

VISTIN PHARMA

VISTIN PHARMA ASA SECOND QUARTER AND FIRST HALF 2020 RESULTS PUBLISHED 28 AUGUST 2020

HIGHLIGHTS

- Revenue of MNOK 73 for the quarter compared to MNOK 61.1 in second quarter 2019, a growth of 20%. Highest sales ever in a quarter.
- Revenue of MNOK 134.4 in first half of 2020, compared to MNOK 103.3 in first half of 2019, a growth of 30%.
- EBITDA for pharmaceuticals of MNOK 20.9 in second quarter 2020 versus MNOK 13.3 second quarter 2019, a 58% increase. EBITDA margin of 29%.
- First half 2020 EBITDA for pharmaceuticals of MNOK 35.1 versus MNOK 11.7 in first half 2019, a 200% increase. EBITDA margin of 26%.
- New Chairman and two new board members elected.
- Metformin capacity expansion project (MEP) initiated and capacity increase very well received from both existing and potential new customers.
- Dividend of NOK 1 per share (MNOK 44.4) paid to shareholders in June.
- Cash balance as of June 30 of MNOK 109.
- No interest bearing debt.

2ND QUARTER REPORT AND YTD FINANCIALS FOR 2020

The financial report as per June 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. Additional disclosures supplementing the financial statements are included in this report on pages 2-5. The figures are unaudited.

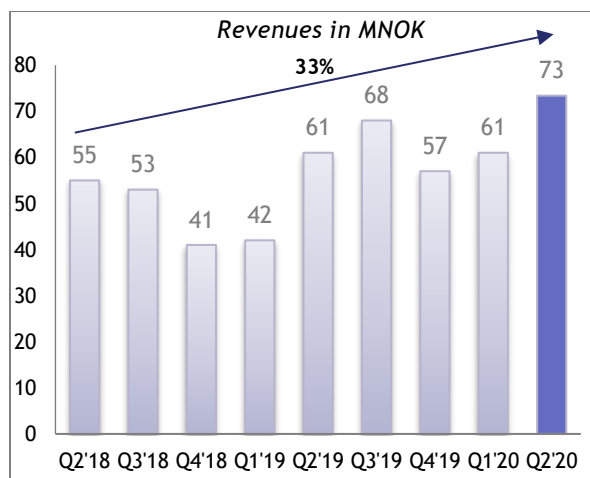
FINANCIAL DEVELOPMENT

(Comparative numbers for 2019 in parenthesis)

REVENUE

Revenue in the second quarter hit a record high of MNOK 73 (MNOK 61.1), increasing by 20% compared to Q2-19. The sales growth was driven by increased sales volume, 915MT (866MT), and favourable EUR/NOK versus Q2 2019.

First half 2020 revenue was MNOK 134.4, compared to MNOK 103.3 in first half of 2019, an increase of 30%.



Cost of goods sold

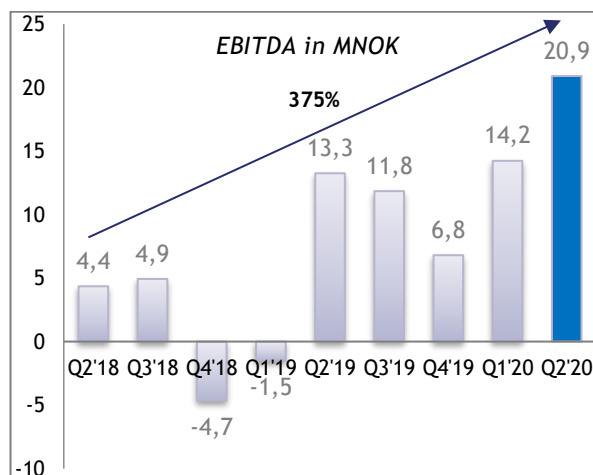
Cost of goods sold (COGS) in the quarter ended at MNOK 53.1 (MNOK 48.8), an increase of 9%. The percentage increase in COGS is less than the revenue growth, which gives favourable leverage on the additional volume produced.

