

# Q2

and half  
year 2024  
financial  
results

2024

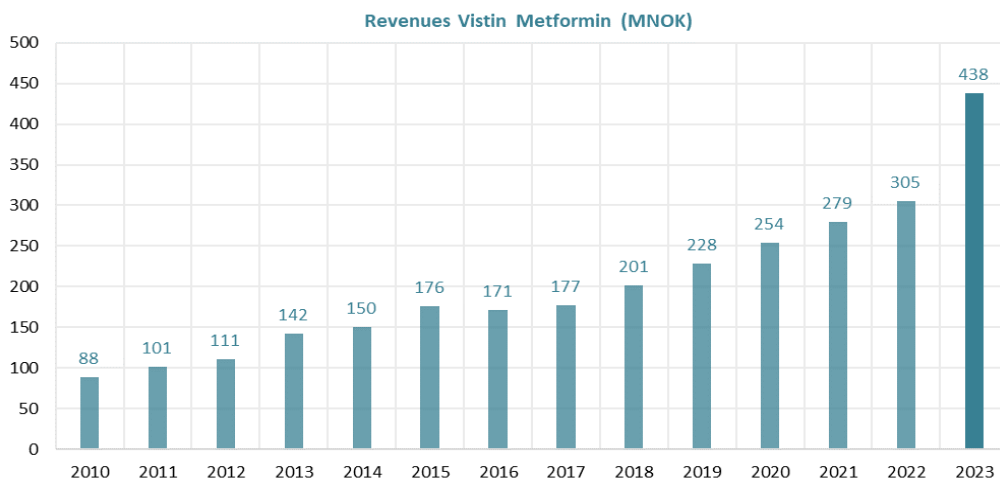
Published 23 August 2024



Vistin Pharma

# Highlights

- MNOK 106 in revenue vs. MNOK 107 in Q2 2023. Currency neutral revenue slightly higher in the quarter compared to Q2'23 (+1%)
- MNOK 210 in revenue YTD 2024 compared to MNOK 208 YTD last year
- Record high EBITDA of MNOK 27 vs. MNOK 20 in Q2 2023. EBITDA positively affected by product mix, favourable material cost prices and good cost control in quarter
- EBITDA YTD of MNOK 48 compared to MNOK 34 YTD 2023, an increase of 42%
- After unplanned maintenance/repair on line 2 in the first quarter, the line has been producing according to plan from April
- Planned bi-annual maintenance stop successfully completed in the second quarter
- Cash dividend of NOK 0.50 per share distributed in June 2024. Additional dividend of NOK 0.50 per share planned to be distributed in Q4
- Net profit positively affected with MNOK 2.5 in the quarter due to fair value of future FX cash flow hedging contracts (unrealized gain - no cash effect in quarter)



## 2nd quarter report and YTD financial results for 2024

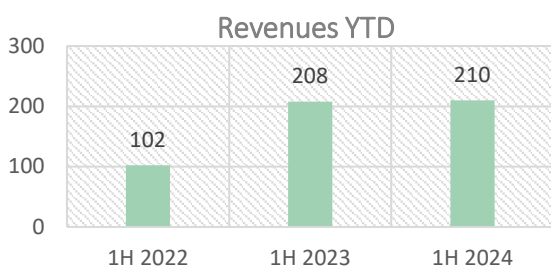
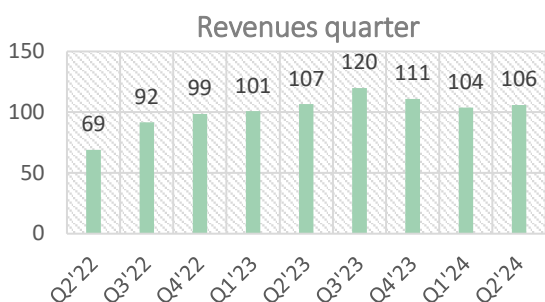
The financial report as per June 2024 has been prepared according to the IFRS (International Financial Reporting Standard) and follows IAS 34 for interim financial reporting, as do the comparable numbers for 2023.

