

**VISTIN**

**PHARMA**

**VISTIN PHARMA ASA**  
**THIRD QUARTER AND YTD 2021 RESULTS**  
**PUBLISHED 28 OCTOBER 2021**

**HIGHLIGHTS**

- 14% increase in revenue for the quarter compared to Q3-20. Revenue of MNOK 63 compared to MNOK 55 in third quarter 2020. Revenue increase driven by higher sales volume (+12%) and sales prices, offset by a significant stronger NOK vs EUR
- Revenue of MNOK 201 YTD in 2021 compared to MNOK 189 YTD in 2020, a growth of 6%
- EBITDA of MNOK 4.6 in third quarter 2021 compared to MNOK 9.5 in third quarter 2020 (-52%). EBITDA unfavorably affected by FX, increased raw material prices, record high international freight costs (+600%) due to global constraints following Covid-19 and significantly higher electricity prices in the quarter compared to last year
- YTD 2021 EBITDA of MNOK 36.5 versus MNOK 44.3 YTD in 2020
- On track for a record high production volume in 2021
- Long and uncertain freight lead times from Asia to Europe
- Metformin capacity expansion project (MEP) on track and expected to be commercially operational from Q2 2022. Approximately 55% of the total investment of MNOK 100 paid as of end September
- Cash balance of MNOK 52 as of 30 September and no interest-bearing debt

### 3<sup>RD</sup> QUARTER REPORT AND YTD FINANCIALS FOR 2021

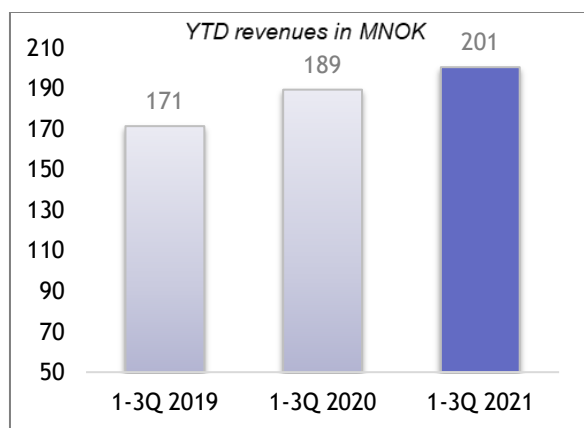
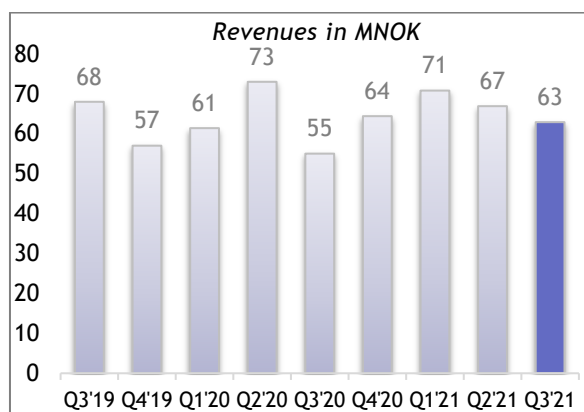
The financial report as per September 2021 has been prepared according to the IFRS (International Financial Reporting Standard) and follows IAS 34 for interim financial reporting, as do the comparable numbers for 2020.

#### FINANCIAL DEVELOPMENT

(Comparative numbers for 2020 in parenthesis)

#### REVENUE

Revenue in the quarter of MNOK 62.9 (MNOK 55.1), a 14% increase compared to Q2 2020. The revenue increase was driven by higher sales volume and increased average selling price, offset by significantly stronger NOK versus EUR.