EARNINGS

Pharmaceuticals achieved an all-time high EBITDA of MNOK 20.9 for the quarter, (MNOK 13.3), an increase of 58%. The profit growth is driven by increased sales volume, favourable

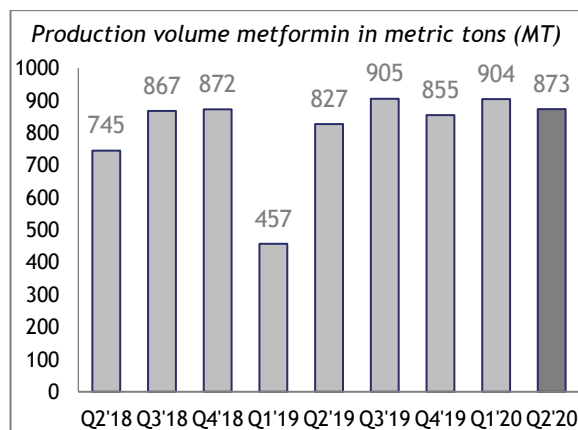
EURNOK and operational efficiency. Earnings before tax (EBT) for Pharmaceuticals ended at MNOK 23.8 (MNOK 11).

First half 2020 EBITDA ended at MNOK 35.1 compared to MNOK 11.7 in first half of 2019, an increase of 200%. Earnings before tax (EBT) ended at MNOK 22.7 (MNOK 7.8).



Production

The Fikkjebakke plant has been operating at full capacity and with high efficiency and productivity throughout the quarter. Both weekly yield and output have increased versus last year as a result of the efficiency improvement program (creep) initiated in beginning of 2019. A second reactor will be installed in Q3, which will further increase output by approx. 300MT annually. Second quarter 2020 production volume was 873 MT versus 827 MT in second quarter of 2019, a growth of 6%. First half 2020 production volume equalled 1 777 MT compared to 1 284 MT in first half of 2019, an increase of 38%. Q1 2019 was affected by an extended maintenance stop.



Energy Trading

Energy Trading had a positive EBT of MNOK 3.9 in quarter, due to settlement of oil derivative contracts in Q2 vs accrual for loss booked in Q1 (no cash effect). All activities in the energy business segment has stopped as of Q1-20.

Other (HQ)

HQ and other Group activities had EBT of negative MNOK 1.1 for the second quarter, compared to negative MNOK 0.4 in the same quarter last year. The consolidated EBT for the Group ended at MNOK 26.6 (MNOK 0.5), in the second quarter.

Financial items

Net finance ended positive with MNOK 9.1 for the quarter (negative MNOK 9.6). Net finance was mainly related to realized and unrealized gains or losses related to currency hedging contracts in EUR for customer receivables, in addition to final settlement of the oil derivative contracts.

Financial derivatives

On March 30 the Group closed all its oil derivative contracts. The contracts were settled in Q2 (April).

CASH FLOW

Net cash flow from operating activities in the second quarter from energy trading was negative MNOK 184, due to settlement of the oil derivative contracts. Pharmaceuticals delivered positive operating cash flow for the quarter of MNOK 24, while HQ & other, was negative MNOK 1. This gives a total negative operating cash flow of MNOK 161, for the quarter.

Net cash flow from investing activities was negative MNOK 1.8, which represents capital expenditure for the quarter. Net cash flow from investing activities in the same quarter last year was negative MNOK 6.1 driven by capital expenditure.

Net cash flow from financing activities was negative MNOK 44.8, driven by dividend pay out to shareholders in June. Net cash flow from financing activities in the same quarter last year

was negative MNOK 0.2. Net decrease in cash and cash equivalents amounted to MNOK 207.8. In the same quarter last year, there was a net decrease in cash and cash equivalents of MNOK 8.8.

BALANCE SHEET

Assets

Vistin Pharma had total assets of MNOK 310.4 as of 30 June 2020. Cash and cash equivalents amounted to MNOK 109.

The company has a deferred tax asset of MNOK 35 (MNOK 23). 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 258.9. This equals an equity ratio of 83%.

Liabilities

The company had no interest-bearing debt as of 30 June. MNOK 1.8 (MNOK 5.8) in obligations related to lease contracts are recognized in the balance sheet according to IFRS 16.

Fair market value of the EUR cash flow hedges as of 30.06.2020 are negative by MNOK 4.7. This unrealized loss is booked as part of other short term liabilities.

OPERATIONAL STATUS

MARKET

The current installed production capacity at Vistin's manufacturing plant at Fikkjebakke, Norway is approximately 3,500MT (3.200MT). The Company is working to stretch the current capacity up to >3,850MT through an efficiency program ('creep'). A second reactor will be installed in Q3 2020 which will increase the capacity by approx. 300MT annually. It is a strong underlying global metformin demand 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 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 is expected to be commercialized by Q2 2022. The estimated CAPEX is MNOK 100.

