

VISTIN PHARMA

VISTIN PHARMA ASA

FOURTH QUARTER AND PRELIMINARY 2021 RESULTS

PUBLISHED 17 FEBRUARY 2022

HIGHLIGHTS

- Revenue of MNOK 78 compared to MNOK 64 in fourth quarter 2020, a 21% increase. Revenue increase driven by higher sales volume (+29%) and sales prices, partly offset by a significant stronger NOK vs EUR
- Revenue of MNOK 279 in 2021 compared to MNOK 254 in 2020, a growth of 10%. Currency neutral, the revenue growth YoY is approx. 15%
- EBITDA for Pharmaceuticals of MNOK 12.2 in fourth quarter 2021 compared to MNOK 13.9 in fourth quarter 2020 (-13%). EBITDA unfavorably affected by FX, increased raw material prices, record high international freight costs, bonus accrual and higher electricity prices in the quarter compared to last year
- Higher sales prices successfully negotiated with customers in Q4 to reflect increased cost base
- 2021 EBITDA of MNOK 49 versus MNOK 58 in 2020. Net unfavorable FX effect on '21 EBITDA vs '20 is approx. MNOK 7
- All-time high sales volume in 2021; 3 748MT compared to 3 360MT in 2020
- Slightly improved predictability in freight lead time from Asia to Europe. Additional safety stocks of key raw materials will be kept in 1H'22
- Metformin capacity expansion project (MEP) on track and expected to be commercially operational from Q2 2022. Existing line #1 successfully resumed production in second week of February. Approximately 55% of the total investment of MNOK 100 paid as of end December
- Cash balance of MNOK 36 as of 31 December and no interest-bearing debt
- Board proposes to get a power of attorney from AGM in May to pay up to NOK 0.75 per share in dividend for 2021, by end of 2022

4TH QUARTER REPORT AND PRELIMINARY FINANCIALS FOR 2021

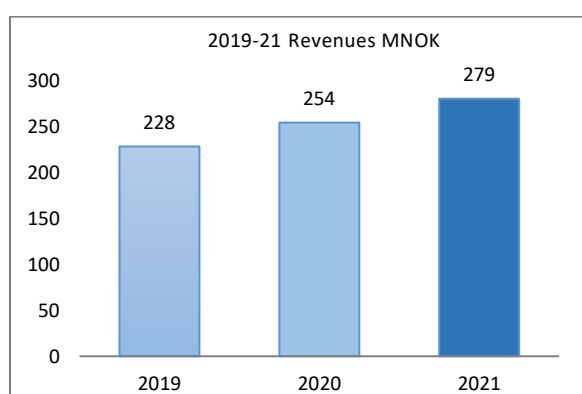
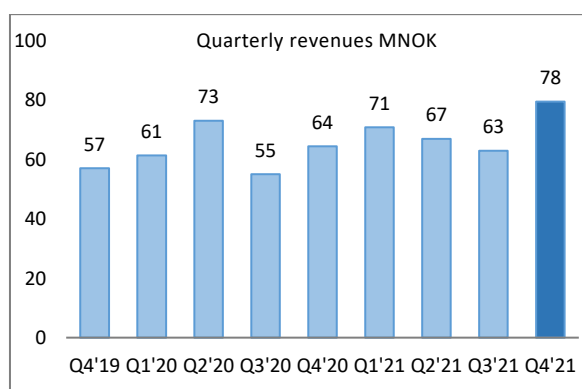
The financial report as per December 2021 has been prepared according to the IFRS (International Financial Reporting Standard) and follows IAS 34 for interim financial reporting, as do the comparable numbers for 2020.

FINANCIAL DEVELOPMENT

(Comparative numbers for 2020 in parenthesis)

REVENUE

Revenue in the quarter of MNOK 78.1 (MNOK 64.4), a 21% increase compared to Q4 2020. The revenue increase was driven by higher sales volume and increased average selling price, partly offset by a significantly stronger NOK vs. EUR.