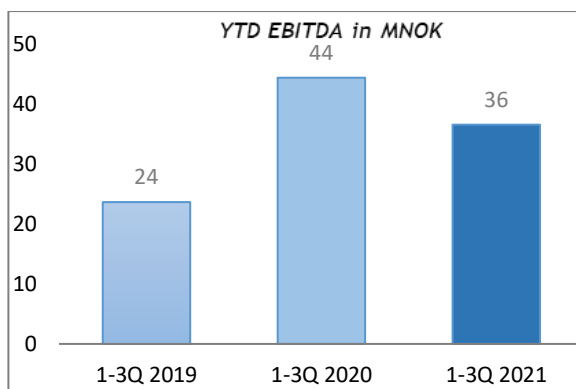
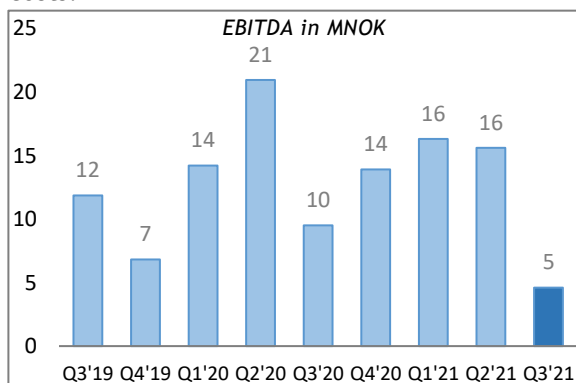


#### Cost of goods sold

Cost of goods sold (COGS) in the quarter ended at MNOK 59.1 (MNOK 46.7). The main cost 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.

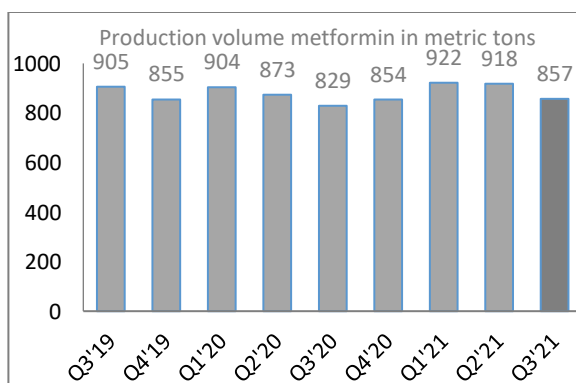
#### EARNINGS

Pharmaceuticals achieved an EBITDA of MNOK 4.6 (MNOK 9.5) for the quarter. Earnings before tax (EBT) ended at MNOK 2 (MNOK 6.4). Vistin has a continuous dialogue with customers to be compensated for the significant increase in costs.



#### PRODUCTION

The Fikkjebakke plant has been operating at full capacity and with high efficiency and productivity throughout the quarter, except for a production stop of approx. 10 days due to lack of raw materials (DCDA). The new 2<sup>nd</sup> 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 will most likely reach another record level in 2021.



### *Other (HQ)*

HQ and other Group activities had EBT of negative MNOK 0.8 for the third quarter, compared to negative MNOK 1.1 in the same quarter last year. The consolidated EBT for the Group, excluding Energy Trading, ended at MNOK 1.2 (MNOK 5.8) in the third quarter.

### *Financial items*

Net finance ended negative with MNOK 0.1 for the third quarter 2021, compared to negative of MNOK 0.3 in third quarter 2020. Net finance expense in Q3'21 was mainly related to realized and unrealized gains or losses related to customer receivables in EUR.

### **CASH FLOW**

YTD net cash flow from operating activities was MNOK 33.4. Net cash flow from operating activities in first nine months of 2020 was negative MNOK 154.1.

Net cash flow from investing activities YTD was negative MNOK 30 which represents capital expenditure, mainly MEP. Net cash flow from investing activities in the same period last year was negative MNOK 22.6

Net cash flow from financing activities YTD was negative MNOK 28.4, driven by dividend pay-out in June and payment of lease liabilities. Net cash flow from financing activities in the same period last year was negative MNOK 45.4.

Net decrease in cash and cash equivalents YTD amounted to MNOK 25. In the same period last year, there was a net decrease in cash and cash equivalents of MNOK 222 due to realization of the oil derivative contracts in Energy Trading.

### **BALANCE SHEET**

#### *Assets*

Vistin Pharma had total assets of MNOK 317 as of 30 September 2021. Cash and cash equivalents amounted to MNOK 52.

The company has a deferred tax asset of MNOK 30.1 (MNOK 33.7). 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 268.1. This equals an equity ratio of 85%.