Activities to secure long lead equipment has started. Business development activities to acquire new accounts and to secure increased volumes from existing customers to fill the additional MEP capacity is ongoing.

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 are strictly following the guidelines from the authorities and have successfully taken active measures to reduce the risk of virus spread in the factory.

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. Most of the sales is done in EUR, while its primary raw material purchases are in USD. For 2020 the company has hedged approximately 65% of its sales in EUR. 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.

For further information, please refer to Vistin Pharma's 2019 Annual Report, available on the Company's website www.vistin.com.

EVENTS AFTER THE REPORTING DATE

There has not been any events after the reporting date that affect the financials.

GENERAL MARKET OUTLOOK

Diabetes is one of the largest global health crises of the 21st century, and the metformin business is expected continue to grow by 4-5% 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.

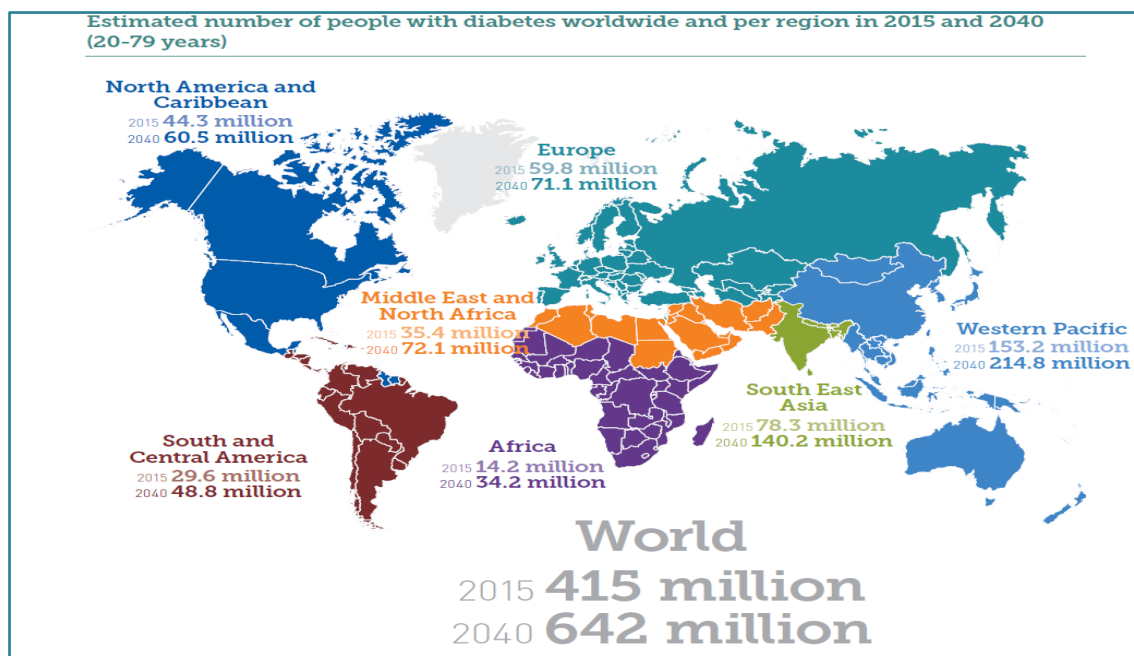
The demand in the market for metformin is still high and is currently not affected by the corona epidemic. The vulnerability for drug supplies during the corona epidemic has been an 'eye opener' for the authorities and the need for 'short travelled medicines' will be high on the agenda going forward.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

SHAREHOLDER INFORMATION

A new large shareholder has entered; Intertrade Shipping AS, which now owns 10,926,539 shares, corresponding to 24.7% of the company. Intertrade Shipping AS is controlled by Øyvind A. Brøymer, who was elected Chairman of Vistin Pharma ASA on its extraordinary general meeting in June, replacing Ole Enger. In addition Espen Marcussen and Kari Krogstad was elected new board members, replacing Finn Bjørn Ruyter and Mimi Berdal.

The five largest shareholders were Intertrade Shipping AS with 10,926,539 shares, Pactum AS with 3,519,733 shares, Holmen Spesialfond with 3,250,000 shares, Øystein Stray Spetsten and associated companies with 2,632,636 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 12.15 at the end of the second quarter, equal to an increase of 15%.



