

VISTIN PHARMA

VISTIN PHARMA ASA FOURTH QUARTER AND PRELIMINARY 2020 RESULTS PUBLISHED 19 FEBRUARY 2021

HIGHLIGHTS

- Revenue of MNOK 64.4 for the quarter compared to MNOK 56.8 in fourth quarter 2019, positively affected by product mix and favorable EURNOK.
- Revenue of MNOK 254 YTD in 2020, compared to MNOK 228 YTD in 2019, a growth of 11%.
- EBITDA of MNOK 13.9 in fourth quarter 2020 versus MNOK 6.8 in fourth quarter 2019. EBITDA unfavorably affected by MNOK 2.5 in bonus accrual in the quarter (Q4'19: MNOK 1).
- 2020 EBITDA of MNOK 58 versus MNOK 30 in 2019, a 92% increase.
- In September/October a new 2nd reactor was successfully installed. The “Creep” project initiated in 2018 is completed and the objective to increase the capacity by >500MT to approx. 3.800MT/y is achieved.
- Metformin capacity expansion project (MEP) on track and expected to be commercially operational from Q2 2022. Approximately 35% of the total investment of MNOK 100 paid as of end December.
- Cash balance of MNOK 77 as of 31 December and no interest-bearing debt
- Dividend proposal for the AGM (20.05.2021) NOK 0.5 per share for 2020

4TH QUARTER REPORT AND PRELIMINARY FINANCIALS FOR 2020

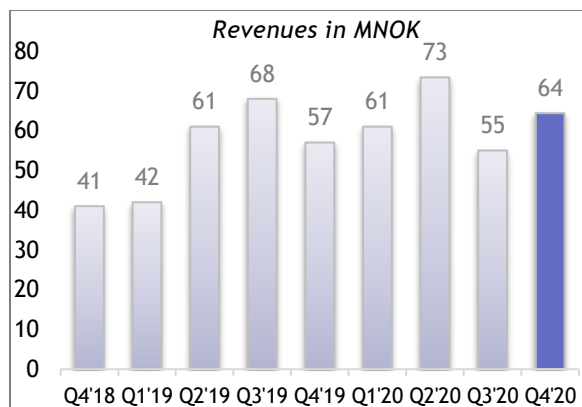
The financial report as per December 2020 has been prepared according to the IFRS (International Financial Reporting Standard) and follows IAS 34 for interim financial reporting, as do the comparable numbers for 2019.

FINANCIAL DEVELOPMENT

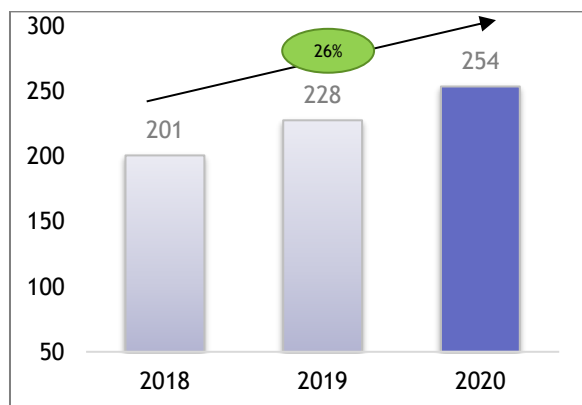
(Comparative numbers for 2019 in parenthesis)

REVENUE

Revenue in the quarter of MNOK 64.4 (MNOK 56.8), a 13% increase compared to Q4 2019. The sales increase was driven by favourable product mix and EURNOK.



2020 revenue was MNOK 254, compared to MNOK 228 in 2019, an increase of 11%.