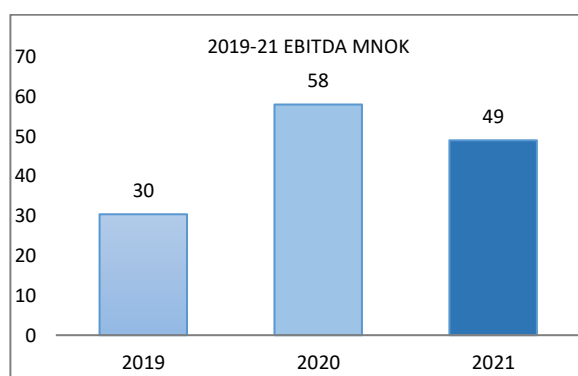
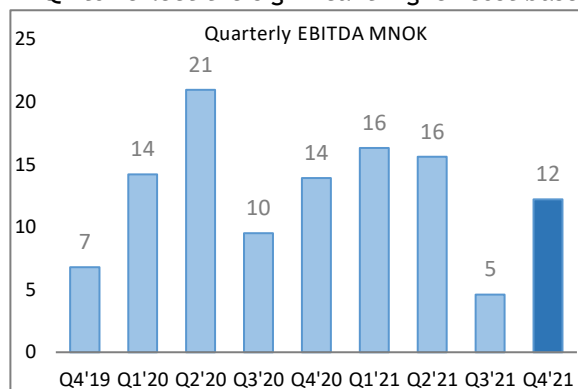


Cost of goods sold

Cost of goods sold (COGS) in the quarter ended at MNOK 66.8 (MNOK 51.2). In addition to the increased volume, the main drivers are record high transportation costs, high global raw material prices, increased electricity and water prices compared to last year, partly offset by volume leverage due to the new reactor and increased capacity.

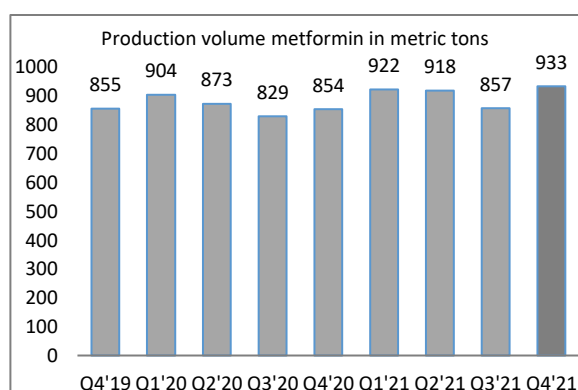
EARNINGS

Pharmaceuticals achieved an EBITDA of MNOK 12.2 (MNOK 13.9) for the quarter. EBITDA unfavorably affected by bonus accrual of MNOK 4 (MNOK 2.5). Earnings before tax (EBT) ended at MNOK 9.9 (MNOK 11.5). Vistin has successfully negotiated price compensations with customers in Q4 to reflect the significant higher cost base.



PRODUCTION

The Fikkjebakke plant has been operating at full capacity and with high efficiency and productivity throughout the quarter, except for a 5-day planned maintenance stop in October. The new 2nd reactor which was installed in Q3/Q4'20 has resulted in an increase of almost 2 batches produced per week. The output from the dedicated metformin plant reached a record high production volume of 3 630MT in 2021.



Other (HQ)

HQ and other Group activities had EBT of negative MNOK 0.7 for the fourth quarter, compared to negative MNOK 0.5 in the same quarter last year. The consolidated EBT for the Group, ended at MNOK 9.2 (MNOK 11.1) in the fourth quarter.

Financial items

Net finance ended negative with MNOK 0.1 for the fourth quarter 2021, compared to positive of MNOK 0.2 in fourth quarter 2020. Net finance expense in Q4'21 was mainly related to realized and unrealized gains or losses related to customer receivables and currency hedging contracts.

CASH FLOW

YTD net cash flow from operating activities was MNOK 27. Net cash flow from operating activities in same period of 2020, excluding Vistin Trading, was MNOK 45 in 2020.

Net cash flow from investing activities in 2021 was negative MNOK 39 which represents capital expenditure, mainly MEP. Net cash flow from investing activities in the same period last year was negative MNOK 52.

