

**VISTIN**

**PHARMA**

**VISTIN PHARMA ASA**  
**SECOND QUARTER 2019 RESULTS**  
**PUBLISHED 29 AUGUST 2019**

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## Vistin Pharma in brief

Vistin Pharma ASA is a holding company for the two subsidiaries, Vistin Pharma AS and Vistin Trading AS (collectively, the Company, the Group or Vistin Pharma).

Vistin Pharma AS is a Norwegian pharmaceutical company producing Active Pharmaceutical Ingredients (APIs) and direct compressible granulates (DC).

The company was established in 2015 when Vistin Pharma AS acquired the metformin and opioids business and tablet production assets from Weifa AS.

In October 2017 the CMO and opioids businesses were sold to TPI Enterprises Limited. Following the sale, Vistin Pharma AS is a dedicated producer of metformin-active pharmaceutical ingredient (API) and direct compressive granulate (DC), with a strong position in the global metformin market and clear ambitions for continued growth. Metformin is used as the

first-line treatment of diabetes 2. The disease is expected to grow by 50 per cent toward 2030, affecting more than 500 million people. The global metformin market is expected to grow by four to five per cent per annum, and the company is attractively positioned to capture part of this growth.

Vistin Trading AS was established in May 2018 to carry out investments in energy related financial instruments and other energy related investment opportunities. Vistin Pharma announced on 8 January 2019 that it would close this activity, but will continue to manage the financial instruments relating to IMO 2020 already entered into.

The Company's head office is located in Østensjøveien 27, 0609 Oslo, Norway. The shares of Vistin Pharma ASA are listed on Oslo Børs.

# Overview

## Second quarter highlights

- Pharmaceuticals: 11% increase in revenue
  - Revenue of NOK 60.8 million for the quarter vs. NOK 54.6 million in Q2 2018
  - Sales volumes marginally lower than Q2 2018, but offset by higher average selling prices and a larger portion of DC vs. HCl
  - EBITDA NOK 13.3 million for Q2 vs. NOK 4.4 for Q2 2018
  
- Energy Trading: Unrealised loss on trading positions during the quarter
  - EBITDA negative NOK 0.3 million for Q2 vs. negative NOK 0.7 million for Q2 2018
  - Unrealised financial loss on oil derivatives of NOK 10.2 million for Q2
  
- Other financials
  - Cash balance at of 30 June of NOK 290.7 million, and no interest-bearing debt (excluding lease liability)

## Key figures

### Key financial information for continuing operations for Vistin Pharma ASA

(NOK 1 000)	Q2 2019	Q2 2018	YTD 2019	YTD 2018	FY 2018
Total revenue and income	61 103	54 607	103 336	107 411	200 514
EBITDA	12 290	2 293	9 332	8 637	726
Profit/(loss) before tax from continuing operations (EBT)	548	(15 977)	3 094	(8 211)	(85 305)
Earnings per share for continuing operations (NOK): diluted	0,01	(0,34)	0,05	(0,24)	(1,96)
Total Assets	493 986	476 624	493 986	476 624	500 062
Cash & cash equivalents	290 708	333 655	290 708	333 655	320 733

### Key figures per segment

(NOK 1 000)	Q2 2019	Q2 2018	YTD 2019	YTD 2018	FY 2018
<i>Total revenue and income</i>					
Pharmaceuticals	61 103	54 607	103 337	107 410	200 514
Total revenue and income	61 103	54 607	103 337	107 410	200 514
<i>EBITDA</i>					
Pharmaceuticals	13 255	4 352	11 713	11 243	11 523
Energy Trading	(285)	(708)	(1 002)	(708)	(6 969)
HQ & other	(680)	(1 351)	(1 379)	(1 898)	(3 828)
EBITDA	12 290	2 293	9 332	8 637	726
<i>EBT</i>					
Pharmaceuticals	10 952	3 224	7 787	11 536	9 574
Energy Trading	(10 039)	(17 967)	(4 045)	(17 967)	(91 401)
HQ & other	(365)	(1 233)	(648)	(1 780)	(3 477)
EBT	548	(15 977)	3 094	(8 212)	(85 305)

## Financial review

### Profit and loss

#### Pharmaceuticals

The pharmaceutical business unit had total revenues and other income of NOK 61.1 million in the second quarter 2019, compared to NOK 54.6 million in the same quarter last year.