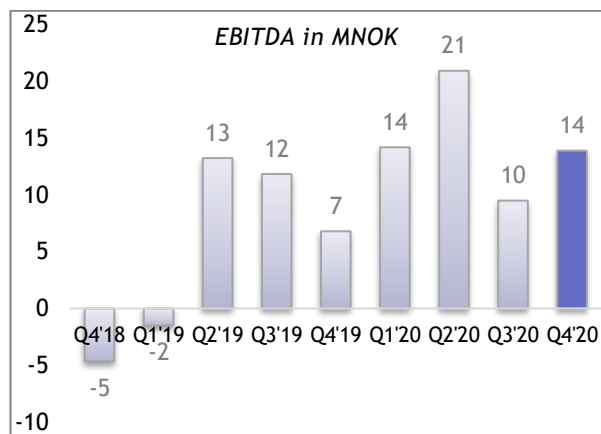


Cost of goods sold

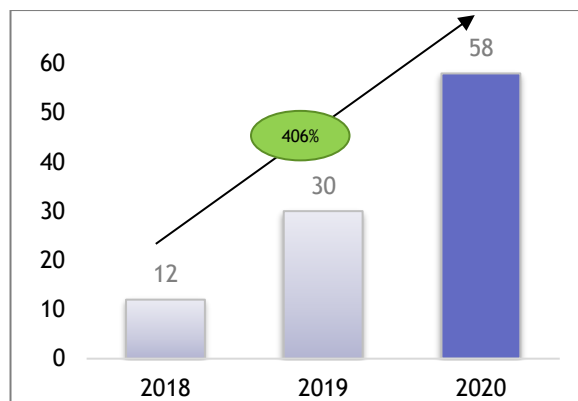
Cost of goods sold (COGS) in the quarter ended at MNOK 51.2 (MNOK 50), an increase of 2%. Cost of materials was favourably affected by a one-time adjustment of approx. MNOK 2.5 in Q4'20.

EARNINGS

Pharmaceuticals achieved an EBITDA of MNOK 13.9 (MNOK 6.8) for the quarter, including bonus accrual of MNOK 2.5, MNOK 1 accrued in Q4 2019. Earnings before tax (EBT) ended at MNOK 11.6 (MNOK 3.7).



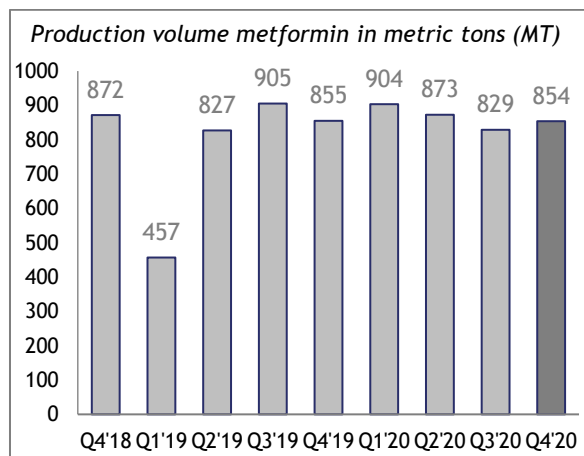
2020 EBITDA ended at MNOK 58.2 compared to MNOK 30.4 in 2019, an increase of 92%. Earnings before tax (EBT) ended at MNOK 39.8 (MNOK 21.5).



PRODUCTION

The Fikkjebakke plant has been operating at full capacity and with high efficiency and productivity throughout the quarter, except for a few days in the beginning of October to complete the planned stop for installing the new 2nd reactor. Both weekly yield and output have increased versus last year as a result of the efficiency improvement program (creep) initiated in 2018. The 2nd reactor was installed in September/October and will further increase the manufacturing capacity by approx. 300MT annually. Fourth quarter 2020 production volume was 854 MT, similar to 855 MT in fourth quarter of 2019, due to the downtime to

complete the 2nd reactor installation. 2020 production volume equalled 3 460 MT compared to 3 044 MT in 2019, an increase of 14%. The total available production volume for Q1 2021 has been allocated to customers.



Energy Trading

All activities in the energy business segment have been discontinued as of Q1 2020.

Other (HQ)

HQ and other Group activities had EBT of negative MNOK 0.4 for the fourth quarter, compared to negative MNOK 0.034 in the same quarter last year. The consolidated EBT for the Group, excluding Energy Trading, ended at MNOK 11.1 (MNOK 3.7), in the fourth quarter. YTD EBT was MNOK 37.8 (MNOK 20.3).

Financial items

Net finance ended positive with MNOK 0.2 for the fourth quarter 2020, compared to positive of MNOK 1.4 in fourth quarter 2019 (excluding Energy Trading). Net finance income in Q4 was mainly related to interest on cash balance, partly offset by realized and unrealized gains or losses related to currency hedging contracts in EUR for customer receivables.

CASH FLOW

Net cash flow from operating activities in the fourth quarter was MNOK 9.3. Net cash flow from operating activities in the fourth quarter 2019 was MNOK 20.6. The decrease in operating cash flow compared to similar quarter last year was mainly in relation to inventory build in Q4'20 to support Q1'21 demand.

Net cash flow from investing activities was negative MNOK 29.4 which represents capital expenditure for the quarter, mainly second instalment for the metformin expansion project (MEP). Net cash flow from investing activities in the same quarter last year was negative MNOK 5.8.

Net cash flow from financing activities was negative MNOK 0.4, driven by payment of lease liabilities. Net cash flow from financing activities in the same quarter last year was negative MNOK 0.4.

Net decrease in cash and cash equivalents amounted to MNOK 20.5 in Q4 2020. In the same quarter last year, there was a net increase in cash and cash equivalents of MNOK 14.4.