Net cash flow from financing activities YTD was negative MNOK 29.8, driven by dividend pay-out in June. Net cash flow from financing activities in the same period last year was negative MNOK 45.8.

Net decrease in cash and cash equivalents in 2021 amounted to MNOK 41.3. In the same period last year, there was a net decrease in cash and cash equivalents of MNOK 242.6 due to realization of the oil derivative contracts in Energy Trading, which was closed down in Q1'20.

BALANCE SHEET

Assets

Vistin Pharma had total assets of MNOK 333 as of 31 December 2021. Cash and cash equivalents amounted to MNOK 36.

The company has a deferred tax asset of MNOK 27.9 (MNOK 35.1). 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 276. This equals an equity ratio of 83%.

Liabilities

The company had no interest-bearing debt as of end December 2021. MNOK 1.4 (MNOK 1.9) in obligations related to lease contracts are recognized in the balance sheet according to IFRS 16.

OPERATIONAL STATUS

MARKET

It is a strong underlying global demand in the metformin market. The market is expected to grow by 5-6% annually in the foreseeable future. Metformin is the standard first-line treatment of Type 2 Diabetes, which contribute to 90% of the population suffering from diabetes. The majority of Vistin Pharma's key customers are pharmaceutical companies that sell new and innovative metformin products to the end users. 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 multinational customers, as well as adding new customers to its portfolio. The company is currently experiencing strong demand for its products.

STRATEGY / MEP

In April 2020 Vistin announced that the Board of Directors had approved a Metformin Capacity Expansion Project (MEP). The objective is to build a 2nd parallel production line and establish a total capacity of approx. 7000MT metformin HCl annually (+ 3500MT). The estimated CAPEX is MNOK 100, whereof approx. 55% has been paid as of 31 December. Business development activities to acquire new accounts and to secure increased volumes from existing customers to fill the additional MEP capacity are ongoing.

In relation to the MEP installation, production was closed down first week of January, as planned. Line 1 successfully resumed normal production second week of February. The first commercial batch from Line 2 is expected to be shipped out of Plant in Q2. Implementation of MEP is leading to low volumes available for sale in Q1'22 and an untraditionally weak result in the period is expected. The financial results is expected to improve from Q2'22, and accelerate from 2H with leverage from the new capacity. The 2022 production target is 5000 MT.

Vistin expects significant increased working capital requirements to support the volume ramp-up. In addition, Vistin has an ambitious CAPEX plan in 2022 to support the volume growth and future production productivity. Based on this a credit facility has been secured with Nordea.

RESEARCH AND DEVELOPMENT (R&D)

Vistin has positioned itself as a premium supplier. To strengthen the position in the market, 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 consisting of four highly competent engineers who are dedicated to work with process, productivity, and quality improvements.

THE COVID-19 PANDEMIC

The demand in the market for metformin is still high and is not affected by the corona epidemic. The delivery situation of raw materials from China has slightly improved. However, there are still uncertainties around delivery lead time and based on this Vistin has further increased its raw material safety stock to secure future supply and MEP ramp-up plan. Due to the increased global import from China and India leading to supply chain constraints and port congestions around the world, this has led to significantly increased freight cost (across all global businesses and for all goods). Vistin is also experiencing significant pressures from its suppliers with increasing raw materials prices, driven by higher global demand and increased raw material prices in general.

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 Group has developed a 'NO HARM VISION' consisting of:

- ***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***

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

- Vistin continue to use only hydro powered energy to minimize carbon footprint
- Vistin is completing a project in 2022 with aim to reduce 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 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 is currently investing MNOK 10 in a cooling system to condense hydrocarbons. This is expected to reduce the emission with more than 98%, resulting in a reduction of the total emission to air with more than 95 % compared to current level. Project is expected to be finalized in Q1'22.

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 2020, 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.

