



Vistin Pharma

Q2

and first half 2022 results

Alexander Karlsen (CFO) / Magnus Tolleshaug (CCO & Interim CEO)
19 August 2022



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



Agenda

Highlights

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Highlights

Second quarter and YTD 2022 results

MNOK 69 in revenue vs. MNOK 67 in Q2 2021

- Revenue of MNOK 69 compared to MNOK 67 in second quarter 2021, a 3% increase. Due to MEP ramp-up activities there has been limitations on volume available for sale in quarter
- MNOK 102 in revenue YTD 2022 compared to MNOK 138 YTD last year

MNOK 4.7 in EBITDA vs. MNOK 13.4 in Q2 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 control FTE's not fully utilized yet, and semi-variable overhead costs
- EBITDA of negative MNOK 13.5 YTD 2022 versus MNOK 28.8 YTD 2021

Volume output is gradually increasing as the new line #2 ramps-up

- Existing line #1 produced according to plan in quarter, however at slightly reduced capacity due to normal maintenance stop and optimization of production with two lines
- New line #2 is producing at reduced capacity as part of volume ramp-up phase
- Capacity is expected to continue to ramp-up gradually during Q3 and Q4 and reach an annual capacity rate of >5 500MT by end 2022. Annual capacity of approx. 7000MT expected to be reached during 2023
- Financial result expected to continue to improve for next quarters, with more volumes available for sale





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

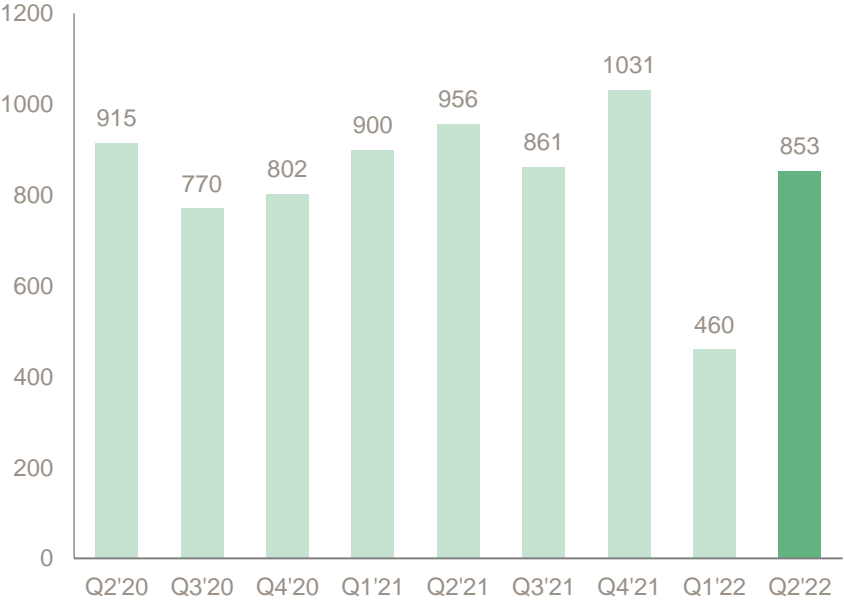




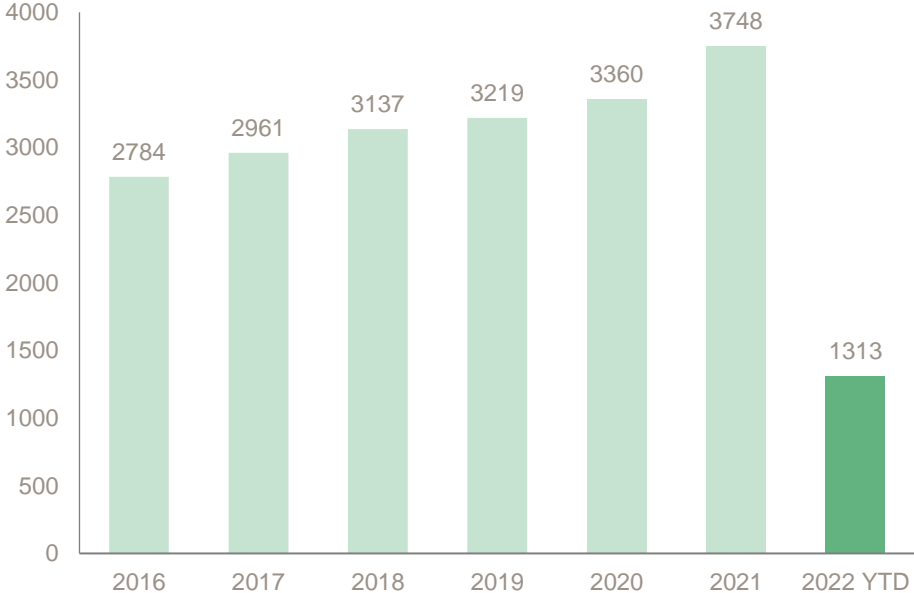
Financial review

Limited sales volume available in Q2'22 due to planned MEP volume ramp-up phase

Quarterly sales volume metformin (HCl & DC)