YTD 2020 the net decrease in cash and cash equivalents amounted to MNOK 242.6, driven by the realized loss from closing of the oil derivatives in Energy Trading, dividend pay-out in June and two instalment payments for MEP.

BALANCE SHEET

Assets

Vistin Pharma had total assets of MNOK 321.7 as of 31 December 2020. Cash and cash equivalents amounted to MNOK 77.

The company has a deferred tax asset of MNOK 34.9 (MNOK 7.7). 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. Fair market value of the EUR cash flow hedges as of 31 December 2020 is positive by MNOK 0.04. This unrealized gain is booked as part of other receivables.

Equity

Equity by the end of June was MNOK 272.4. This equals an equity ratio of 85%.

Liabilities

The company had no interest-bearing debt as of year end 2020. MNOK 1.9 (MNOK 2.9) in obligations related to lease contracts are recognized in the balance sheet according to IFRS 16.

OPERATIONAL STATUS

MARKET

The creep project initiated in 2018 to increase the capacity by 500MT is successfully completed. In Q3/Q4 a new 2nd reactor was successfully installed, which will increase the capacity by approx. 300MT annually. The new reactor has been operative from mid Q4. The current installed production capacity, after the reactor installation, at Vistin's manufacturing plant at Fikkjebakke, Norway is approximately 3,800MT (3.300MT).

It is a strong underlying global demand in metformin. The product is the standard first-line 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 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 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 capacity of approx. 7000MT metformin HCl annually. Products from the new line are expected to be commercialized by Q2 2022. The estimated CAPEX is MNOK 100, whereof approx. 35% has been paid as of 31 December. Activities to secure long lead equipment have started. Business development activities to acquire new accounts and to secure increased volumes from existing customers to fill the additional MEP capacity are ongoing.

RESEARCH AND DEVELOPMENT (R&D)

Vistin has positioned itself as a premium supplier of metformin. To keep 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 individuals that is 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 has taken actions to secure the supply of critical raw materials and to build additional security stocks. 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 short term significantly increased the freight costs from China and India (across all businesses and for all goods).

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. Most 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 2019, 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 partially dependent on the market performance of these products.

The demand in the market for metformin is still high and is currently not affected by the corona epidemic. The vulnerability for drug supplies during the corona epidemic has been an 'eye opener' for the authorities and the need for 'short travelled medicines' will be high on the agenda going forward. Vistin is strategically well

positioned to benefit from the expected increase in local supplies going forward.

SHAREHOLDER INFORMATION

The Company had 44 344 592 issued shares as of 31 December 2020. The five largest shareholders were Intertrade Shipping AS with 11,075,000 shares (acquired 148 461 additional shares in the quarter), Pactum AS with 3,519,733 shares, Holmen Spesialfond with 3,250,000 shares, Saga Pure ASA with 2,284,280 shares and MP Pensjon PK with 1,752,913 shares.

The share price has increased from NOK 10.50 per share at year end 2019, and to NOK 17.45 as of 31 December 2020, equal to an increase of 66%.

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

North America & Caribbean

2045 63 million
2030 56 million
2019 48 million

↑ 33% increase

- 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
2030 40 million
2019 32 million

↑ 55% increase

- 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
2030 29 million
2019 19 million

↑ 143% increase

- 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
2030 76 million
2019 55 million

↑ 96% increase

- 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
2030 115 million
2019 88 million

↑ 74% increase

- 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
2030 578 million
2019 463 million

↑ 51% increase

Europe

2045 68 million
2030 66 million
2019 59 million

↑ 15% increase

- 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
2030 197 million
2019 163 million

↑ 31% increase

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

Number of people living with diabetes

Source International Diabetes Federation, IDF Diabetes Atlas, seventh edition, 2019

VISTIN PHARMA ASA - FOURTH QUARTER REPORT 2020

	QTR	QTR	YTD	FY
Condensed financial statement (P&L)	4. quarter 2020	4. quarter 2019	31.12.2020	FY 2019
All numbers in NOK 1000				
Total revenue and income	64 421	56 767	253 905	228 129
Cost of materials	14 740	18 605	73 288	84 113
Salary and social expenses	19 868	19 032	72 499	69 582
Other operating expenses	16 606	13 392	52 940	48 708
Total operating expenses	51 214	51 029	198 728	202 403
Opr. res.before. depr. and write offs (EBITDA)	13 207	5 738	55 177	25 726
<i>Opr.res before depr and write off %</i>	<i>20,5 %</i>	<i>10,1 %</i>	<i>21,7 %</i>	<i>11,3 %</i>
Depreciation	2 371	2 656	9 623	8 956
Operating result	10 837	3 082	45 554	16 770
<i>Operating result in %</i>	<i>16,8 %</i>	<i>5,4 %</i>	<i>17,9 %</i>	<i>7,4 %</i>
Financial income	1 525	2 989	14 066	8 284
Financial expenses	1 278	1 578	183 893	-58 989
Net finance	247	1 411	-169 827	67 273
Pre tax profit	11 084	4 494	-124 273	84 043
Tax	2 438	467	-27 351	17 968
Result from continuing operations	8 645	4 027	-96 922	66 075
Result period from discontinued operations	-	127	-	127
Result	8 645	4 154	-96 922	66 201
Comprehensive income				
Result after tax	8 645	4 027	-96 922	66 075
Other comprehensive income	277	1 246	277	1 246
Total comprehensive income	8 922	5 273	-96 645	67 321
Dividend	-	-	44 345	-

