amortisation	**-4 233**	-2 633	**-8 433**	-5 382	-12 280
Net finance income/(expense)	**-6 214**	-1 777	**-19 977**	-258	87
Profit/(loss) before tax	**9 099**	310	**5 278**	-19 114	-6 009
Profit/(loss) for the period	**7 097**	242	**4 117**	-14 909	-4 687

Balance sheet

Assets

	30.06.2023	30.06.2022	31.12.2022
ASSETS			
Non-current assets			
Fixed assets	**218 433**	194 358	219 430
Deferred tax assets	**27 440**	32 063	28 601
Total non-current assets	**245 873**	**226 422**	**248 031**
Current assets			
Inventory	**80 579**	62 903	83 446
Trade receivables	**52 373**	45 141	66 155
Other receivables	**1 356**	31 948	8 146
Cash & cash equivalents	**2 920**	4 256	1 435
Total current assets	**137 229**	**144 248**	**159 182**
Total Assets	**383 103**	**370 670**	**407 213**

- Deferred tax asset in relation to realized loss for Energy Trading in Q1 2020
- Decrease of raw materials in quarter. Inventory consists approx. 30/70 of raw materials and finished good (FG)
- Inventory of raw materials is expected to increase in Q3 due to purchases of additional material due to favorable prices

Balance sheet

Equity and liabilities

	30.06.2023	30.06.2022	31.12.2022
EQUITY AND LIABILITIES			
Equity			
Share capital	**44 345**	44 345	44 345
Share premium	**206 885**	206 885	206 885
Retained earnings	**26 372**	9 629	22 033
Total equity	**277 602**	**260 859**	**273 263**
Non-current liabilities			
Other non-current liablites	**2 489**	133	2 956
Pension liabilites	**13 199**	15 831	13 199
Total non-current liabilities	**15 687**	**15 965**	**16 155**
Current liabilities			
Trade payables	**33 940**	42 866	25 906
Short term debt	**-**	39 384	45 141
Other current liabilities	**55 873**	11 597	46 748
Total current liabilities	**89 814**	**93 846**	**117 795**
Total liabilities	**105 501**	**109 811**	**133 950**
Total Equity and Liabilities	**383 103**	**370 670**	**407 213**

- Strong balance sheet with an equity ratio of 72%
- Strong cash flow in 1H of 2023 has resulted in full downpayment of all credit facilities as of end June 2023
- Increased working capital requirement in Q3 as we build up additional stock of raw materials at favourable prices


VISTIN

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Producer of two different metformin products

- Metformin HCl (bulk API, “fine, dry powder”)
- Metformin DC (“directly compressible”, a granulated pre-tablet form)
- Metformin tablet dossiers and know-how

Manufacturing capacity

- Decided in April ‘20 to invest MNOK 100 to increase the annual capacity up to 7000MT
- Installed ~5 500MT at end 2022 – six shifts (24/7) Expected to increase to approx. 7 000MT by end 2023

Positioned as a premium producer in a competitive market

- Sales to reputable international pharmaceutical companies
- State-of-the-art, fully automated manufacturing plant in Kragerø
- Certified by all significant international regulatory bodies

Strategically positioned with proximity to key customers

- Delivery time less than 24 hours
- Competitive edge over non-European producers

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

Vistin is strategically well positioned as many European clients prefer high quality supplies, near-shore production and aa attractive ESG-profile

The expansion project to increase the annual 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

Freight and raw material prices are expected to gradually decrease during 2023

Sales prices and volume for most of remaining 2023 are secured

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

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Top 20 share-holders as of 30 June 2023

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*	1 034 280	2,33 %
STORKLEIVEN AS	751 000	1,69 %
AUGUST RINGVOLD AGENTUR AS	750 315	1,69 %
LUCELLUM AS	711 322	1,60 %
MIKLA INVEST AS	590 515	1,33 %
HENRIK MIDTTUN HAAVIE	587 334	1,32 %
IVAR LØGES STIFTELSE	550 000	1,24 %
HENRIK MIDTTUN HAAVIE	519 824	1,17 %
CORTEX AS	508 989	1,15 %
WEM INVEST AS	500 000	1,13 %
DNB BANK ASA	498 001	1,12 %
SANDEN EQUITY AS	468 947	1,06 %
DELTA AS	410 000	0,92 %
Nordnet Bank AB	363 830	0,82 %
GINKO AS	350 000	0,79 %
Øystein Stray Spetalen*	323 650	0,73 %
TOTAL 20 LARGEST SHAREHOLDERS	**30 252 831**	**68,22%**
OTHER SHAREHOLDERS	14 091 761	31,78%
TOTAL NUMBER OF SHARES	**44 344 592**	**100,00 %**

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

Thank you
for your attention.

www.vistin.com

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

23 August 2023