

Q3

**and YTD
results**



Vistin Pharma

Highlights

- Revenue of MNOK 92 compared to MNOK 63 in third quarter 2021, a 46% increase. Due to MEP ramp-up activities there are limitations on volume available for sale in the quarter
- MNOK 194 in revenue YTD 2022 compared to MNOK 201 YTD last year
- EBITDA MNOK -2.9 vs. MNOK 3.8 in Q3 2021. One-time negative cost effect of MNOK 5 in the quarter in relation to non sellable validation batches and inventory adjustment
- Volatility with Ukraine situation and European energy prices continue to put pressure on profitability with record high electricity prices and increasing raw material cost
- EBITDA of negative MNOK 16.3 YTD 2022 versus MNOK 32.5 YTD 2021
- Continued process optimizations resulting in close to 1100MT production which is a new record
- Annual capacity at end Q3 is close to 5000MT and is expected to continue to improve gradually during Q4 to reach an installed capacity of >5 500MT by end 2022. Annual capacity of close to 7000MT expected to be reached during 2023
- Approximately 85% of the total MEP investment of MNOK 100 paid as of end September. Project cost according to budget
- 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
- Revolving credit facility established to handle planned liquidity effects from ongoing expansion and investments
- 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.

MEP: Metformin Expansion Project

3RD QUARTER REPORT AND YTD FINANCIALS FOR 2022

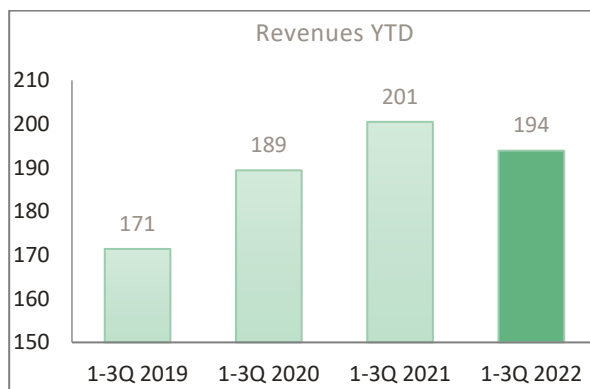
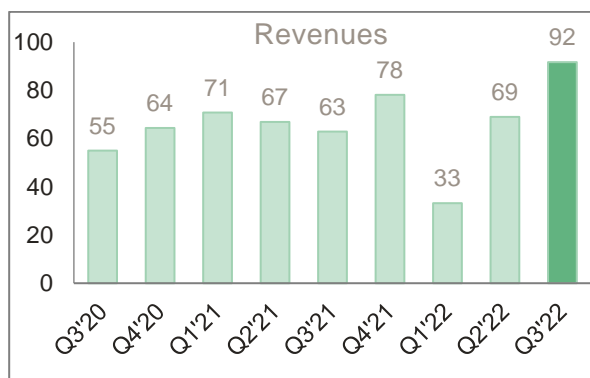
The financial report as per September 2022 has been prepared according to the IFRS (International Financial Reporting Standard) and follows IAS 34 for interim financial reporting, as do the comparable numbers for 2021. From 2022 and onwards Vistin will only report and show comparable figures for one segment.

FINANCIAL DEVELOPMENT

(Comparative numbers for 2021 in parenthesis)

REVENUE

Revenue in the quarter of MNOK 91.7 (MNOK 62.9), a 46% increase compared to Q3 2021. Revenue increase driven by significant increased sales prices and sales volume compared to same quarter last year. Sales volume increase of 19% compared to Q3'21. There are still limitations on sales volume driven by MEP ramp-up activities.