EBITDA from Pharmaceuticals came to NOK 13.3 million for the second quarter, compared to NOK 4.4 million for the same quarter last year. The higher EBITDA is mainly due to a higher contribution margin, as a result of higher prices and product mix (DC vs. HCl). Operating expenses for the quarter were also marginally lower, compared to last year.

Depreciation and amortisation for the segment were NOK 2.1 million for the second quarter, compared to NOK 1.3 million for the second quarter of 2018.

#### Energy Trading

Energy Trading had no revenues or other income for the second quarter this year or last year. The EBITDA came to negative NOK 0.3 million, compared to negative NOK 0.7 million for the second quarter of 2018.

#### Other

HQ and other Group activities had EBITDA of negative NOK 0.7 million for the second quarter, compared to negative NOK 1.4 million in the same quarter last year.

#### Finance

Net financial loss for the second quarter was NOK 9.6 million, compared to a net loss of NOK 16.9 million in the same quarter of 2018. The net financial loss for the quarter primarily relates to an unrealised loss on oil derivatives of NOK 10.2 million.

#### Tax

Vistin Pharma had an income tax expense of NOK 0.1 million in the second quarter, compared to negative NOK 3.7 million in the corresponding quarter of 2018.

#### Consolidated earnings

Net profit for the second quarter was NOK 0.4 million, corresponding to earnings per share of NOK 0.01, compared to net loss of NOK 12.3 million and earnings per share of negative NOK 0.34 for the same quarter in 2018.

#### Cash Flow

Net cash flow from operating activities in the second quarter was negative NOK 2.5 million. Net cash flow from operating activities in the second quarter last year was negative NOK 18.9 million.

Net cash flow from investing activities was negative NOK 6.1 million, which represents capital expenditure for the quarter, mainly relating to the new packaging line. Net cash flow from investing activities in the same quarter last year was negative NOK 4.8 million.

Net cash flow from financing activities was negative NOK 0.2 million. Net cash flow from financing activities in the same quarter last year was positive NOK 298.0 million, as a result of net proceeds from a private placement of shares.

Net decrease in cash and cash equivalents amounted to NOK 8.8 million. In the same quarter last year, there was a net increase in cash and cash equivalents of NOK 274.3 million.

#### Financial position

Vistin Pharma had total assets of NOK 494.0 million as of 30 June 2019. Cash and cash equivalents amounted to NOK 290.7 million. The figures as of 30 June 2018 were NOK 476.6 million and NOK 333.7 million, respectively.

Total equity as of 30 June 2019 was NOK 348.5 million, compared to NOK 412.1 million as of 30 June 2018. This corresponds to an equity ratio of 70.6 percent (86.5 percent).

Vistin Pharma had no interest-bearing debt as of 30 June 2019, with the exception of lease liabilities recognised under IFRS 16 of NOK 3.3 million.

## Operational review

### Pharmaceuticals

Total sales revenue in the second quarter was NOK 60.8 million, compared to NOK 54.6 million in the same quarter of 2018.

Metformin API volumes sold for the quarter were 866MT, compared to 900MT in the same quarter last year. The new fully automated packaging line installed during the first quarter, was fully operational during the second quarter, and the manufacturing plant is running at full capacity. The higher revenue per MT sold during the second quarter, compared to last year, is due to a combination of higher EUR sales prices, product mix (higher share of DC vs. HCl) and a marginally higher EUR/NOK exchange rate.

The total remaining production volume for 2019 has been allocated to customers, and prices achieved are marginally higher than compared to last year.

Vistin Pharma is producing approximately 3,100MT of metformin HCl annually at its manufacturing plant at Fikkjebakke, Norway, which is the plant's current maximum capacity. The Company is working to stretch the current capacity up to 3,800 - 4,000MT through an efficiency program. The expected installed manufacturing capacity by the end of 2019 will be minimum 3,300MT.

There is a strong underlying demand for metformin globally, and the product is the standard first-line treatment for 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 therefore be dependent on the performance of these products in the market. Key drivers for future growth are the number of diabetes patients treated with metformin containing products, and 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.

The Company has completed the detailed engineering work for a potential new 3,000MT production line, and key suppliers have been selected. When sufficient volumes are secured to continue the expansion work, the Company will be able to have the 3,000MT production capacity installed within approximately 18 months.

The Board is continuously evaluating different strategic alternatives for the pharmaceutical division to maximise shareholder value.