### Financial development

(Comparative numbers for 2023 in parenthesis)

#### Revenue

Revenue in the first quarter of MNOK 106 (MNOK 107), which is an increase of 1%, adjusted for currency changes compared to the same quarter last year. Global Metformin prices came down during 2023 as raw material prices decreased from high post pandemic levels, and Metformin prices have remained in this range so far in 2024. The unplanned “wear and tear” maintenance/ repair on Line 2 has resulted in limited available sales volume in April. YTD 2024 the revenue is MNOK 210 compared to MNOK 208 YTD last year.

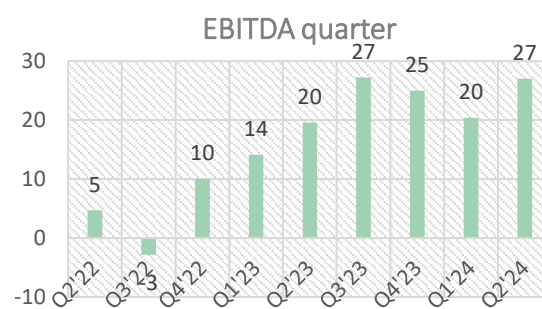


### Cost of goods sold

Cost of goods sold (COGS) in the quarter ended at MNOK 78.7 (MNOK 87.2). The cost of producing Metformin has decreased from the same quarter last year, mainly driven by lower raw material and freight costs. Raw material and freight prices stabilized in Q4 2023 after a decline in 1-3Q 2023. There have also been a few vacant positions in the second quarter which has reduced the salary cost. Volume leverage on costs is expected with increasing production volume.

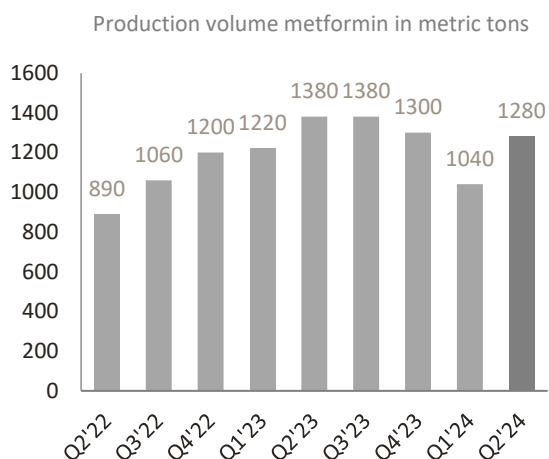
### Earnings

EBITDA ended at MNOK 27.3 (MNOK 19.6) for the quarter. EBITDA was positively affected by increased sales volume and product mix. Decreased raw material and freight prices also contributed positively, in addition to consistent cost control. EBITDA YTD of MNOK 48 compared to MNOK 34 YTD 2023, an increase of 42%. FX adjusted; the EBITDA increase is approx. 40% for the first half year.



## Production

Production output in the second quarter ended at 1 280 MT produced metformin. The production volume reflects that there was a planned extended bi-annually maintenance stop in late April. In addition, the newly installed water recycling equipment was interfaced with the production lines.



## Financial items

Net finance ended positive with MNOK 2.2 for the second quarter of 2024, compared to negative with MNOK 6.2 in the same quarter of 2023. Finance income and loss is generally related to realized and unrealized FX losses from customers receivables, currency hedging contracts in EUR and interest expense from the credit overdraft. Net finance income in Q2 2024 was mainly related to unrealized gain of MNOK 2.5 and MNOK 1 of realized loss on FX hedging contracts. The unrealized gain in Q2 is driven by partly reversal of previously booked (Q1'24) unrealized loss for EUR FX hedging contracts for the remaining of 2024 and 2025.

