



Vistin Pharma

Q3

Presentation 2022

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26 October 2022



“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

Third quarter and YTD 2022 results

All-time high revenue in a quarter: MNOK 92 vs. MNOK 63 in Q3 2021

- Revenue of MNOK 92 compared to MNOK 63 in third quarter 2021, a 46% increase. Due to MEP ramp-up activities there has still been limitations on volume available for sale in quarter
- MNOK 194 in revenue YTD 2022 compared to MNOK 201 YTD last year

MNOK -2.9 in EBITDA vs. MNOK 3.8 in Q3 2021

- Volatility due to the war in Ukraine and European energy prices continues to put pressure on profitability.
- Record high electricity prices in the quarter and increasing raw material cost (both inflation and USDNOK FX rate)
- One-time negative cost effect of MNOK 5 in quarter in relation to non sellable validation batches and inventory adjustment
- EBITDA of negative MNOK 16.3 YTD 2022 versus MNOK 32.5 YTD 2021

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

- Continued process optimizations resulting in close to 1100MT production which is a new record
- Marginal economies of scale effects in quarter due to lower MEP ramp-up volume. As volume output increases going forward, leverage on semi-variable overhead costs will be substantial
- Annual capacity at end Q3 is close to 5000MT and is expected to continue to improve gradually during Q4 to reach a capacity of >5 500MT by end 2022. Annual capacity of close to 7000MT expected to be reached by 2023
- The Q3 financials has been significantly impacted by unfavorable market conditions like electricity, raw material prices, FX, etc. The financial result in next quarter is expected to improve.





