

VISTIN PHARMA

VISTIN PHARMA ASA SECOND QUARTER AND FIRST HALF 2021 RESULTS PUBLISHED 19 AUGUST 2021

HIGHLIGHTS

- Revenue of MNOK 67 for the quarter compared to MNOK 73 in second quarter 2020 (-8%). Record high sales volume in quarter, however revenue negatively affected by significantly stronger NOK vs EUR compared to similar quarter last year
- Revenue of MNOK 138 YTD in 2021 compared to MNOK 134 YTD in 2020, a growth of 2%
- EBITDA of MNOK 15.6 in second quarter 2021 compared to MNOK 20.9 in second quarter 2020 (-26%). EBITDA unfavorably affected by FX, record high international freight costs due to global constraints following Covid-19 and significantly higher electricity prices in the quarter compared to last year
- YTD 2021 EBITDA of MNOK 32 versus MNOK 35 YTD in 20, a 9% decrease
- All time high production volume in the quarter adjusted for seven days planned maintenance stop in FW15
- Metformin capacity expansion project (MEP) on track and expected to be commercially operational from Q2 2022. Approximately 50% of the total investment of MNOK 100 paid as of end June.
- New long term supply agreement with customer signed in August with annual volume expectations of 1000 - 1500 MT
- Cash balance of MNOK 60 as of 30 June and no interest-bearing debt
- Dividend of NOK 0.5 per share paid out in June
- Applications for government grants of MNOK 6 approved in 1H - will be used for productivity increase and ESG projects in coming 18 months

2ND QUARTER REPORT AND YTD FINANCIALS FOR 2021

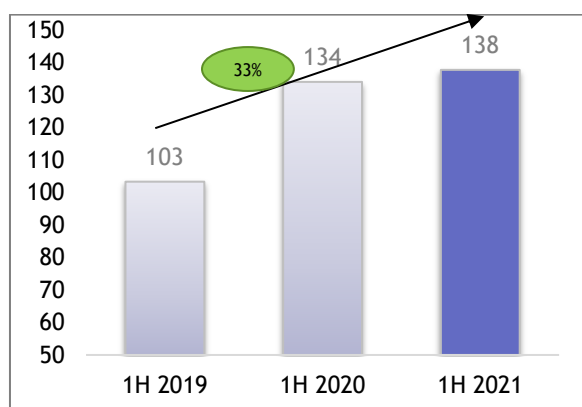
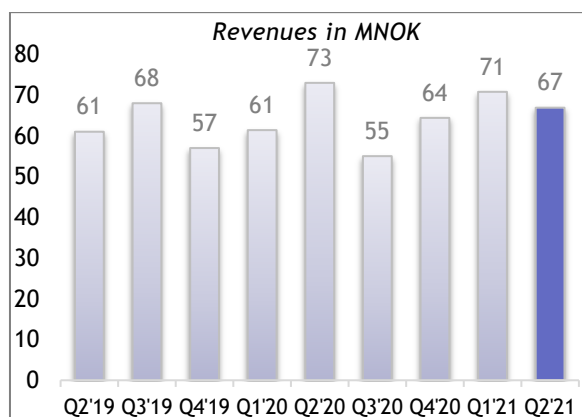
The financial report as per June 2021 has been prepared according to the IFRS (International Financial Reporting Standard) and follows IAS 34 for interim financial reporting, as do the comparable numbers for 2020.

FINANCIAL DEVELOPMENT

(Comparative numbers for 2020 in parenthesis)

REVENUE

Revenue in the quarter of MNOK 66.9 (MNOK 73), an 8% decrease compared to Q2 2020. The sales decrease was driven by significantly stronger NOK versus EUR and unfavourable product mix. Government grants of MNOK 1 booked to revenue in the quarter.

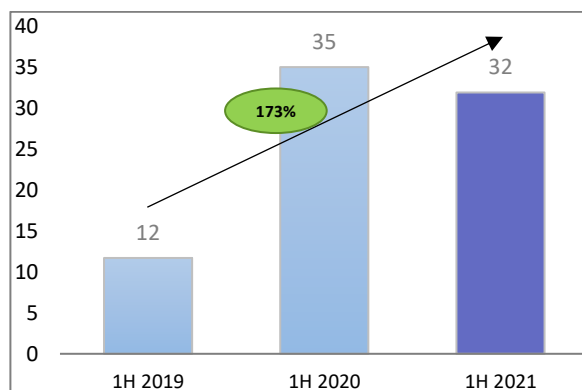
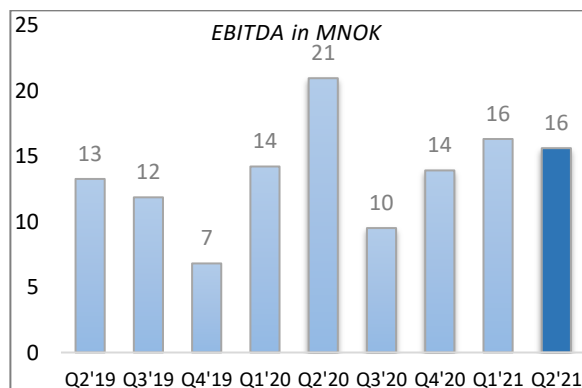