## Cash flow

YTD net cash flow from operating activities was positive with MNOK 25.9. Net cash flow from operating activities in same period of 2023 was positive with MNOK 54, driven by positive working capital changes.

Net cash flow from investing activities in first half of 2024 was negative with MNOK 31.1, which represents capital expenditure, leasing repayments and acquisition of 15% in CF Pharma. Approx MNOK 9 of the CAPEX spend in 2024 is final payments for the water recycling project. Net cash flow from investing activities in the same period last year was negative with MNOK 7.4.

Net cash flow from financing activities in first half of 2024 was negative with MNOK 9.6, driven by dividend payments of MNOK 55.4, partly offset by utilizing the bank overdraft. Net cash flow from financing activities in the same period last year was negative with MNOK 45.1, reflecting repayment of the bank overdraft.

Net change in cash and cash equivalents for 1H of 2024 was negative with MNOK 14.8. In the same period last year, there was a net increase in cash equivalents of MNOK 1.4.

## Balance sheet

### Assets

Vistin Pharma had total assets of MNOK 403 as of 30 June 2024 (MNOK 383). The company has a deferred tax asset of MNOK 7 (MNOK 27.4). 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 June was MNOK 294.2 (MNOK 277.6). This equals an equity ratio of 73%.

### Liabilities

The Company had net interest-bearing debt of MNOK 34.5 as of end June 2024, compared to net cash of MNOK 2.9 as of end June 2023. MNOK 2.7 (MNOK 3.4) in obligations related to lease contracts are recognized in the balance sheet according to IFRS 16.

## Operational status

### Market

The global Metformin market has a strong underlying demand and is by industry experts expected to grow by 4-6% annually (CAGR) in the foreseeable future. The global demand for metformin HCl is forecasted to increase by approx. 21.000MT to 90.000MT by 2029. Metformin is the standard first-line treatment of Type 2 Diabetes, which represents around 90% of the global diabetes cases. Vistin Pharma's key customers are well reputable pharmaceutical companies that use our API into innovative and generic metformin drug products to the end market. 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 international customers, as well as adding new customers to Vistin's portfolio. The company is currently experiencing strong demand for its products.

### Strategy

After installation of the new second production line (MEP) in Q1 2022, the company has been focusing on ramping up volume from the two production lines. A significant part of the company's resources is involved in optimizing output and building efficient and robust processes to achieve up to 7000MT of annual Metformin HCl output, and sales volume accordingly.

Higher manufacturing and sales volumes going forward are expected to increase working capital requirements, however this will fluctuate from quarter to quarter. In addition, Vistin's further growth ambitions will require some additional CAPEX to support the growth, increased productivity and sustainability. Vistin has a strategy of keeping additional safety stock of critical raw materials, to secure future supply and support

the MEP ramp-up plan. Such safety stock is planned to mitigate potential uncertainties or delays around delivery lead times of raw material from Asia and/or any negative effects from the ongoing war in Ukraine.

Vistin's Metformin strategy is to grow with our existing and new customers, fulfilling their demands and gradually utilize all available production capacity by increasing our market share via active sales Business to Business.

### Research and Development (R&D)

Vistin is positioned as a premium supplier in the market. To strengthen this position, 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 dedicated to work with process, productivity, and quality improvements.

### Strategic intent and acquisition of 15% in CF Pharma

The company also has a strategic intent to become a European multiproduct Contract Development and Manufacturing Organization (CDMO) as part of the growth strategy.

Vistin acquired in Q1 2024 a share of 15% in CF Pharma at a transaction price cap of MEUR 1.6, which consists of a base price and an earn-out- element. CF Pharma is an API CDMO located in Budapest, Hungary, with a broad customer base of recognized international pharmaceutical companies CF Pharma has an extensive production site in Budapest. The company has a proven track record in developing and commercializing Active Pharmaceutical Ingredients (APIs). CF Pharma currently has 5 commercial APIs on the market, with another 8 APIs under development. CF Pharma has approximately 170 employees, and an extensive R&D department for development of new products and processes.