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

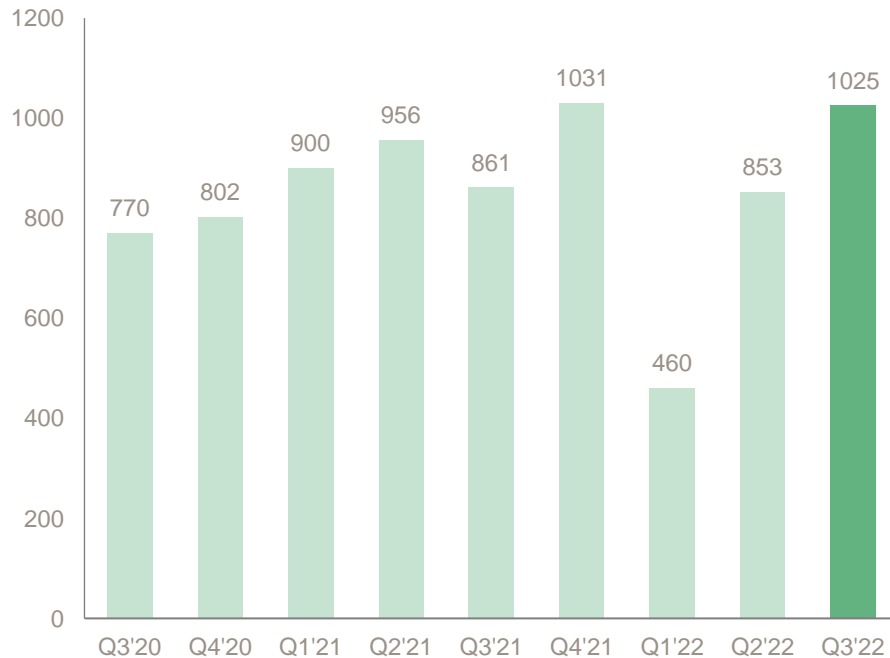




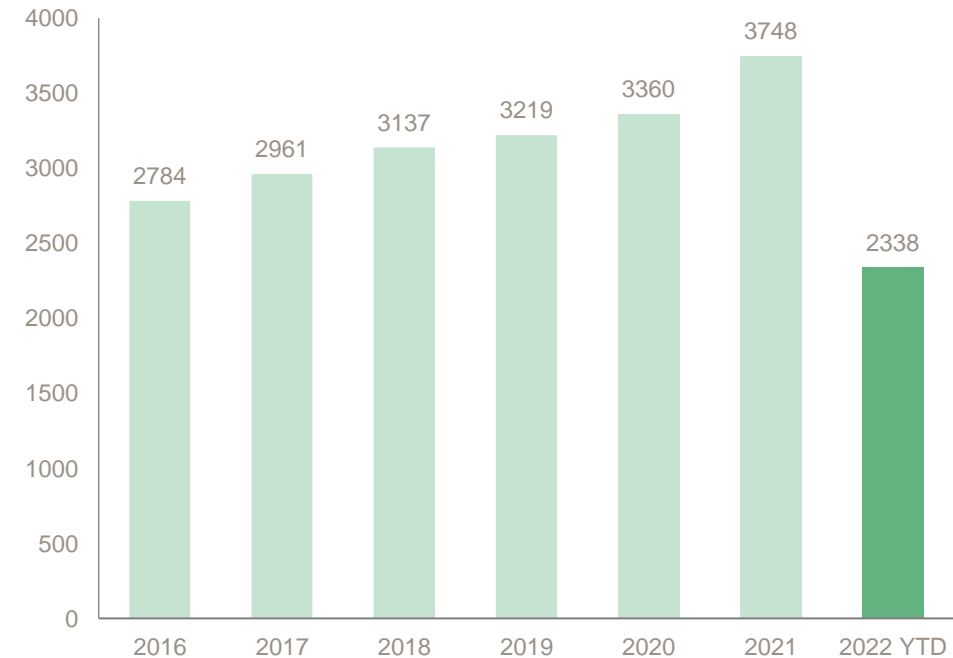
Financial review

Limitations in sales volume available in quarter due to MEP volume ramp-up phase

Quarterly sales volume metformin (HCI & DC)



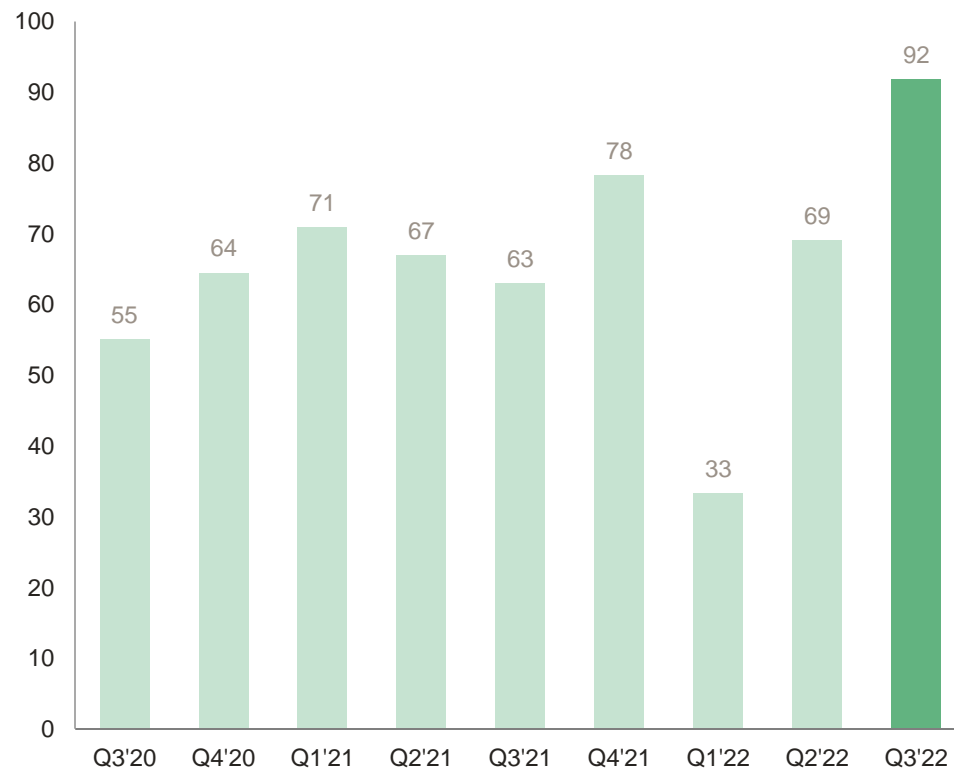
Annual sales volume metformin (HCI & DC)