#### *Liabilities*

The company had no interest-bearing debt as of end September 2021. MNOK 1.8 (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% 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**

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). Products from the new line are expected to be commercialized by Q2 2022. The estimated CAPEX is MNOK 100, whereof approx. 55% has been paid as of 30 September. Activities to secure long lead equipment is on track. Business development activities to acquire new accounts and to secure increased volumes from existing customers to fill the additional MEP capacity are ongoing. In

August a new long term supply agreement was signed with a new customer. The annual volume expectations for the agreement are 1000-1500MT from 2023.

### 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. Vistin is taking actions to secure the supply of critical raw materials and to build additional security stocks. Due to limitations of available containers and load/unload restrictions in European harbours, Vistin has experienced significant delays in delivery of raw material from China. Due to delay in delivery, Vistin experienced a production stop in Q3 of approx. 10 days. The delivery situation from China has slightly improved as of end September. Vistin is taking actions to secure future supply and delivery performance of raw materials from Asia. Forecasted sales volume in 2021 is not expected to be affected by the temporary production stop. There are no reported corona infected employees in Vistin Pharma as of today and the company is strictly following the guidelines from the authorities and has successfully taken active measures to reduce the risk of virus spread in the factory. Lack of available containers in Asia, due to increased export from the region, has significantly increased the freight costs from China and India (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 social 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 double 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 currently running a project with aim to reduce the water consumption in the plant by >80% through recycling.*
- *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.

## 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

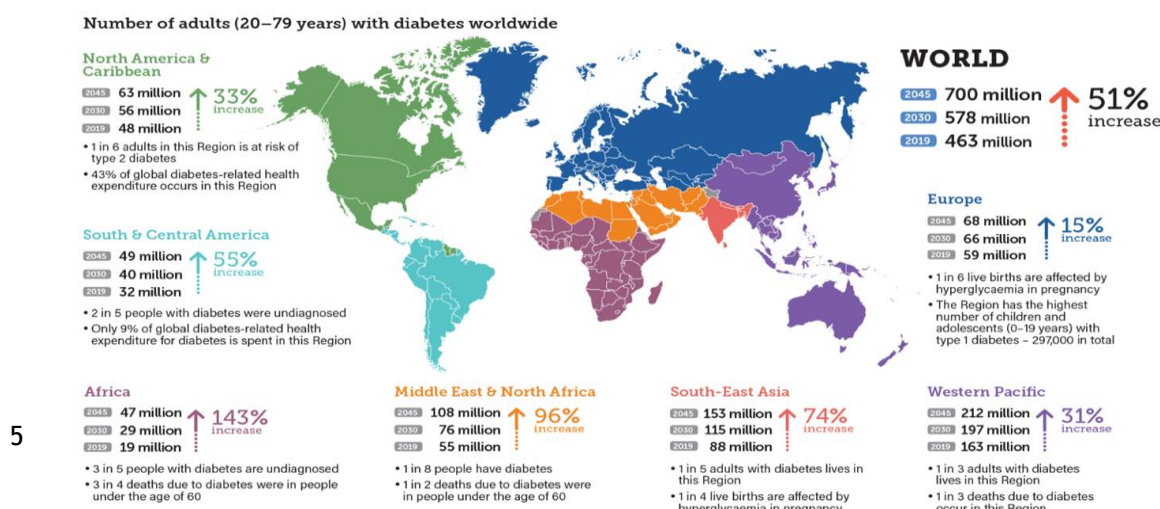
Diabetes is one of the largest global health crises of the 21st century, and the metformin business is expected to continue to grow by 5-6% annually, as it remains the gold-standard treatment of type 2 diabetes. The majority of Vistin Pharma’s key customers are pharmaceutical companies that sell new 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 30 September 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 1,699,848 shares, and Ferncliff Listed DAI AS with 784,280 shares.


The share price has moved from NOK 23 per share at 30 of June, and to NOK 19.8 as of 30 September 2021, equal to a decrease of 14%. Vistin paid dividend of NOK 0.5 per share in June.