### Energy Trading

The Company has financial derivative contracts outstanding with the idea to take advantage of the global change in the sulphur specifications for marine fuel in the global shipping industry in 2020. Under these contracts, the Company is financially exposed to the difference in USD price (spread) per metric ton between ICE low sulphur Gasoil and Sing380. The total contract volume is 150,000MT. 15,000MT of the total contract volume expire monthly from December 2019 to April 2020, while the remaining 75,000MT expire in December 2020.

The total market-to-market value of these contracts was negative NOK 88.8 million as of 30 June 2019 (30.06.18: negative NOK 17.3 million), a change of negative NOK 10.2 million compared to the previous quarter. Please refer to Note 5 to the condensed interim financial statements for further details.

The intension is to hold these contracts until maturity, unless the potential IMO 2020 effect should significantly impact the global oil markets at an earlier date. However, depending on general market developments, and how the IMO 2020 hypothesis unfolds, the Company may decide to close some or all of these contracts at an earlier date, if the Company believes this to be in the best interest of its shareholders.

## Risks and uncertainties

As a pharmaceutical manufacturing company, Vistin Pharma is exposed to several types of risks. Fluctuations in the price and availability of raw materials and the development in foreign exchange (USD and EUR) are among the most prominent.

In addition, risk related to potential regulatory changes, new medications for the treatment of diabetes II, environmental issues connected to emission permits at the Company's plant represent central risk factors to the Company.

Investments in energy derivatives and similar objects are associated with material risks. Derivative transactions by their nature entail

exposure to adverse changes in commodity prices, and risks related to derivatives could be exacerbated by volatility in the commodity, financial and other markets. There can be no assurance that the Company will be able to successfully manage the derivative contracts held. Losses may be substantial, and this would have a material adverse effect on Vistin Pharma's business, prospects, financial condition or results of operations.

For further information, please refer to Vistin Pharma's 2018 Annual Report, available on the Company's website [www.vistin.com](http://www.vistin.com).

## Outlook

Diabetes is one of the largest global health crises of the 21st century, and the metformin business is expected continue to grow as it remains the gold-standard treatment of type 2 diabetes for the foreseeable future. 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 partially dependent on the market performance of these products.

Vistin Pharma has invested in energy related financial instruments, and the performance of these investments will be dependent on the development in the international energy market.

## Share information

The Company had 44 344 592 issued shares as of 30 June 2019. The 20 largest shareholders control 67.1 percent of the total number of outstanding shares.

### Largest shareholders as of 14 August 2019

NAME	SHAREHOLDING	% SHARE
SAGA TANKERS ASA*	6 284 280	14.17 %
PACTUM AS	2 678 572	6.04 %
HOLMEN SPESIALFOND	2 000 000	4.51 %
AWILCO AS	1 785 714	4.03 %
MP PENSJON PK	1 770 727	3.99 %
FERNCLIFF LISTED DAI AS*	1 764 424	3.98 %
STATE STREET BANK AND TRUST COMP	1 682 320	3.79 %
SUNDT AS	1 632 416	3.68 %
SOLAN CAPITAL AS	1 600 000	3.61 %
APOLLO ASSET LIMITED	1 600 000	3.61 %
TVENGE	1 232 268	2.78 %
CAMACA AS	930 447	2.10 %
NORDA ASA	880 000	1.98 %
KM HOLDING AS	669 642	1.51 %
NORDNET LIVSFORSIKRING AS	563 262	1.27 %
BERGEN KOMMUNALE PENSJONSKASSE	495 000	1.12 %
GRANT INVEST AS	474 585	1.07 %
STORFJELL AS	461 499	1.04 %
CIPRIANO AS	450 000	1.01 %
HJELLEGJERDE INVEST AS	400 000	0.90 %
BORGEN INVESTMENT GROUP NORWAY AS	400 000	0.90 %
TOTAL 20 LARGEST SHAREHOLDERS	29 755 156	67.1 %
OTHER SHAREHOLDERS	14 589 436	32.9 %
TOTAL NUMBER OF SHARES	44 344 592	100.0 %