Cost of goods sold

Cost of goods sold (COGS) in the quarter ended at MNOK 53.4 (MNOK 53.1). The main driver behind the increase is record high transportation costs and increased electricity and water prices compared to last year, partly offset by volume leverage due to the new reactor.

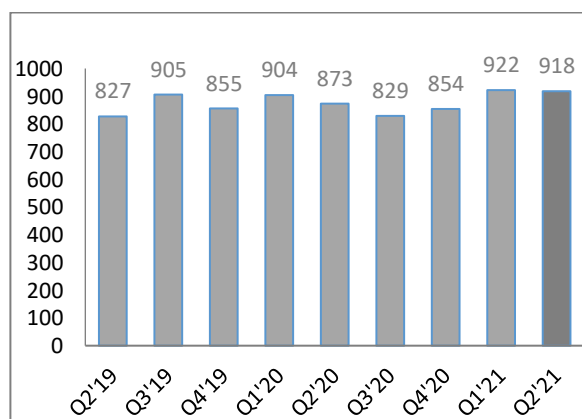
EARNINGS

Pharmaceuticals achieved an EBITDA of MNOK 15.6 (MNOK 20.9) for the quarter. Earnings before tax (EBT) ended at MNOK 12.5 (MNOK 23.7). EBT in Q2'20 positively affected by reversal of unrealized loss on EUR hedging contracts.



PRODUCTION

The Fikkjebakke plant has been operating at full capacity and with high efficiency and productivity throughout the quarter. Driven by installation of the new 2nd reactor in Q3/Q4'20 and optimization in mid Q1'21 a record high production volume of 918MT HCl has been produced in quarter, adjusted for a 7-day planned maintenance stop in FW15.



Other (HQ)

HQ and other Group activities had EBT of negative MNOK 2.1 for the second 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 10.3 (MNOK 26.6), in the second quarter. EBT in Q2'20 positively affected by reversal of unrealized loss on EUR hedging contracts booked in Q1'20.

Financial items

Net finance ended positive with MNOK 0.1 for the second quarter 2021, compared to positive of MNOK 9.1 in second quarter 2020. Net finance income in Q2'21 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 31. Net cash flow from operating activities in first six months of 2020 was negative MNOK 162.1. Adjusted for the realized loss on the oil derivative contracts in Energy Trading the operating cash flow was positive with approx. MNOK 24.

Net cash flow from investing activities YTD was negative with MNOK 21.5 which represents capital expenditure, mainly MEP. Net cash flow from investing activities in the same period last year was negative MNOK 3.5.

Net cash flow from financing activities YTD was negative MNOK 26.6, 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 45.1.

Net decrease in cash and cash equivalents YTD amounted to MNOK 17.1. In the same period last year, there was a net decrease in cash and cash equivalents of MNOK 210.6 due to realization of the oil derivative contracts in Energy Trading.

BALANCE SHEET

Assets

Vistin Pharma had total assets of MNOK 320 as of 30 June 2021. Cash and cash equivalents amounted to MNOK 60.

The company has a deferred tax asset of MNOK 30.3 (MNOK 35). 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 267.1. This equals an equity ratio of 83%.

Liabilities

The company had no interest-bearing debt as of end June 2021. MNOK 2.1 (MNOK 1.8) in obligations related to lease contracts are recognized in the balance sheet according to IFRS 16.

OPERATIONAL STATUS

MARKET

It is a strong underlying global demand in 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 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. Products from the new line are expected to be commercialized by Q2 2022. The estimated CAPEX is MNOK 100, whereof approx. 50% has been paid as of 30 June. 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 at least 1000MT from 2023.

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. Due to limitations of available containers and load/unload restrictions in some harbours, Vistin has experienced significant delays in delivery of DCDA from China. Additional delays may lead to short term interruption in production. 2021 forecasted sales volume is not expected to be affected. 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 businesses and for all goods). Vistin is also experiencing 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 believes in socially responsible business and promoting decent working and environmental conditions in our supply chains and it is part of Vistin Pharma's strategy and efforts to act responsible. 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 the recent years, with success, completed and implemented several initiatives that significantly reduces the environmental footprint. Building on this success Vistin Pharma has several exciting 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.*

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 partially dependent on the market performance of these products.