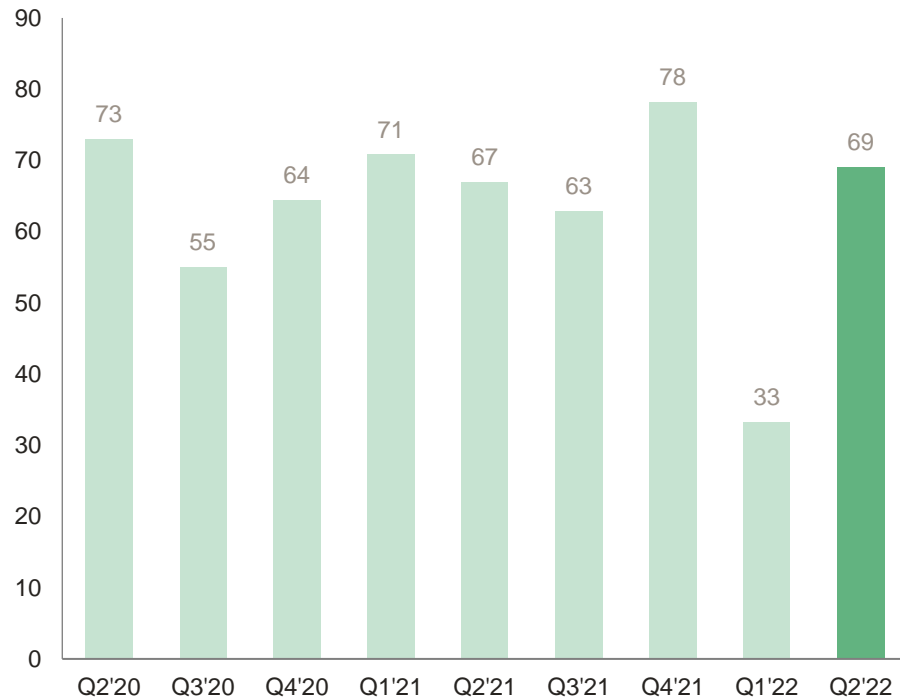
Annual sales volume metformin (HCl & DC)



Figures in Metric Tons (MT)



Revenue



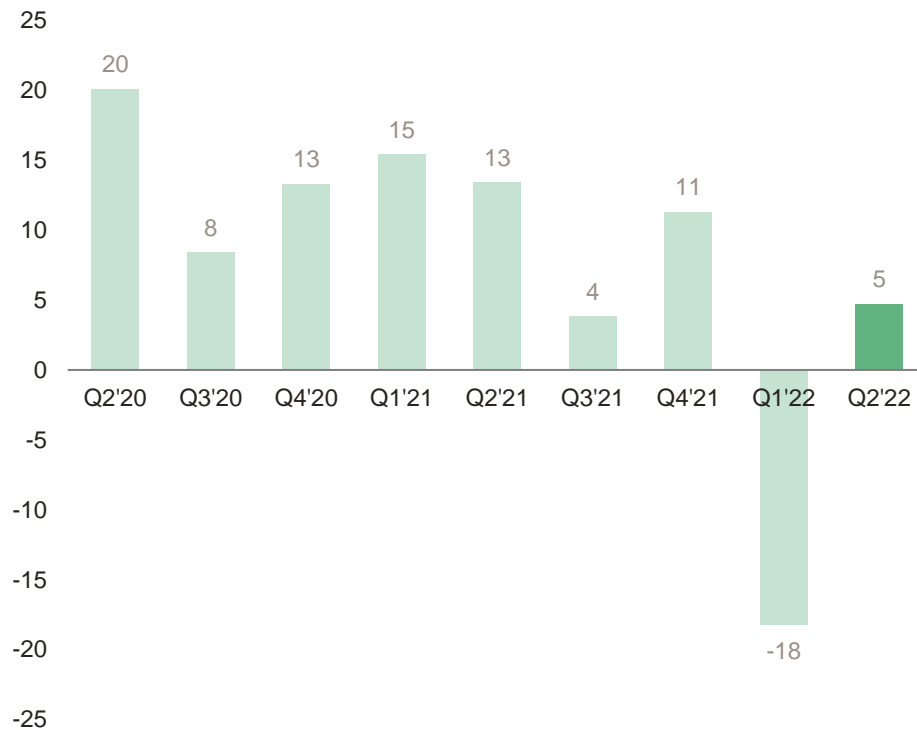
Figures in MNOK

- Revenue increase vs Q2'21, even with limited sales volume available due to MEP volume ramp-up
- Current sales prices increased to reflect the raw material, freight and energy prices
- Ukraine situation has further increased volatility on raw material, freight and energy prices
- Quarterly dialogue with main customers to negotiate sales prices in 2022
- Significant safety-stock of the most important raw materials held locally to secure MEP volume ramp-up



Financial review

EBITDA



Figures in MNOK

- EBITDA 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 overhead costs like; supply, tools & patterns, purchased services and partly electricity not expected to increase linearly with production volume.
- Electricity costs up by approx. 300% in Q2'22 compared to same quarter last year. Ongoing initiatives in the plant to reduce power consumption.