\* Board members of Vistin Pharma, or companies controlled by Board members



# Condensed Interim Financial Statements

## Consolidated Statement of Comprehensive Income

(NOK 1 000)	Note	Q2 2019	Q2 2018	YTD 2019	YTD 2018	FY 2018
Revenue		60 762	54 602	102 712	107 184	198 990
Other income		341	6	625	226	1 523
<b>Total revenue and income</b>	<b>2</b>	<b>61 103</b>	<b>54 607</b>	<b>103 336</b>	<b>107 411</b>	<b>200 514</b>
Cost of materials		20 981	22 239	39 266	41 311	73 157
Payroll expenses		16 975	16 328	32 162	32 474	69 578
Other operating expenses		10 857	13 748	22 576	24 989	57 053
Depreciation, amortisation and impairment		2 103	1 350	3 996	2 597	5 333
<b>Operating profit/(loss)</b>		<b>10 187</b>	<b>944</b>	<b>5 336</b>	<b>6 040</b>	<b>(4 607)</b>
Net financial items	4	(9 639)	(16 920)	(2 241)	(14 251)	(80 697)
<b>Profit/(loss) before tax from continuing operations</b>		<b>548</b>	<b>(15 977)</b>	<b>3 095</b>	<b>(8 211)</b>	<b>(85 305)</b>
Income tax expense		121	(3 675)	681	(1 889)	(16 347)
<b>Profit/(loss) for the period from continuing operations</b>		<b>427</b>	<b>(12 302)</b>	<b>2 414</b>	<b>(6 323)</b>	<b>(68 957)</b>
Profit/(loss) for the period from discontinued operations		-	(18)	-	(159)	(4 668)
<b>Profit/(loss) for the period</b>		<b>427</b>	<b>(12 320)</b>	<b>2 414</b>	<b>(6 482)</b>	<b>(73 625)</b>
<i>Other comprehensive income not to be reclassified to profit and loss in subsequent periods:</i>						
Actuarial losses on defined benefit plan		-	-	-	-	95
Income tax effect		-	-	-	-	(21)
<b>Total comprehensive income for the period</b>		<b>427</b>	<b>(12 320)</b>	<b>2 414</b>	<b>(6 482)</b>	<b>(73 699)</b>
Earnings per share (NOK): basic		0,01	(0,35)	0,05	(0,25)	(2,09)
Earnings per share (NOK): diluted		0,01	(0,34)	0,05	(0,24)	(2,09)
Earnings per share for continuing operations (NOK): basic		0,01	(0,35)	0,05	(0,24)	(1,96)
Earnings per share for continuing operations (NOK): diluted		0,01	(0,34)	0,05	(0,24)	(1,96)

# Condensed Interim Financial Statements

## Consolidated Statement of Financial Position

(NOK 1 000)	Note	30.06.2019	30.06.2018	31.12.2018
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant & equipment		102 369	76 740	88 550
<b>Total non-current assets</b>		<b>102 369</b>	<b>76 740</b>	<b>88 550</b>
<b>Current assets</b>				
Inventory		26 061	16 879	29 071
Trade receivables		42 842	33 117	27 363
Other receivables		10 467	12 271	12 126
Deferred tax assets		21 538	3 962	22 219
Cash & cash equivalents	6	290 708	333 655	320 733
<b>Total current assets</b>		<b>391 617</b>	<b>399 883</b>	<b>411 512</b>
<b>Total Assets</b>		<b>493 985</b>	<b>476 624</b>	<b>500 062</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	7	44 345	44 344	44 344
Share premium		273 402	271 778	273 401
Other paid-in capital		-	392	2 777
Retained earnings		30 743	95 546	28 329
<b>Total equity</b>		<b>348 490</b>	<b>412 062</b>	<b>348 852</b>
<b>Non-current liabilities</b>				
Lease liabilities		2 527	-	-
Other long-term liabilities		20 369	15 534	16 877
<b>Total non-current liabilities</b>		<b>22 896</b>	<b>15 534</b>	<b>16 877</b>
<b>Current liabilities</b>				
Trade payables		20 853	11 112	29 469
Lease liabilities		744	-	-
Tax Payables		(1 477)	(3 111)	-
Other current liabilities		102 482	41 028	104 864
<b>Total current liabilities</b>		<b>122 601</b>	<b>49 029</b>	<b>134 333</b>
<b>Total liabilities</b>		<b>145 497</b>	<b>64 563</b>	<b>151 210</b>
<b>Total Equity and Liabilities</b>		<b>493 985</b>	<b>476 624</b>	<b>500 062</b>