# WHO:

Diabetes is a chronic, metabolic disease characterized by elevated levels of blood glucose (or blood sugar), which leads over time to serious damage to the heart, blood vessels, eyes, kidneys and nerves. The most common is type 2 diabetes, usually in adults, which occurs when the body becomes resistant to insulin or doesn't make enough insulin. In the past 3 decades the prevalence of type 2 diabetes has risen dramatically in countries of all income levels. For people living with diabetes, access to affordable treatment is critical to their survival

Source: Diabetes (who.int)

# Vistin:

Metformin is the 1st-line treatment for type 2 diabetes and is expected to continue to be so in the foreseeable future, due to the cost-efficient treatment with limited side effects and long-term safety profile. Today Vistin Contributes to deliver Metformin diabetes type 2 medication to millions of patients every day.



# 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



# Vistin Pharma's 7 goals for achieving increased sustainability.

1

Aim to reduce the water consumption in the plant by 90% through recycling

2

Reduce emission of VOC to air by 95%

3

Reduce pharmaceutical content in waste

4

No increase in discharge to sea from doubled production capacity. Innovative process design in expansion project

5

Program for monitoring effluents in the environment and living species

6

Change of packaging material in DC granulate product that will reduce environmental footprint in fabrication of material, transportation and customer waste generation

7

Reduction of plant energy consumption by optimizing of steam and condensate system by heat integration



## 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 Board of Directors have the overall responsibility for aligning Vistin’s strategy and sustainability considerations, while the day-to-day responsibility lies with the CEO, supported by the Leadership Team. The statement of corporate social responsibility required under the Norwegian Accounting Act was published in June on the Company’s website.

### 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 Company 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 completed in 1H of 2024 an investment project with the aim of reducing 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 the emission to air with more than 95%.

### 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 2023, 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 demand for Metformin medication is expected to continue to grow by 4-6% annually, as it remains the gold-standard treatment for type 2 diabetes. The demand for Metformin in the market has not been affected by the corona epidemic or the current situation in Ukraine. The vulnerability for drug supplies during both the corona epidemic and the Ukraine situation has been an eye opener for the authorities, and the need for near shoring seems only to increase. Vistin is strategically well positioned to benefit from the expected stronger demand for local supplies from Europe going forward.

### Shareholder information

The Company had 44 344 592 issued shares as of 30 June 2024. The five largest shareholders were Intertrade Shipping AS with 12,575,000 shares, Holmen Spesialfond with 3,842 055 shares, Pactum Vekst AS with 2,991,773 shares, MP Pensjon PK with 1,719,848 shares, and Ferncliff Listed DAI AS with 1,234,280 shares.

The share price has moved from NOK 22.3 per share at 31 of March 2024, to NOK 22.40 as of 30 June 2024, incl. dividend payment of NOK 0.50 per share.

### Dividend policy

The company has an ambition to pay out 50 percent of net annual profit as dividend, to be balanced against the company's financial strength and capital requirements for future growth.

Additional dividend of NOK 0.75 per share approved and paid in January 2024.

Cash dividend of NOK 0.50 per share distributed in June 2024. Additional dividend of NOK 0.50 per share planned to be distributed in Q4.