Financial review

Income statement

(NOK 1 000)	Q2 2022	Q2 2021	YTD 2022	YTD 2021	FY 2021
Total revenue and income					
<i>Total revenue and income</i>	68 989	66 847	102 208	137 650	278 623
EBITDA					
<i>EBITDA</i>	4 720	13 412	(13 474)	28 769	43 858
EBT					
<i>EBT</i>	310	10 338	(19 114)	21 603	31 994
<i>Depreciation & amortisation</i>	(2 633)	(3 209)	(5 382)	(6 080)	(10 609)
<i>Net finance income/(expense)</i>	(1 777)	136	(258)	(1 086)	(1 255)
<i>Profit/(loss) before tax</i>	310	10 339	(19 114)	21 603	31 994
<i>Profit/(loss) for the period</i>	242	8 064	(14 909)	16 851	24 867



Balance sheet

Assets

	31.06.2022	31.06.2021	31.12.2021
ASSETS			
Non-current assets			
Fixed assets	194 358	160 642	167 457
Deferred tax assets	32 063	30 347	27 859
Total non-current assets	226 422	190 989	195 316
Current assets			
Inventory	62 903	28 330	42 907
Trade receivables	45 141	34 609	40 245
Other receivables	31 948	6 158	18 934
Cash & cash equivalents	4 256	59 939	35 746
Total current assets	144 248	129 037	137 831
Total Assets	370 670	320 026	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.
- Other receivables is paid raw materials not yet received at plant
- Inventory and receivable increase, and cash decrease driven by MEP volume ramp-up



Balance sheet

Equity and liabilities

	30.06.2022	30.06.2021	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	9 629	15 856	24 538
Total equity	260 859	267 086	275 768
Non-current liabilities			
Other non-current liabilities	133	1 217	512
Pension liabilities	15 831	16 330	15 831
Total non-current liabilities	15 965	17 547	16 343
Current liabilities			
Trade payables	42 866	24 849	20 808
Short term debt	39 384	-	-
Other current liabilities	11 597	10 545	20 227
Total current liabilities	93 846	35 393	41 035
Total liabilities	109 811	52 940	57 379
Total Equity and Liabilities	370 670	320 026	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





Metformin Expansion Project update

Operational:

- Existing line #1 produced according to plan in quarter, however at slightly reduced capacity due to normal maintenance stop and optimization of production with two lines
- Line #2 is producing at reduced capacity as part of volume ramp-up phase
- Capacity is expected to ramp-up gradually during Q3 and Q4 and reach an annual capacity rate of >5 500MT by end 2022. Annual capacity of approx. 7 000MT expected to be reached during 2023
- First commercial batch from new line #2 was shipped out of Plant in Q2 as planned.
- Current organization is capable of handling expected 2022 volumes without adding additional FTE's

Financial:

- Increased working capital requirements in Q2'22 driven by raw material stock and time from production start of line #2 to payment from customers. Cash flow expected to improve from Q4
- Raw material inventory will gradually be decreased during 2H 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. 80% of MEP and 50% of other planned CAPEX in 2022 paid as of end June
- Financial result expected to continue to improve for next quarters, with more volumes available for sale



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 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 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 shareholders as of 30 June 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 %
LUCELLUM AS	680 000	1,5 %
DNB NOR BANK ASA	649 557	1,5 %
MIKLA INVEST AS	620 874	1,4 %
TIGERSTADEN AS	570 671	1,3 %
IVAR LØGES STIFTELSE	560 000	1,3 %
TOM RAGNAR PRESTEGÅRD STAAVI	512 324	1,2 %
WEM INVEST AS	500 000	1,1 %
CORTEX AS	485 694	1,1 %
SANDEN EQUITY AS	468 947	1,1 %
DYVI INVEST AS	455 500	1,0 %
HENRIK MIDTTUN HAAVIE	415 300	0,9 %
NORDNET LIVSFORSIKRING AS	396 416	0,9 %
DELTA AS	385 000	0,9 %
TOTAL 20 LARGEST SHAREHOLDERS	30 024 459	67,7 %
OTHER SHAREHOLDERS	14 320 133	32,3 %
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

Alexander Karlsen (CFO)
Magnus Tolleshaug (CCO & interim CEO)

19 August 2022