# Condensed Interim Financial Statements

## Statement of Changes in Equity

(NOK 1 000)	Note	Share capital	Share premium	capital reserves	Retained earnings	Total equity
Equity as at 01.01.2018		17 055	1 074		102 028	120 157
Total comprehensive income					(6 482)	(6 482)
		26 786	278 355			305 141
Transactions costs share issue			(7 651)			(7 651)
Share-based payment				392		392
Subsequent repair issue		504				504
Equity as at 30.06.2018	7	44 345	271 778	392	95 546	412 062
Equity as at 01.01.2019		44 345	273 401	2 777	28 330	348 853
Total comprehensive income		-	-		2 414	2 414
Share-based payment				(2 777)		(2 777)
Equity as at 30.06.2019		44 345	273 402	-	30 743	348 490

# Condensed Interim Financial Statements

## Cash Flow Statement

(NOK 1 000)	Note	Q2 2019	Q2 2018	YTD 2019	YTD 2018	FY 2018
<b>Cash flow from operating activities</b>						
Net profit/(loss) before income tax from continuing operations		548	(15 977)	3 095	(8 211)	(85 305)
Net profit/(loss) before income tax from discontinued operations		-	(24)	-	(207)	(6 062)
<b>Net profit/(loss) before income tax</b>		<b>548</b>	<b>(16 001)</b>	<b>3 095</b>	<b>(8 419)</b>	<b>(91 366)</b>
Adjustments to reconcile profit before tax to net cash flow:						
Income tax paid		(739)	(1 574)	(1 477)	(4 144)	(1 684)
(Gain)/loss on sale of subsidiary		-	-	-	-	5 500
Non-cash adjustment to reconcile profit before tax to cash flow:						
Depreciation, amortisation and impairment		2 103	1 350	3 997	2 598	5 346
Share-based payment	10	-	392	(2 777)	392	2 777
Unrealised foreign currency (gains)/losses		(362)	(1 807)	(813)	(5 099)	-
Unrealised financial derivatives (gains)/losses		10 218	17 330	3 845	17 330	84 971
Changes in working capital:						
Changes in trade receivables and trade creditors		(15 661)	(15 544)	(25 649)	(35 632)	(20 817)
Changes in inventory		1 029	2 714	3 010	5 776	(6 416)
Changes in other accruals and prepayments		344	(5 733)	(848)	(6 397)	(17 157)
<b>Net cash flow from operating activities</b>		<b>(2 519)</b>	<b>(18 873)</b>	<b>(17 616)</b>	<b>(33 595)</b>	<b>(38 846)</b>
<b>Cash flow from investing activities</b>						
Net proceeds from sale of subsidiary		-	-	-	(6 959)	(5 500)
Purchase of equipment and intangibles		(6 093)	(4 850)	(11 827)	(9 122)	(18 074)
<b>Net cash flow from investing activities</b>		<b>(6 093)</b>	<b>(4 850)</b>	<b>(11 827)</b>	<b>(16 081)</b>	<b>(23 574)</b>
<b>Cash flow from financing activities</b>						
Proceeds from share issue		-	297 994	-	297 994	305 644
Payment of lease liabilities		(231)	-	(582)	-	-
Dividende paid		-	-	-	-	(7 828)
<b>Net cash flow from financing activities</b>		<b>(231)</b>	<b>297 994</b>	<b>(582)</b>	<b>297 994</b>	<b>297 816</b>
Net change in cash and cash equivalents		(8 843)	274 272	(30 023)	248 318	235 396
Cash and cash equivalents beginning period		299 550	59 385	320 733	85 336	85 336
<b>Cash and cash equivalents end period</b>		<b>290 708</b>	<b>333 655</b>	<b>290 708</b>	<b>333 655</b>	<b>320 733</b>

# Notes to the Condensed Interim Financial Statements

## 1. Corporate information

Vistin Pharma ASA is a limited liability company, with its registered office at Østensjøveien 27, Oslo, Norway. Vistin Pharma's shares are listed on Oslo Børs in Norway under the ticker VISTIN.

Vistin Pharma ASA, and its subsidiaries, (collectively, Vistin Pharma or the Group), are principally engaged in the production and sale of metformin APIs (active pharmaceutical ingredient) for the international pharmaceutical market, and the investment in energy related investment opportunities.

## 2. Basis of presentation and changes to the Group's accounting policies

The financial information is prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). This financial information should be read together with the financial statements for the year ended 31 December 2018, prepared in accordance with International Financial Reporting Standards ("IFRS"). The presentation of the Interim Financial Statements is consistent with the Annual Financial Statements. The figures are unaudited.