VISTIN PHARMA ASA - SECOND QUARTER REPORT 2020

| Condensed financial statement (P&L) | 2. quarter 2020 | 2. quarter 2019 | 30.06.2020 | 30.06.2019 | FY 2019 |
|---|-----------------|-----------------|-----------------|----------------|----------------|
| All numbers in NOK 1000 | | | | | |
| Total revenue and income | 73 021 | 61 103 | 134 428 | 103 336 | 228 130 |
| Cost of materials | 23 403 | 20 981 | 41 813 | 39 266 | 84 113 |
| Salary and social expenses | 17 841 | 16 975 | 34 426 | 32 162 | 69 582 |
| Other operating expenses | 11 847 | 10 857 | 24 575 | 22 576 | 48 708 |
| Total operating expenses (COGS) | 53 091 | 48 813 | 100 815 | 94 004 | 202 403 |
| Opr. res.before. depr. and write offs (EBITDA) | 19 930 | 12 290 | 33 613 | 9 332 | 25 727 |
| <i>Opr.res before depr and write off %</i> | <i>27,3 %</i> | <i>20,1 %</i> | <i>25,0 %</i> | <i>9,0 %</i> | <i>11,3 %</i> |
| Depreciation | 2 461 | 2 103 | 4 912 | 3 996 | 8 956 |
| Operating result | 17 469 | 10 187 | 28 701 | 5 336 | 16 771 |
| <i>Operating result in %</i> | <i>23,9 %</i> | <i>16,7 %</i> | <i>21,4 %</i> | <i>5,2 %</i> | <i>7,4 %</i> |
| Financial income | 1 976 | -4 532 | 10 312 | 3 028 | 8 284 |
| Financial expenses | -7 111 | 5 107 | 180 177 | 5 269 | -58 989 |
| Net finance | 9 088 | -9 639 | -169 865 | -2 241 | 67 272 |
| Pre tax profit | 26 556 | 548 | -141 164 | 3 095 | 84 043 |
| Tax | 5 842 | 121 | -31 067 | 681 | 17 968 |
| Result from continuing operations | 20 714 | 427 | -110 097 | 2 414 | 66 075 |
| Result period from discontinued operations | - | - | - | - | 127 |
| Result | 20 714 | 427 | -110 097 | 2 414 | 66 202 |
| Dividend | 44 345 | - | 44 345 | - | - |
| Comprehensive income | | | | | |
| Result after tax | 20 714 | 427 | -110 097 | 2 414 | 66 075 |
| Other comprehensive income | - | - | - | - | 1 246 |
| Total comprehensive income | 20 714 | 427 | -110 097 | 2 414 | 67 321 |

| Key figures | 2. quarter 2020 | 2. quarter 2019 | 30.06.2020 | 30.06.2019 | FY 2019 |
|--|-----------------|-----------------|------------|------------|----------|
| Equity share | 83 % | 70 % | 83 % | 70 % | 82 % |
| Earnings per share | kr 0,47 | kr 0,01 | -kr 2,48 | kr 0,05 | kr 1,49 |
| Earnings per share diluted | kr 0,47 | kr 0,01 | -kr 2,48 | kr 0,05 | -kr 2,48 |
| 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 |

| Segment reporting (P&L) | 2. quarter 2020 | 2. quarter 2019 | 30.06.2020 | 30.06.2019 | FY 2019 |
|---------------------------------|-----------------|-----------------|-----------------|----------------|----------------|
| All numbers in NOK 1000 | | | | | |
| <i>Total revenue and income</i> | | | | | |
| Pharmaceuticals | 73 021 | 61 103 | 134 428 | 103 337 | 228 129 |
| Energy Trading | - | - | - | - | - |
| HQ & Other | - | - | - | - | - |
| Total revenue and income | 73 021 | 61 103 | 134 428 | 103 337 | 228 129 |
| <i>EBITDA</i> | | | | | |
| Pharmaceuticals | 20 903 | 13 255 | 35 141 | 11 713 | 30 358 |
| Energy Trading | -213 | -285 | -139 | -1 002 | -1 611 |
| HQ & Other | -760 | -680 | -1 389 | -1 379 | -3 020 |
| EBITDA | 19 930 | 12 290 | 33 613 | 9 332 | 25 726 |
| <i>EBT</i> | | | | | |
| Pharmaceuticals | 23 754 | 10 952 | 22 666 | 7 787 | 21 493 |
| Energy Trading | 3 885 | -10 039 | -161 905 | -4 045 | 63 752 |
| HQ & Other | -1 082 | -365 | -1 925 | -648 | -1 203 |
| EBT | 26 556 | 548 | -141 164 | 3 095 | 84 043 |