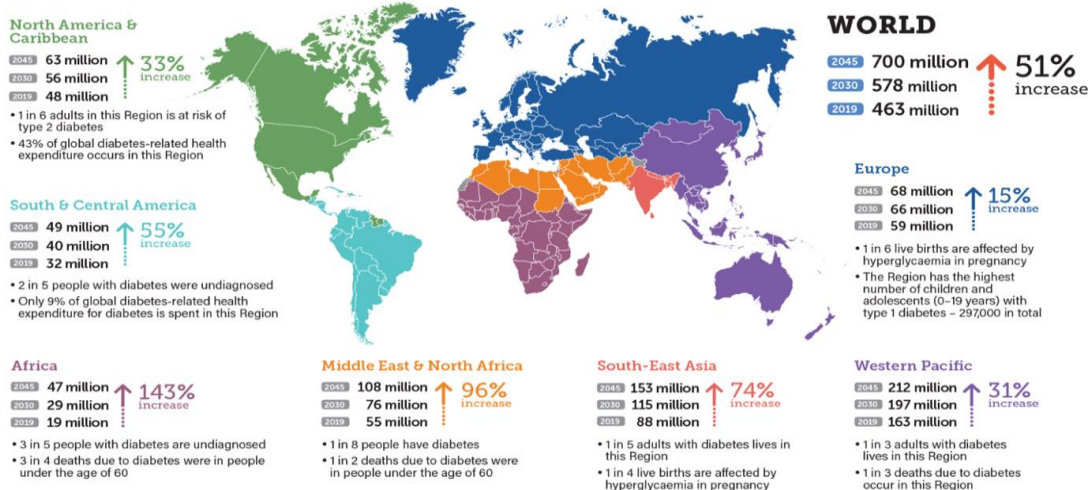
The demand in the market for metformin is still high and is currently not affected by the corona epidemic. The vulnerability for drug supplies during the corona epidemic has been an 'eye opener' for the authorities and the need for 'short travelled medicines' will be high on the agenda going forward. 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 30 June 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 Tycoon Industrier AS with 784,280 shares.

The share price has moved from NOK 25.50 per share at 31 of March, and to NOK 23 as of 30 June 2021, equal to a decrease of 10%. Dividend of NOK 0.5 per share was paid in June.

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



Condensed financial statement (P&L)	QTR	QTR	YTD	YTD	FY
	2. quarter 2021	2. quarter 2020	30.06.2021	30.06.2020	FY 2020
All numbers in NOK 1000					
Total revenue and income	66 847	73 021	137 650	134 428	253 905
Cost of materials	21 371	23 403	44 163	41 813	73 288
Salary and sosial expenses	16 397	17 841	33 997	34 426	72 499
Other operating expenses	15 667	11 847	30 720	24 575	52 940
Total operating expenses	53 435	53 091	108 880	100 815	198 728
Opr. res.before. depr. and write offs (EBITDA)	13 412	19 930	28 769	33 613	55 177
<i>Opr.res before depr and write off %</i>	<i>20,1 %</i>	<i>27,3 %</i>	<i>20,9 %</i>	<i>25,0 %</i>	<i>21,7 %</i>
Depreciation	3 209	2 461	6 080	4 912	9 623
Operating result	10 203	17 469	22 689	28 701	45 554
<i>Operating result in %</i>	<i>15,3 %</i>	<i>23,9 %</i>	<i>16,5 %</i>	<i>21,4 %</i>	<i>17,9 %</i>
Financial income	2 161	1 976	5 328	10 312	14 066
Financial expenses	2 025	-7 111	6 414	180 177	183 893
Net finance	136	9 088	-1 086	-169 865	-169 827
Pre tax profit	10 339	26 556	21 603	-141 164	-124 273
Tax	2 275	5 842	4 753	-31 067	-27 317
Result	8 064	20 714	16 851	-110 097	-96 956
Comprehensive income					
Result after tax	8 064	20 714	16 851	-110 097	-96 956
Other comprehensive income					277
Total comprehensive income	8 064	20 714	16 851	-110 097	-96 679
Dividend	22 172	44 345	22 172	44 345	44 345
Key figures					
	2. quarter 2021	2. quarter 2020	30.06.2021	30.06.2020	FY 2020
Equity share	83 %	83 %	83 %	83 %	85 %
Earnings per share	0,18	0,47	0,38	-2,48	-2,19
Earnings per share diluted	0,18	0,47	0,38	-2,48	-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 - SECOND QUARTER REPORT 2021