### ***New standards, interpretations and amendments adopted by the Group***

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019.

The Group has adopted IFRS 16 from 1 January 2019 using the modified retrospective method for all lease agreements existing on the implementation date. Comparative figures have not been restated, as permitted under the modified retrospective method. The Group has applied transition reliefs where the lease asset is equal to the lease liability at the transition date. The Group will apply the two recognition exemptions in the standard, for low value items and short-term leases.

### ***The Group's leasing activities and how these are accounted for:***

The Group leases offices in Oslo, and some equipment, cars and trucks. Rental contracts are typically made for fixed periods of 3 to 8 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease. The Group did not have any finance leases as of 31 December 2018.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable

**2. Basis of presentation and changes to the Group's accounting policies (continued)**

- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under any residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise any leased IT-equipment and other small items with a value of less than NOK 50k.

**Financial impact on adoption of IFRS 16**

Following is a reconciliation of the operating lease commitment as of 31 December 2018, and the lease liability as of 1 January 2019:

(NOK 1 000)	01.01.2019
Operating lease commitments at 31 December 2018	4 091
Low-value leases	-16
Discounted at applicable interest rate	-223
<b>Lease liability recognised as at 1 January 2019</b>	<b>3 853</b>
Of which are:	
Current lease liabilities	1 467
Non-current lease liabilities	2 386
	<u>3 853</u>

The change in accounting policy affected the balance sheet at 1 January 2019 as follows:

- Right of use assets - increased by NOK 3.9 million
- Lease liability - increased by NOK 3.9 million

The change in accounting policy affected the profit and loss for the second quarter 2019 as follows:

- Operating expenses - decreased by NOK 0.2 million
- Depreciation - increased by NOK 0.4 million
- Interest expense - increased by NOK 0.020 million

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim condensed consolidated financial statements of the Group.

### 3. Segment reporting

Following the establishment of an energy trading business in the second quarter 2018, the Group has two operating segment, which is the production and sale of metformin products and energy trading. In January 2019, the Company decided to close down the energy trading business.

(NOK 1 000)	Q2 2019	Q2 2018	YTD 2019	YTD 2018	FY 2018
Total revenue and income					
Pharmaceuticals	61 103	54 607	103 337	107 410	200 512
Energy Trading	-	-	-	-	-
HQ & Other	-	-	-	-	-
Total revenue and income	61 103	54 607	103 337	107 410	200 513
EBT					
Pharmaceuticals	10 952	3 224	7 787	11 536	9 574
Energy Trading	(10 039)	(17 967)	(4 045)	(17 967)	(91 401)
HQ & Other	(365)	(1 233)	(648)	(1 780)	(3 477)
EBT	548	(15 977)	3 094	(8 212)	(85 304)

Operating assets	30.06.2019	30.06.2018	31.12.2018
(NOK 1 000)			
Pharmaceuticals	149 734	122 774	122 765
Energy Trading	-	-	-
HQ & Other	322 713	349 888	355 077
Total segments	472 448	472 662	477 843

Operating liabilities	30.06.2019	30.06.2018	31.12.2018
(NOK 1 000)			
Pharmaceuticals	20 813	10 751	26 996
Energy Trading	-	17 330	84 982
HQ & Other	126 162	39 594	39 232
Total segments	146 974	67 674	151 210

Reconciliation of assets	30.06.2019	30.06.2018	31.12.2018
(NOK 1 000)			
Segment operating assets	472 448	472 662	477 843
Deferred tax assets	21 538	3 962	22 219
Total operating assets	493 986	476 624	500 062

Reconciliation of liabilities	30.06.2019	30.06.2018	31.12.2018
(NOK 1 000)			
Segment operating liabilities	146 974	67 674	151 210
Tax payable	(1 477)	(3 111)	-
Total operating liabilities	145 497	64 563	151 210

#### 4. Financial items

(NOK 1 000)	Q2 2019	Q2 2018	YTD 2019	YTD 2018	FY 2018
Gains (losses) on net foreign exchange	(104)	507	308	3 312	4 070
Interest income and other financial items	798	70	1 579	70	807
Gains (losses) on derivative financial instruments	(10 218)	(17 330)	(3 845)	(17 330)	(84 972)
Interest and other financial expenses	(115)	(168)	(283)	(304)	(603)
<b>Net financial items</b>	<b>(9 639)</b>	<b>(16 921)</b>	<b>(2 241)</b>	<b>(14 252)</b>	<b>(80 698)</b>

#### 5. Financial derivatives

During the second quarter 2018, the Group entered into financial oil derivatives with a commercial bank as counterparty. These derivatives are valued based on the prices of the underlying oil products, which are quoted in regular markets. Under these contracts, the Company is financially exposed to the difference in USD price (spread) per metric ton between ICE low sulphur Gasoil and Sing380. The derivatives are shown in the table below.