GENERAL MARKET OUTLOOK

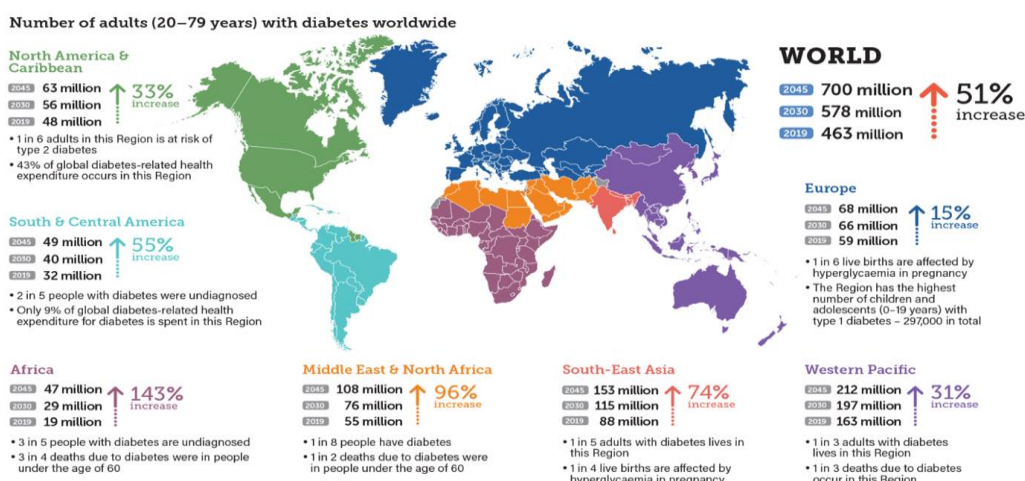
Diabetes is one of the largest global health crises of the 21st century, and the metformin business is expected to continue to grow by 5-6% annually, as it remains the gold-standard treatment of type 2 diabetes. The majority of Vistin Pharma's key customers are pharmaceutical companies that sell new and innovative metformin products, and the demand for the Company's metformin will be dependent on the market performance of these products.

The demand in the market for metformin is still high and is currently not affected by the corona epidemic. The vulnerability for drug supplies during the corona epidemic 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 increase in local supplies going forward.

SHAREHOLDER INFORMATION

The Company had 44 344 592 issued shares as of 31 December 2021. The five largest shareholders were Intertrade Shipping AS with 12,575,000 shares, Pactum AS with 3,519,733 shares, Holmen Spesialfond with 3,250,000 shares, MP Pensjon PK with 1,719,848 shares, and Tigerstaden AS with 850,000 shares.

The share price has moved from NOK 19.8 per share at 30 of September, and to NOK 19.4 as of 31 December 2021, equal to a decrease of 2%. Vistin paid dividend of NOK 0.5 per share in June.



VISTIN PHARMA ASA - FOURTH QUARTER REPORT 2021

	QTR	QTR	YTD	YTD
Condensed financial statement (P&L)	4. quarter 2021	4. quarter 2020	31.12.2021	31.12.2020
All numbers in NOK 1000				
Total revenue and income	78 119	64 421	278 623	253 905
Cost of materials	24 996	14 740	96 097	73 288
Salary and social expenses	21 875	19 868	73 426	72 499
Other operating expenses	19 923	16 606	65 241	52 940
Total operating expenses	66 795	51 214	234 765	198 728
Opr. res.before. depr. and write offs (EBITDA)	11 324	13 207	43 858	55 177
<i>Opr.res before depr and write off %</i>	<i>14,5 %</i>	<i>20,5 %</i>	<i>15,7 %</i>	<i>21,7 %</i>
Depreciation	2 087	2 371	10 609	9 623
Operating result	9 238	10 837	33 249	45 554
<i>Operating result in %</i>	<i>11,8 %</i>	<i>16,8 %</i>	<i>11,9 %</i>	<i>17,9 %</i>
Financial income	2 195	1 525	8 351	14 066
Financial expenses	2 257	1 278	9 606	183 893
Net finance	-61	247	-1 255	-169 827
Pre tax profit	9 177	11 084	31 994	-124 273
Tax	2 019	2 438	7 039	-27 351
Result	7 158	8 645	24 956	-96 922
Comprehensive income				
Result after tax	7 158	8 645	24 956	-96 922
Other comprehensive income	605	277	605	277
Total comprehensive income	7 763	8 922	25 561	-96 645
Dividend	-	-	22 172	44 345
Key figures				
	4. quarter 2021	4. quarter 2020	31.12.2021	31.12.2020
Equity share	83 %	85 %	83 %	85 %
Earnings per share	0,16	0,19	0,56	-2,19
Earnings per share diluted	0,16	0,19	0,56	-2,19
Average shares outstanding in 1000	44 345	44 345	44 345	44 345
Average shares outstanding in 1000 diluted	44 345	44 345	44 345	44 345