Condensed financial statement (balance sheet)	30.06.2021	30.06.2020	31.12.2020
All numbers in NOK 1000			
Assets			
Fixed assets	160 642	100 968	145 261
Deferred tax assets	30 347	35 003	35 128
Total tangible and fixed assets	190 989	135 971	180 389
Inventory	28 330	29 038	31 788
Trade receivables	34 609	33 587	30 400
Other receivables	6 158	2 801	2 302
Cash	59 939	109 028	77 036
Total current assets	129 037	174 455	141 526
Total assets	320 026	310 426	321 915
Equity and liability			
Share capital	44 308	44 345	44 345
Share premium reserve	206 885	229 056	229 056
Retained earnings	15 894	-14 448	-996
Total equity	267 086	258 954	272 405
Pension liabilities	16 330	16 309	16 330
Lease obligations			
Other non-current liabilities	1 217	939	976
Total long term liabilities	17 547	17 249	17 306
Total short term liabilities	35 393	34 223	32 204
Total equity and liability	320 026	310 425	321 915
Net interest bearing debt	-	-	-
Change in equity	30.06.2021	30.06.2020	31.12.2020
All numbers in NOK 1000 Equity start of period			
Equity start of period	272 405	413 396	413 396
Result for the period	16 851	-110 097	-96 922
Other comprehensive income	-	-	277
Share based payments	-	-	-
Dividend	-22 172	-44 345	-44 345
Equity end of period	267 084	258 954	272 405
Cash flow analysis YTD	30.06.2021	30.06.2020	31.12.2020
All numbers in NOK 1000			
Result for the period	21 604	-141 164	-124 273
Depreciations and working capital changes	9 404	-20 901	-21 458
Cash flow from operation	31 008	-162 065	-145 731
Purchase of equipment and intangibles	-21 461	-3 520	-53 103
Cash flow from investments	-21 461	-3 520	-51 378
Dividend paid (and finance activities)	-26 642	-45 062	-44 345
Cash flow finance activities	-26 643	-45 062	-45 528
Change in cash for the period	-17 096	-210 647	-242 638
Cash at start of period	77 036	319 673	319 673
Cash by the end of period	59 939	109 028	77 036

VISTIN PHARMA ASA - SECOND QUARTER REPORT 2021

Segment reporting (P&L)	2. quarter 2021	2. quarter 2020	YTD 30.06.2021	YTD 30.06.2020	FY 2020
All numbers in NOK 1000					
<i>Total revenue and income</i>					
Pharmaceuticals	66 847	73 021	137 650	134 427	253 906
Energy Trading	-	-	-	-	-
HQ & Other	-	-	-	-	-
Total revenue and income	66 847	73 021	137 650	134 427	253 906
<i>EBITDA</i>					
Pharmaceuticals	15 593	20 903	31 906	35 141	58 189
Energy Trading	-	-213	-	-139	-190
HQ & Other	-2 182	-760	-3 137	-1 389	-2 822
EBITDA	13 412	19 930	28 769	33 613	55 177
<i>EBT</i>					
Pharmaceuticals	12 465	23 754	24 541	22 666	39 805
Energy Trading	-	3 885	0	-161 905	-162 117
HQ & Other	-2 127	-1 082	-2 938	-1 925	-2 010
EBT	10 338	26 556	21 603	-141 163	-124 322

Segment reporting (balance sheet)	30.06.2021	30.06.2020	31.12.2020
All numbers in NOK 1000			
<i>Operating assets</i>			
Pharmaceuticals	246 669	163 593	210 998
Energy Trading	-	-	-
HQ & Other	43 009	111 828	79 338
Total segments	289 678	275 421	290 336
<i>Operating liabilities</i>			
Pharmaceuticals	51 953	35 042	31 616
Energy Trading	-	-	-
HQ & Other	987	16 430	17 893
Total segments	52 940	51 471	49 509
<i>Reconciliation of assets</i>			
Segment operating assets	289 678	275 421	286 787
Deferred tax assets	30 347	35 003	35 128
Total operating assets	320 026	310 425	321 915
<i>Reconciliation of liabilities</i>			
Segment operating liabilities	52 940	51 471	49 509
Tax payable	-	-	-
Total operating liabilities	52 940	51 471	49 509

RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the condensed set of financial statements for the first half year of 2021, 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, 18 August 2021

Øyvind A. Brøymer
Chairman

Espen Marcussen
Board member

Bettina Banoun
Board member

Kari Krogstad
Board member

Øystein Stray Spetalen
Board member

Espen Lia Gregoriussen
Board member

Åse Musum
Board member

Kjell-Erik Nordby
CEO