Type of instrument	Volume (mt)	Maturity date	Weighted average spread at contract date (USD/mt)	Spread as of 30.06.19 (USD/mt)	Market-to-market (MTM) as of 30.06.19 (NOK 1 000)
ICE low sulphus vs Sing380	15 000	Dec2019	345,10	270,20	n.a
ICE low sulphus vs Sing380	15 000	Jan2020	345,10	276,10	n.a
ICE low sulphus vs Sing380	15 000	Feb2020	345,10	278,83	n.a
ICE low sulphus vs Sing380	15 000	Mar2020	345,10	279,35	n.a
ICE low sulphus vs Sing380	15 000	Apr2020	345,10	278,87	n.a
ICE low sulphus vs Sing380	75 000	Dec2020	337,00	262,50	n.a
<b>Total</b>	<b>150 000</b>				<b>(88 817)</b>

As of 30 June 2019, the market-to-market value ("MTM") of these contracts was negative NOK 88.8 million, which has been included as a financial liability in the statement of financial position. An unrealised loss of NOK 10.2 million has been recognised as a financial loss in the statement of comprehensive income for the second quarter 2019, to reflect the increase in the negative MTM during the quarter. Any increase/decrease in the spread between the prices of the underlying oil products by 1% would increase/decrease the MTM of the contracts outstanding by approximately NOK 4 million.

The derivative contracts do not result in physical delivery of the oil products, but the value of the derivatives is settled when the contracts are terminated by the Group. A margin call of approximately 20% of the total contract exposure, plus any unrealised losses on the contracts, is deposited with the counter party (DNB), as security for any potential losses. The required value of the margin account as of 30 June 2019 was NOK 164.9 million. The amount has been included in cash and cash equivalents in the statement of financial position.

#### 6. Cash and cash equivalents

(NOK 1 000)	30.06.2019	30.06.2018	31.12.2018
Cash at bank	54 959	221 258	79 574
Money market funds	70 825	-	70 055
Restricted cash	164 924	112 397	171 104
<b>Cash and cash equivalents</b>	<b>290 708</b>	<b>333 655</b>	<b>320 733</b>

Restricted cash mainly represents cash deposited with DNB as security for the outstanding derivate contracts. Please refer to Note 5 for additional information.



## 7. Share capital

	Number of shares (1 000)	Share capital (NOK 1 000)
At 1 Januar 2018	17 055	17 055
At 30 June 2018	44 345	44 345
At 1 January 2019	<b>44 345</b>	<b>44 345</b>
At 30 June 2019	<b>44 345</b>	<b>44 345</b>

## 8. Property, plant & equipment

Following the implementation of IFRS 16, right-of-use assets amounting to NOK 3.1 million are included as Property, plant & equipment in the condensed consolidated statement of financial position as of June 30, 2019.

## 9. Interest-bearing debt

The Group had interest-bearing debt of NOK 3.3 million as of 30 June 2019 relating to rental and leasing obligations recognised under IFRS 16 (31.06.18: 0).

## 10. Employee share options

In 2018, 4 million share options were issued to employees of the energy trading business. As a result of the resignation and/or termination of these employees, these share options were forfeited, as defined by IFRS 2, during the first quarter 2019. The Company has no share options outstanding as of 30 June 2019 (30.06.18: 1.6 million).

## Responsibility statement

We confirm, to the best of our knowledge, that the condensed set of financial statements for the first half year of 2019, 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, 28 August 2019

Ole Enger  
Chairman

Mimi K. Berdal  
Board member

Bettina Banoun  
Board member

Finn Bjørn Ruyter  
Board member

Øystein Stray Spetalen  
Board member

Espen Lia Gregoriussen  
Board member

Åse Musum  
Board member

Kjell-Erik Nordby  
CEO