## VISTIN PHARMA ASA - THIRD QUARTER REPORT 2021

	QTR	QTR	YTD	YTD	FY
Condensed financial statement (P&L)	3. quarter 2021	3. quarter 2020	30.09.2021	30.09.2020	FY 2020
All numbers in NOK 1000					
<b>Total revenue and income</b>	<b>62 854</b>	<b>55 056</b>	<b>200 503</b>	<b>189 484</b>	<b>253 905</b>
Cost of materials	26 938	16 735	71 101	58 548	73 288
Salary and social expenses	17 554	18 205	51 551	52 631	72 499
Other operating expenses	14 598	11 709	45 318	36 335	52 940
Total operating expenses	59 090	46 649	167 970	147 514	198 728
<b>Opr. res.before. depr. and write offs (EBITDA)</b>	<b>3 764</b>	<b>8 407</b>	<b>32 533</b>	<b>41 970</b>	<b>55 177</b>
<i>Opr.res before depr and write off %</i>	<i>6,0 %</i>	<i>15,3 %</i>	<i>16,2 %</i>	<i>22,1 %</i>	<i>21,7 %</i>
Depreciation	2 441	2 340	8 522	7 252	9 623
<b>Operating result</b>	<b>1 322</b>	<b>6 067</b>	<b>24 011</b>	<b>34 718</b>	<b>45 554</b>
<i>Operating result in %</i>	<i>2,1 %</i>	<i>11,0 %</i>	<i>12,0 %</i>	<i>18,3 %</i>	<i>17,9 %</i>
Financial income	827	2 228	6 155	12 541	14 066
Financial expenses	936	2 488	7 349	182 615	183 893
<b>Net finance</b>	<b>-108</b>	<b>-259</b>	<b>-1 194</b>	<b>-170 074</b>	<b>-169 827</b>
<b>Pre tax profit</b>	<b>1 214</b>	<b>5 808</b>	<b>22 817</b>	<b>-135 357</b>	<b>-124 273</b>
Tax	267	1 278	5 020	-29 789	-27 317
<b>Result</b>	<b>947</b>	<b>4 530</b>	<b>17 798</b>	<b>-105 567</b>	<b>-96 956</b>
<b>Comprehensive income</b>					
Result after tax	947	4 530	17 798	-105 567	-96 956
Other comprehensive income					277
<b>Total comprehensive income</b>	<b>947</b>	<b>4 530</b>	<b>17 798</b>	<b>-105 567</b>	<b>-96 679</b>
<b>Dividend</b>	<b>-</b>	<b>-</b>	<b>22 172</b>	<b>44 345</b>	<b>44 345</b>
<b>Key figures</b>					
	<b>3. quarter 2021</b>	<b>3. quarter 2020</b>	<b>30.09.2021</b>	<b>30.09.2020</b>	<b>FY 2020</b>
Equity share	85 %	83 %	85 %	83 %	85 %
Earnings per share	0,02	0,10	0,40	-2,38	-2,19
Earnings per share diluted	0,02	0,10	0,40	-2,38	-2,19
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