Condensed financial statement (P&L)	Q2 2024	Q2 2023	YTD 2024	YTD 2023	FY 2023
All numbers in NOK 1000					
<b>Total revenue and income</b>	<b>106 081</b>	<b>106 729</b>	<b>209 964</b>	<b>207 669</b>	<b>438 328</b>
Cost of materials	35 916	44 270	79 980	89 351	176 644
Salary and social expenses	22 263	21 213	43 592	41 655	93 135
Other operating expenses	20 565	21 700	38 615	42 976	82 605
Total operating expenses	78 744	87 183	162 187	173 982	352 384
<b>Operating result before depr. (EBITDA)</b>	<b>27 337</b>	<b>19 546</b>	<b>47 778</b>	<b>33 688</b>	<b>85 944</b>
<i>Operating result before depr. %</i>	<i>25,8%</i>	<i>18,3 %</i>	<i>22,8%</i>	<i>16,2 %</i>	<i>19,6 %</i>
Depreciation	5 009	4 233	9 691	8 433	17 347
<b>Operating result</b>	<b>22 328</b>	<b>15 313</b>	<b>38 087</b>	<b>25 255</b>	<b>68 597</b>
<i>Operating result in %</i>	<i>21,0%</i>	<i>14,3 %</i>	<i>18,1%</i>	<i>12,2 %</i>	<i>15,6 %</i>
Financial income	2 868	3 658	4 515	9 955	20 841
Financial expenses	629	9 872	8 219	29 932	30 920
<b>Net finance</b>	<b>2 239</b>	<b>-6 214</b>	<b>-3 704</b>	<b>-19 977</b>	<b>-10 079</b>
<b>Pre-tax profit</b>	<b>24 567</b>	<b>9 099</b>	<b>34 383</b>	<b>5 278</b>	<b>58 517</b>
Tax	5 405	2 002	7 564	1 161	12 923
<b>Result</b>	<b>19 162</b>	<b>7 097</b>	<b>26 819</b>	<b>4 117</b>	<b>45 595</b>
<b>Comprehensive income</b>					
Result after tax	19 162	7 097	26 819	4 117	45 595
Other comprehensive income				-	3 690
<b>Total comprehensive income</b>	<b>19 162</b>	<b>7 097</b>	<b>26 819</b>	<b>4 117</b>	<b>49 284</b>

Key figures	Q2 2024	Q2 2023	YTD 2024	YTD 2023	FY2023
Equity share	73%	72 %	73%	72 %	81 %
Earnings per share	0,43	0,16	0,60	0,09	1,03
Average shares outstanding in 1000	44 345	44 345	44 345	44 345	44 345



<b>Cash flow analysis YTD</b>	<b>30.06.2024</b>	<b>30.06.2023</b>	<b>31.12.2023</b>
All numbers in NOK 1000			
Result for the period	34 383	5 278	58 517
Depreciations	9 691	8 433	17 347
Working capital changes	-18 195	40 313	14 726
<b>Cash flow from operation</b>	<b>25 879</b>	<b>54 024</b>	<b>90 592</b>
Purchase of equipment and intangibles	-31 113	-7 396	-17 681
<b>Cash flow from investments</b>	<b>-31 113</b>	<b>-7 396</b>	<b>-17 681</b>
Finance activities	45 835	-45 141	-48 143
Dividends	-55 414	-	-
<b>Cash flow finance activities</b>	<b>-9 580</b>	<b>-45 141</b>	<b>-48 143</b>
Change in cash for the period	-14 814	1 487	24 768
Cash at start of period	26 204	1 435	1 435
<b>Cash by the end of period</b>	<b>11 389</b>	<b>2 920</b>	<b>26 204</b>

## RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the condensed set of financial statements for the first half year of 2024, which has been prepared in accordance with IAS 34 – Interim Financial Reporting, gives a true and fair view of the Company’s assets, liabilities, financial position and results of operations, and that the interim management report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

The Board of Directors for Vistin Pharma ASA

Oslo, 22 August 2024

Øyvind A. Brøymer

Chairman

Sign.

Espen Marcussen

Board member

Sign.

Bettina Banoun

Board member

Sign.

Kari Krogstad

Board member

Sign.

Øystein Stray Spetalen

Board member

Sign.

Espen Lia Gregoriussen

Board member

Sign.

Åse Musum

Board member

Sign.

Magnus Tolleshaug

CEO

Sign.



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