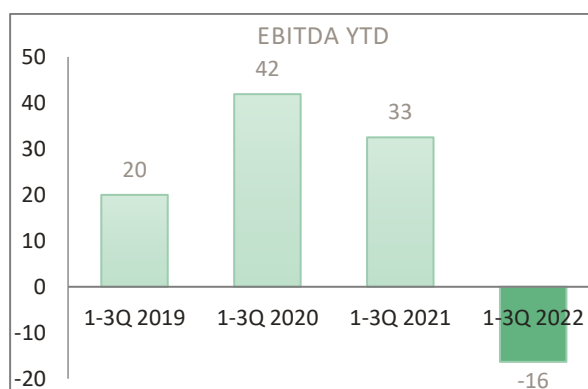
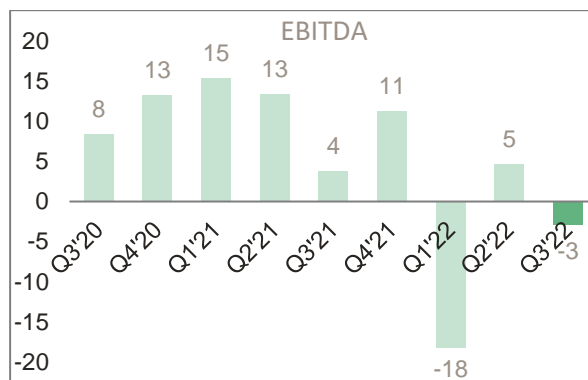
Figures in MNOK

Cost of goods sold

Cost of goods sold (COGS) in the quarter ended at MNOK 94.6 (MNOK 59.1). Part of the increase is reflecting the 19% higher volume, however main reason is significant higher raw material, freight and energy prices compared to same quarter last year. In addition, raw materials and freight is paid in USD, which has strengthened compared to the NOK in 2022. Volume leverage on COGS expected as volume from the new production continue to materialize. Semi-variable overhead costs like supply, tools & patterns, purchased services and energy consumption not expected to increase linearly with production volume.

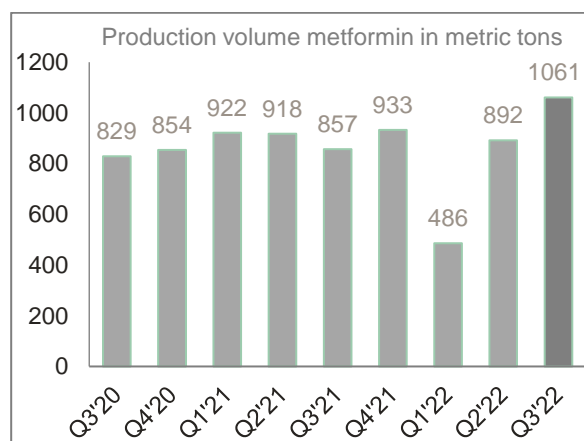
EARNINGS

EBITDA negative with MNOK 2.9 (MNOK 3.8) for the quarter. EBITDA unfavourably affected by a one-time negative cost effect of MNOK 5, start-up costs for the new production line, FX and record high electricity prices in quarter.



PRODUCTION

For optimal production every second batch is produced at Line #1 and Line #2. Interaction between the two lines has improved in the quarter, resulting in close to 1100MT produced in Q3, which is highest volume ever produced in a single quarter. Annual capacity at end Q3 is close to 5000MT and is expected to continue to ramp-up gradually during Q4 and reach an installed capacity of >5 500MT by end 2022. Annual capacity of close to 7 000MT expected to be reached during 2023. Current organization is capable of handling expected 2022 volumes without adding additional employees.



Financial items

Net finance ended negative with MNOK 2.8 for the third quarter of 2022, compared to negative MNOK 0.1 in third quarter 2021. Net finance loss in Q3 2022 was mainly related to unrealized loss on currency hedging contracts in EUR and interest on short term debt. Vistin has in Q2 and Q3 sold EUR hedging contracts for part of 2023 sales at favourable exchange rates compared to current level.

CASH FLOW

YTD net cash flow from operating activities was negative with MNOK 31.7. Net cash flow from operating activities in same period of 2021 was MNOK 33.4.

Net cash flow from investing activities YTD was negative with MNOK 36.3 compared to negative with MNOK 30 for Q3'21. Both represents capital expenditures, mainly MEP.

Net cash flow from financing activities YTD was positive with MNOK 36.1. Net cash flow from financing activities in the same period last year was negative MNOK 28.4, driven by dividend payment of MNOK ~22.