VISTIN PHARMA ASA - SECOND QUARTER REPORT 2020

| Condensed financial statement (balance sheet) | 30.06.2020 | 30.06.2019 | 31.12.2019 |
|--|-------------------|-------------------|-------------------|
| All numbers in NOK 1000 | | | |
| Assets | | | |
| Fixed assets | 100 296 | 102 369 | 101 802 |
| Right-of-use-assets | 672 | - | - |
| Deferred tax assets | 35 003 | 23 015 | 7 733 |
| Total tangible and fixed assets | 135 971 | 125 384 | 109 535 |
| Inventory | 29 038 | 26 061 | 24 107 |
| Customers receivables | 33 587 | 42 842 | 38 277 |
| Other receivables | 2 801 | 10 467 | 12 572 |
| Cash | 109 027 | 290 709 | 319 672 |
| Total current assets | 174 454 | 370 080 | 394 628 |
| Total assets | 310 425 | 495 464 | 504 165 |
| Equity and liability | | | |
| Share capital | 44 345 | 44 345 | 44 345 |
| Share premium reserve | 229 056 | 273 401 | 273 401 |
| Retained earnings | -14 448 | 30 743 | 95 650 |
| Total equity | 258 954 | 348 490 | 413 396 |
| Pension liabilities | 16 309 | 17 069 | 16 309 |
| Lease obligations | 939 | 2 527 | 1 222 |
| Other long term debt | - | 3 300 | - |
| Total long term liabilities | 17 249 | 22 896 | 17 531 |
| Total short term liabilities | 34 223 | 124 079 | 73 239 |
| Total equity and liability | 310 425 | 495 464 | 504 165 |
| Net interest bearing debt | - | - | - |

| Change in equity | 30.06.2020 | 30.06.2019 | 31.12.2019 |
|--|-------------------|-------------------|-------------------|
| All numbers in NOK 1000 Equity start of period | | | |
| Equity start of period | 413 396 | 348 852 | 348 852 |
| Result for the period | -110 097 | 2 414 | 66 202 |
| Other comprehensive income | - | - | 1 119 |
| Share based payments | - | -2 777 | -2 777 |
| Dividend | -44 345 | - | - |
| Equity end of period | 258 954 | 348 490 | 413 396 |

| Cash flow analysis YTD | 30.06.2020 | 30.06.2019 | 31.12.2019 |
|----------------------------------|-------------------|-------------------|-------------------|
| All numbers in NOK 1000 | | | |
| Result for the period | -141 164 | 3 095 | 84 170 |
| Cash flow from operation | -20 901 | -20 711 | -65 235 |
| Cash flow from operation | -162 065 | -17 616 | 18 935 |
| Cash flow from investments | -3 520 | -11 827 | -18 355 |
| Cash flow finance activities | -45 062 | -582 | -1 641 |
| Change in cash for the period | -210 647 | -30 023 | -1 061 |
| Cash at start of period | 319 672 | 320 733 | 320 733 |
| Cash by the end of period | 109 027 | 290 708 | 319 672 |

VISTIN PHARMA ASA - SECOND QUARTER REPORT 2020

| Segment reporting (balance sheet) | 30.06.2020 | 30.06.2019 | 31.12.2019 |
|--|-------------------|-------------------|-------------------|
| All numbers in NOK 1000 | | | |
| <i>Operating assets</i> | | | |
| Pharmaceuticals | 163 593 | 149 734 | 164 187 |
| Energy Trading | - | - | 123 530 |
| HQ & Other | 111 828 | 322 713 | 208 715 |
| Total segments | 275 421 | 472 448 | 496 432 |
| <i>Operating liabilities</i> | | | |
| Pharmaceuticals | 35 042 | 20 813 | 38 124 |
| Energy Trading | - | - | 31 907 |
| HQ & Other | 16 430 | 126 162 | 16 942 |
| Total segments | 51 471 | 146 974 | 86 973 |
| <i>Reconciliation of assets</i> | | | |
| Segment operating assets | 275 421 | 472 448 | 496 431 |
| Deferred tax assets | 35 003 | 23 015 | 7 733 |
| Total operating assets | 310 425 | 495 464 | 504 165 |
| <i>Reconciliation of liabilities</i> | | | |
| Segment operating liabilities | 51 471 | 146 974 | 86 973 |
| Tax payable | - | - | 3 796 |
| Total operating liabilities | 51 471 | 146 974 | 90 769 |

RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the condensed set of financial statements for the first half year of 2020, 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, 27 August 2020

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