VISTIN PHARMA ASA - THIRD QUARTER REPORT 2021

<b>Condensed financial statement (balance sheet)</b>	<b>30.09.2021</b>	<b>30.09.2020</b>	<b>31.12.2020</b>
All numbers in NOK 1000			
<b>Assets</b>			
Fixed assets	162 607	117 925	145 261
Deferred tax assets	30 080	33 726	35 128
<b>Total tangible and fixed assets</b>	<b>192 687</b>	<b>151 650</b>	<b>180 389</b>
Inventory	27 184	27 970	31 788
Trade receivables	31 637	30 081	30 400
Other receivables	13 075	8 934	2 302
Cash	52 072	97 544	77 036
<b>Total current assets</b>	<b>123 968</b>	<b>164 529</b>	<b>141 526</b>
<b>Total assets</b>	<b>316 656</b> 	<b>316 179</b>	<b>321 915</b>
<b>Equity and liability</b>			
Share capital	44 345	44 345	44 345
Share premium reserve	206 885	229 056	229 056
Retained earnings	16 894	-9 918	-996
<b>Total equity</b>	<b>268 124</b>	<b>263 484</b>	<b>272 405</b>
Pension liabilities	16 330	16 309	16 330
Lease obligations			
Other non-current liabilities	1 110	2 277	976
<b>Total long term liabilities</b>	<b>17 440</b>	<b>18 586</b>	<b>17 306</b>
<b>Total short term liabilities</b>	<b>31 091</b>	<b>34 109</b>	<b>32 204</b>
<b>Total equity and liability</b>	<b>316 655</b>	<b>316 179</b>	<b>321 915</b>
Net interest bearing debt	-	-	-
<b>Change in equity</b>	<b>30.09.2021</b>	<b>30.09.2020</b>	<b>31.12.2020</b>
All numbers in NOK 1000 Equity start of period			
<b>Equity start of period</b>	272 405	413 396	413 396
Result for the period	17 892	-105 567	-96 922
Other comprehensive income	-	-	277
Share based payments	-	-	-
Dividend	-22 172	-44 345	-44 345
<b>Equity end of period</b>	<b>268 124</b>	<b>263 484</b>	<b>272 405</b>
<b>Cash flow analysis YTD</b>	<b>30.09.2021</b>	<b>30.09.2020</b>	<b>31.12.2020</b>
All numbers in NOK 1000			
Result for the period	22 817	-135 357	-124 273
Depreciations and working capital changes	10 533	-18 780	-21 458
<b>Cash flow from operation</b>	<b>33 351</b>	<b>-154 136</b>	<b>-145 731</b>
Purchase of equipment and intangibles	-29 959	-22 591	-53 103
<b>Cash flow from investments</b>	<b>-29 959</b>	<b>-22 591</b>	<b>-51 378</b>
Dividend paid (and finance activities)	-28 356	-45 400	-44 345
<b>Cash flow finance activities</b>	<b>-28 356</b>	<b>-45 400</b>	<b>-45 528</b>
Change in cash for the period	-24 964	-222 129	-242 638
Cash at start of period	77 036	319 673	319 673
<b>Cash by the end of period</b>	<b>52 072</b>	<b>97 544</b>	<b>77 036</b>

## VISTIN PHARMA ASA - THIRD QUARTER REPORT 2021

<b>Segment reporting (P&amp;L)</b>	<b>3. quarter 2021</b>	<b>3. quarter 2020</b>	<b>YTD 30.09.2021</b>	<b>YTD 30.09.2020</b>	<b>FY 2020</b>
All numbers in NOK 1000					
<i>Total revenue and income</i>					
Pharmaceuticals	62 854	55 056	200 503	189 484	253 906
<b>Total revenue and income</b>	<b>62 854</b>	<b>55 056</b>	<b>200 503</b>	<b>189 484</b>	<b>253 906</b>
<i>EBITDA</i>					
Pharmaceuticals	4 562	9 527	36 468	44 267	58 189
Energy Trading	-	-	-	-139	-190
HQ & Other	-798	-1 120	-3 935	-2 158	-2 822
<b>EBITDA</b>	<b>3 764</b>	<b>8 407</b>	<b>32 533</b>	<b>41 970</b>	<b>55 177</b>
<i>EBT</i>					
Pharmaceuticals	1 972	6 358	26 514	28 257	39 805
Energy Trading	-	-	-	-162 069	-162 117
HQ & Other	-758	-550	-3 696	-1 595	-2 010
<b>EBT</b>	<b>1 214</b>	<b>5 808</b>	<b>22 817</b>	<b>-135 406</b>	<b>-124 322</b>

<b>Segment reporting (balance sheet)</b>	<b>30.09.2021</b>	<b>30.09.2020</b>	<b>31.12.2020</b>
All numbers in NOK 1000			
<i>Operating assets</i>			
Pharmaceuticals	248 809	175 976	210 998
Energy Trading	-	-	-
HQ & Other	37 767	106 477	79 338
<b>Total segments</b>	<b>286 576</b>	<b>282 454</b>	<b>290 336</b>
<i>Operating liabilities</i>			
Pharmaceuticals	46 892	35 930	31 616
Energy Trading	-	-	-
HQ & Other	1 639	16 765	17 893
<b>Total segments</b>	<b>48 531</b>	<b>52 695</b>	<b>49 509</b>
<i>Reconciliation of assets</i>			
Segment operating assets	286 576	282 454	286 787
Deferred tax assets	30 080	33 726	35 128
<b>Total operating assets</b>	<b>316 656</b>	<b>316 179</b>	<b>321 915</b>
<i>Reconciliation of liabilities</i>			
Segment operating liabilities	48 531	52 695	49 509
Tax payable	-	-	-
<b>Total operating liabilities</b>	<b>48 531</b>	<b>52 695</b>	<b>49 509</b>