Figures in Metric Tons (MT)



Revenue



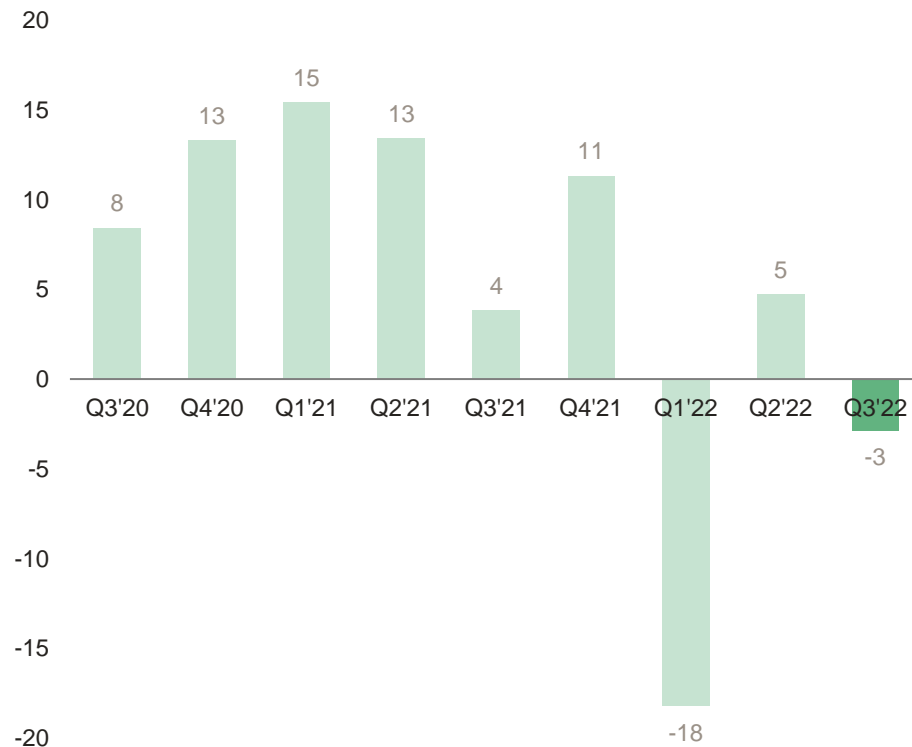
Figures in MNOK

- Revenue increase of 46% compared to Q3'21, driven by significant increase in both volume and sales prices
- Ukraine situation has further increased volatility on raw material, freight and energy prices. However, some positive signs on decreasing freight and raw material cost in 2023
- Current sales prices increased to reflect the increased raw material and freight costs
- Dialogue with main customers to agree sales prices for Q4 2022
- Ongoing discussions with customer to secure sales volume for 2023. Expected to be finalized before end November/early December



Financial review

EBITDA



Figures in MNOK

- Volatility with Ukraine situation and European energy prices continues to put pressure on profitability with record high electricity prices and increasing raw material cost (both inflation and USDNOK FX rate)
- Electricity costs up by approx. 500% in Q3'22 compared to same quarter last year. Concrete ongoing initiatives in the plant to reduce power consumption
- One-time negative cost effect of MNOK 5 in quarter in relation to non sellable validation batches and inventory adjustment
- Marginal economies of scale effects in quarter due to lower MEP ramp-up volume. As volume output increases going forward, leverage on semi-variable overhead costs will substantiate
- New employees hired for MEP not yet fully utilized. No expected change in manning for rest of year