Key figures	4. quarter 2020	4. quarter 2019	31.12.2020	FY 2019
Equity share	85 %	82 %	85 %	82 %
Earnings per share	0,19	0,09	-2,19	1,49
Earnings per share diluted	0,19	0,09	-2,19	1,49
Average shares outstanding in 1000	44 345	44 345	44 345	44 345
Average shares outstanding in 1000 diluted	44 345	44 345	44 345	44 345

VISTIN PHARMA ASA - FOURTH QUARTER REPORT 2020

Condensed financial statement (balance sheet)	31.12.2020	31.12.2019
All numbers in NOK 1000		
Assets		
Fixed assets	145 261	101 802
Deferred tax assets	34 882	7 733
Total tangible and fixed assets	180 144	109 535
Inventory	31 788	24 107
Trade receivables	30 400	38 277
Other receivables	2 302	12 574
Cash	77 036	319 673
Total current assets	141 526	394 631
Total assets	321 670	504 167
Equity and liability		
Share capital	44 345	44 345
Share premium reserve	229 056	273 402
Retained earnings	-996	95 649
Total equity	272 405	413 396
Pension liabilities	16 330	16 309
Other non-current liabilities	1 123	1 222
Total long term liabilities	17 453	17 531
Total short term liabilities	31 812	73 239
Total equity and liability	321 670	504 166
Net interest bearing debt	-	-

Change in equity	31.12.2020	31.12.2019
All numbers in NOK 1000 Equity start of period		
Equity start of period	413 396	348 852
Result for the period	-96 922	66 202
Other comprehensive income	277	1 119
Share based payments	-	-2 777
Dividend	-44 345	-
Equity end of period	272 405	413 396

Cash flow analysis YTD	31.12.2020	31.12.2019
All numbers in NOK 1000		
Result for the period	-124 273	84 170
Cash flow from operation	-20 586	-65 235
Cash flow from operation	-144 859	18 935
Purchase of equipment and intangibles	-51 982	-18 355
Cash flow from investments	-51 982	-18 355
Dividend paid	-44 345	-
Cash flow finance activities	-45 797	-1 641
Change in cash for the period	-242 638	-1 061
Cash at start of period	319 672	320 733
Cash by the end of period	77 037	319 672

VISTIN PHARMA ASA - FOURTH QUARTER REPORT 2020

Segment reporting (P&L)	4. quarter 2020	4. quarter 2019	31.12.2020	FY 2019
All numbers in NOK 1000				
<i>Total revenue and income</i>				
Pharmaceuticals	64 421	56 767	253 905	228 130
Energy Trading	-	-	-	-
HQ & Other	-	-	-	-
Total revenue and income	64 421	56 767	253 905	228 130
<i>EBITDA</i>				
Pharmaceuticals	13 922	6 799	58 189	30 358
Energy Trading	-51	-298	-190	-1 611
HQ & Other	-664	-762	-2 822	-3 020
EBITDA	13 207	5 738	55 177	25 726
<i>EBT</i>				
Pharmaceuticals	11 547	3 721	39 805	21 493
Energy Trading	-48	807	-162 117	63 752
HQ & Other	-415	-34	-2 010	-1 203
EBT	11 084	4 494	-124 323	84 043

Segment reporting (balance sheet)	31.12.2020	31.12.2019
All numbers in NOK 1000		
<i>Operating assets</i>		
Pharmaceuticals	207 449	164 187
Energy Trading	-	123 530
HQ & Other	79 338	208 715
Total segments	286 787	496 432
<i>Operating liabilities</i>		
Pharmaceuticals	32 028	38 124
Energy Trading	-	31 907
HQ & Other	17 236	16 942
Total segments	49 264	86 973
<i>Reconciliation of assets</i>		
Segment operating assets	286 787	496 431
Deferred tax assets	34 882	7 733
Total operating assets	321 670	504 165
<i>Reconciliation of liabilities</i>		
Segment operating liabilities	49 264	86 973
Tax payable	-	3 796
Total operating liabilities	49 264	90 769