VISTIN PHARMA ASA - FOURTH QUARTER REPORT 2021

Condensed financial statement (balance sheet)	31.12.2021	31.12.2020
All numbers in NOK 1000		
Assets		
Fixed assets	167 457	145 261
Deferred tax assets	27 890	35 128
Total tangible and fixed assets	195 348	180 389
Inventory	42 907	31 788
Trade receivables	40 245	30 400
Other receivables	18 901	2 302
Cash	35 746	77 036
Total current assets	137 799	141 526
Total assets	333 147	321 916
Equity and liability		
Share capital	44 345	44 345
Share premium reserve	206 885	229 056
Retained earnings	24 657	-996
Total equity	275 887	272 405
Pension liabilities	15 831	16 330
Lease obligations		
Other non-current liabilities	512	976
Total long term liabilities	16 343	17 306
Total short term liabilities	40 916	32 204
Total equity and liability	333 147	321 916
Net interest bearing debt	-	-
Change in equity	31.12.2021	31.12.2020
All numbers in NOK 1000 Equity start of period		
Equity start of period	272 405	413 396
Result for the period	25 047	-96 922
Other comprehensive income	605	277
Share based payments	-	-
Dividend	-22 172	-44 345
Equity end of period	275 887	272 405
Cash flow analysis YTD	31.12.2021	31.12.2020
All numbers in NOK 1000		
Result for the period	31 994	-124 273
Depreciations	10 609	9 623
Working capital changes	-15 594	-30 209
Cash flow from operation	27 009	-144 859
Purchase of equipment and intangibles	-38 554	-51 982
Cash flow from investments	-38 554	-51 982
Dividend paid (and finance activities)	-29 745	-44 345
Cash flow finance activities	-29 745	-45 797
Change in cash for the period	-41 290	-242 638
Cash at start of period	77 036	319 672
Cash by the end of period	35 746	77 037

VISTIN PHARMA ASA - FOURTH QUARTER REPORT 2021

Segment reporting (P&L)	4. quarter 2021	4. quarter 2020	YTD 31.12.2021	YTD 31.12.2020
All numbers in NOK 1000				
<i>Total revenue and income</i>				
Pharmaceuticals	78 119	64 421	278 623	253 905
Total revenue and income	78 119	64 421	278 623	253 905
<i>EBITDA</i>				
Pharmaceuticals	12 151	13 922	48 556	58 189
Energy Trading	-	-51	-	-190
HQ & Other	-826	-664	-4 698	-2 822
EBITDA	11 324	13 207	43 858	55 177
<i>EBT</i>				
Pharmaceuticals	9 916	11 547	36 430	39 805
Energy Trading	-	-48	-	-162 117
HQ & Other	-740	-415	-4 436	-2 010
EBT	9 177	11 084	31 994	-124 323

Segment reporting (balance sheet)	31.12.2021	31.12.2020
All numbers in NOK 1000		
<i>Operating assets</i>		
Pharmaceuticals	267 489	207 449
Energy Trading	-	-
HQ & Other	37 767	79 338
Total segments	305 256	286 787
<i>Operating liabilities</i>		
Pharmaceuticals	55 620	35 577
Energy Trading	-	-
HQ & Other	1 639	17 236
Total segments	57 259	52 813
<i>Reconciliation of assets</i>		
Segment operating assets	305 256	286 787
Deferred tax assets	27 890	35 128
Total operating assets	333 147	321 916
<i>Reconciliation of liabilities</i>		
Segment operating liabilities	57 259	52 813
Tax payable	-	-
Total operating liabilities	57 259	52 813