Financial review

Income statement

(NOK 1 000)	Q3 2022	Q3 2021	YTD 2022	YTD 2021	FY 2021
<i>Total revenue and income</i>					
Total revenue and income	91 714	62 854	193 921	200 503	278 623
<i>EBITDA</i>					
EBITDA	(2 864)	3 764	(16 338)	32 533	43 858
<i>EBT</i>					
EBT	(8 595)	1 214	(27 709)	22 817	31 994
Depreciation & amortisation	(2 975)	(2 441)	(8 357)	(8 522)	(10 609)
Net finance income/(expense)	(2 757)	(108)	(3 015)	(1 194)	(1 255)
Profit/(loss) before tax	(8 595)	1 214	(27 709)	22 817	31 994
Profit/(loss) for the period	(6 704)	947	(21 613)	17 798	24 867



Balance sheet

Assets

	30.09.2022	30.09.2021	31.12.2021
ASSETS			
Non-current assets			
Fixed assets	195 389	162 607	167 457
Deferred tax assets	33 955	30 080	27 859
Total non-current assets	229 344	192 687	195 316
Current assets			
Inventory	67 844	27 184	42 907
Trade receivables	56 401	31 637	40 245
Other receivables	5 303	13 075	18 934
Cash & cash equivalents	3 816	52 072	35 746
Total current assets	133 363	123 968	137 831
Total Assets	362 707	316 656	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. Both additional volume and significant higher raw material prices drives increase
- Inventory and receivable increase, and cash decrease driven by MEP volume ramp-up



Balance sheet

Equity and liabilities

	30.09.2022	30.09.2021	31.12.2021
EQUITY AND LIABILITIES			
Equity			
Share capital	44 345	44 345	44 345
Share premium	206 885	206 885	206 885
Retained earnings	2 926	16 894	24 538
Total equity	254 156	268 124	275 768
Non-current liabilities			
Other non-current liabilities	3 614	1 110	512
Pension liabilities	15 831	16 330	15 831
Total non-current liabilities	19 446	17 440	16 343
Current liabilities			
Trade payables	30 411	19 377	20 808
Short term debt	42 114	-	-
Other current liabilities	16 581	11 714	20 227
Total current liabilities	89 106	31 091	41 035
Total liabilities	108 551	48 531	57 379
Total Equity and Liabilities	362 707	316 655	333 147

- Strong balance sheet with an 70% equity ratio
- 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
Vistin'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 1100MT production which is a new record (by ~15%)
- Annual capacity at end Q3 is close to 5000MT and is expected to continue to build up gradually during Q4 and reach an installed capacity of >5 500MT by end 2022.
- Annual capacity of close to 7000MT expected to be reached by 2023
- Current organization is capable of handling expected 2022 volumes without adding additional employees

Financial:

- High working capital requirements in Q3'22 driven by raw material stock and time from production start of line #2 to payment from customers. Operational cash flow expected to improve from Q4
- Raw material inventory will be gradually decreased during Q4 as we see more stable supply from China and India. However, a significant safety stock will still be kept locally to support ramp-up plan
- Approx. 85% of MEP and other planned CAPEX in 2022 paid as of end September



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

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





Appendix



Appendix

Top 20 shareholders as of 30 September 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	750 000	1,7 %
LUCELLUM AS	710 000	1,6 %
DNB BANK ASA	641 081	1,4 %
MIKLA INVEST AS	620 874	1,4 %
IVAR LØGES STIFTELSE	560 000	1,3 %
TOM RAGNAR PRESTEGÅRD STAAVI	512 324	1,2 %
CORTEX AS	508 989	1,1 %
WEM INVEST AS	500 000	1,1 %
SANDEN EQUITY AS	468 947	1,1 %
DYVI INVEST AS	455 500	1,0 %
HENRIK MIDTTUN HAAVIE	444 600	1,0 %
DELTA AS	400 000	0,9 %
GINKO AS	350 000	0,8 %
ØYSTEIN STRAY SPETALEN*	323 650	0,7 %
TOTAL 20 LARGEST SHAREHOLDERS	29 845 141	67,3 %
OTHER SHAREHOLDERS	14 499 451	32,7 %
TOTAL NUMBER OF SHARES	44 344 592	100,0 %

* 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)

19 August 2022