Net decrease in cash and cash equivalents YTD 2022 amounted to MNOK 31.9. In the same period last year, there was a net decrease in cash and cash equivalents of MNOK 25. Cash flow YTD is affected by the production stop in Q1 due to the planned MEP installation, CAPEX and increased working capital requirements driven by raw material stock and time from production start of line #2 to payment from customers. Operational cash flow is expected to improve from Q4.

BALANCE SHEET

Assets

Vistin Pharma had total assets of MNOK 362.7 as of 30 September 2022.

The company has a deferred tax asset of MNOK 34. 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 September was MNOK 254.2 This equals an equity ratio of 70%.

Liabilities

The company had interest-bearing debt of MNOK 42.1 as of end September 2022. Net debt was MNOK 38.3. MNOK 0.5 (MNOK 1.8) 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 patient 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 was to build a 2nd parallel production line and establish a total capacity of approx. 7 000MT metformin HCl annually. In relation to the MEP installation, the production was closed down in January as planned. Both existing production line #1 and new line #2 started up production at end of Q1. Capacity is expected to continue to ramp-up gradually during Q4, until annual capacity of close to 7 000MT is expected to be reached during 2023. The estimated CAPEX is approx. MNOK 100, whereof approx. 85% has been paid as of 30 September. Business development activities to acquire new accounts and to secure increased volumes from existing customers to fill the additional MEP capacity are ongoing. Implementation of MEP has been leading to less volumes available for sale, however Vistin expects

long-term marketing efforts with its industrial clients to secure demand for the increased volumes as production now is ramping up. Higher volumes and sales lead to increased working capital requirements. In addition, Vistin's further growth ambitions will according to plan require additional CAPEX to support the volume growth, future production productivity and sustainability. Based on this a short-term 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 EPIDEMIC AND WAR IN UKRAINE

The demand in the market for metformin is still high and is not affected by the corona epidemic or the current situation in Ukraine. Vistin has built additional safety stock of critical raw materials locally, to secure future supply and MEP ramp-up plan, to mitigate the uncertainties around delivery lead times of raw materials from Asia. 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. There are however now signs in the market that world demand is decreasing, and the freight rates has started to decline. Vistin has also experienced significant increased raw material and energy prices, driven by inflation pressure in the world and the constraints in the European energy/gas market.

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 statement of corporate social responsibility is partly based upon requirements under section 3-3c of the Norwegian Accounting Act and 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 Group 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 a project in Q2'23 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 has invested MNOK 10 in a cooling system to condense hydrocarbons. This has reduced emissions with more than 98%, resulting in a reduction of the total emission to air with more than 95% compared to previous levels. This project was finalized in Q2'22.

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 2021, 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 market 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 or the situation in Ukraine. The vulnerability for drug supplies during these events has been an eye opener for the authorities and companies, 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.

Number of adults (20–79 years) with diabetes worldwide

North America & Caribbean

2045	63 million	↑ 33% increase
2030	56 million	
2019	48 million	

- 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	↑ 55% increase
2030	40 million	
2019	32 million	

- 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	↑ 143% increase
2030	29 million	
2019	19 million	

- 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	↑ 96% increase
2030	76 million	
2019	55 million	

- 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	↑ 74% increase
2030	115 million	
2019	88 million	

- 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	↑ 51% increase
2030	578 million	
2019	463 million	

Europe

2045	68 million	↑ 15% increase
2030	66 million	
2019	59 million	

- 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	↑ 31% increase
2030	197 million	
2019	163 million	

- 1 in 3 adults with diabetes lives in this Region
- 1 in 3 deaths due to diabetes occur in this Region

The Company had 44 344 592 issued shares as of 30 September 2022. 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 Ferncliff Listed DAI AS with 784,280 shares.

The share price has moved from NOK 16.2 per share at 30 of June 2022, to NOK 11.6 as of 30 September 2022.

Condensed financial statement (P&L)	QTR 3. quarter 2022	QTR 3. quarter 2021	YTD 30.09.2022	YTD 30.09.2021	FY FY 2021
All numbers in NOK 1000					
Total revenue and income	91 714	62 854	193 921	200 503	278 623
Cost of materials	49 746	26 938	92 182	71 101	96 097
Salary and sosial expenses	20 145	17 554	57 836	51 551	73 426
Other operating expenses	24 686	14 598	60 241	45 318	65 241
Total operating expenses	94 577	59 090	210 259	167 970	234 765
Opr. res.before. depr. and write offs (EBITDA)	-2 864	3 764	-16 338	32 533	43 858
<i>Opr.res before depr and write off %</i>	-3,1 %	6,0 %	-8,4 %	16,2 %	15,7 %
Depreciation	2 975	2 441	8 357	8 522	10 609
Operating result	-5 838	1 322	-24 694	24 011	33 249
<i>Operating result in %</i>	-6,4 %	2,1 %	-12,7 %	12,0 %	11,9 %
Financial income	800	827	3 704	6 155	6 067
Financial expenses	3 556	936	6 719	7 349	7 322
Net finance	-2 757	-108	-3 015	-1 194	-1 255
Pre tax profit	-8 595	1 214	-27 709	22 817	31 994
Tax	-1 891	267	-6 096	5 020	7 129
Result	-6 704	947	-21 613	17 798	24 867
Comprehensive income					
Result after tax	-6 704	947	-21 613	17 798	24 867
Other comrehensive income					605
Total comprehensive income	-6 704	947	-21 613	17 798	25 472
Dividend	-	-	-	22 172	22 172

Condensed financial statement (P&L)	3. quarter 2022	3. quarter 2021	30.09.2022	30.09.2021	FY 2021
Equity share	70 %	85 %	70 %	85 %	83 %
Earnings per share	-0,15	0,02	-0,49	0,40	0,56
Earnings per share diluted	-0,15	0,02	-0,49	0,40	0,56
Average shares outstanding in 1000	44 345	44 345	44 345	44 345	44 345
Average shares outstanding in 1000 diluted	44 345	44 345	44 345	44 345	44 345

Condensed financial statement (balance sheet)	30.09.2022	30.09.2021	31.12.2021
All numbers in NOK 1000			
Assets			
Fixed assets	195 389	162 607	167 457
Deferred tax assets	33 955	30 080	27 859
Total tangible and fixed assets	229 344	192 687	195 316
Inventory	67 844	27 184	42 907
Trade receivables	56 401	31 637	40 245
Other receivables	5 303	13 075	18 934
Cash	3 816	52 072	35 746
Total current assets	133 363	123 968	137 831
Total assets	362 707	316 656	333 147
Equity and liability			
Share capital	44 345	44 345	44 345
Share premium reserve	206 885	206 885	206 885
Retained earnings	2 926	16 894	24 538
Total equity	254 156	268 124	275 768
Pension liabilities	15 831	16 330	15 831
Other non-current liabilities	3 614	1 110	512
Total long term liabilities	19 446	17 440	16 343
Trade payables	30 411	19 377	20 808
Short term debt	42 114	-	-
Other current liabilities	16 581	11 714	20 227
Total short term liabilities	89 106	31 091	41 035
Total equity and liability	362 707	316 656	333 147

Change in equity	30.09.2022	30.09.2021	31.12.2021
All numbers in NOK 1000 Equity start of period			
Equity start of period	275 768	272 405	272 405
Result for the period	-21 613	17 892	24 930
Other comprehensive income	-	-	605
Dividend	-	-22 172	-22 172
Equity end of period	254 155	268 124	275 768

Cash flow analysis YTD	30.09.2022	30.09.2021	31.12.2021
All numbers in NOK 1000			
Result for the period	-27 709	22 817	31 994
Depreciations	8 357	8 522	10 609
Working capital changes	-12 372	2 012	-28 922
Cash flow from operation	-31 724	33 351	13 681
Purchase of equipment and intangibles	-36 289	-29 959	-31 675
Cash flow from investments	-36 289	-29 959	-31 675
Dividend paid	-	-22 134	-22 173
Finance Activities	36 081	-6 222	-1 125
Cash flow finance activities	36 081	-28 356	-23 298
Change in cash for the period	-31 932	-24 964	-41 292
Cash at start of period	35 746	77 036	77 036
Cash by the end of period	3 814	52 072	35 744



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