

VISTIN

PHARMA

VISTIN PHARMA ASA

FIRST QUARTER 2020 RESULTS

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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 metformin Active Pharmaceutical Ingredient (API) and direct compressible granulate (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 metformin producer, 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 towards 2045 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. In Q1 2020 all positions were closed, and the Energy Trading business is discontinued.

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

First quarter highlights

- **Pharmaceuticals: 45% increase in revenue and a record quarterly result**
 - Revenue of NOK 61.4 million for the quarter vs. NOK 42.2 million in Q1 2019
 - Sales volume 43% higher than Q1 2019, however in 2019 less volume was available for sale, due to an extended stop in the metformin production during the installation of the new packaging line.
 - EBITDA NOK 14.2 million for Q1 2019 vs. negative NOK 1.5 for Q1 2019.

- **Metformin Expansion Project (MEP) approved by the Board**
 - NOK 100 million investment to double the capacity to approx. 7000MT within 24 months.
 - The investment will be financed through existing cash balance and future cash flow.

- **Energy Trading: All positions closed as of 30 March**
 - The net financial loss in Q1 from settlement of the portfolio of oil derivatives equals a loss of approx. NOK 166 million.
 - Total loss for energy trading equals approx. NOK 184 million.
 - No new positions will be taken and the Energy trading business is discontinued.
 - Based on the closing and final settlement of the oil derivative positions, the Board will propose to pay an ordinary dividend of NOK 1 per share to the shareholders. The dividend to be approved by the AGM in May '20.

- **Other financials**
 - Cash balance as of 31 March of NOK 317* million, and no interest-bearing debt (excl. lease liabilities)

**Settlement for oil derivatives not completed before April (Q2) - settlement will decrease above balance with approx. NOK 179M*

Key figures

Key financial information for continuing operations for Vistin Pharma ASA

(NOK 1 000)	Q1 2020	Q1 2019	FY 2019
Total revenue and income	61 407	42 234	228 130
EBITDA	13 633	(2 957)	25 726
Profit/(loss) before tax from continuing operations (EBT)	(167 721)	2 547	84 043
Earnings per share for continuing operations (NOK): diluted	(2,95)	0,04	1,49
Total Assets	530 257	481 804	504 164
Cash & cash equivalents	316 792	299 550	319 672

Key figures per segment

(NOK 1 000)	Q1 2020	Q1 2019	FY 2019
<i>Total revenue and income</i>			
Pharmaceuticals	61 407	42 234	228 130
Energy Trading	-	-	-
HQ & other	-	-	-
Total revenue and income	61 407	42 234	228 130
<i>EBITDA</i>			
Pharmaceuticals	14 238	(1 542)	30 358
Energy Trading	74	(717)	(1 611)
HQ & other	(629)	(699)	(3 020)
EBITDA	13 683	(2 957)	25 726
<i>EBT</i>			
Pharmaceuticals	(1 088)	(3 165)	21 493
Energy Trading	(165 790)	5 994	63 752
HQ & other	(843)	(283)	(1 203)
EBT	(167 721)	2 547	84 042

Financial review

Profit and loss

Pharmaceuticals

The pharmaceutical business unit had total revenues and other income of NOK 61.4 million in the first quarter 2020, compared to NOK 42.2 million in the same quarter last year.

EBITDA from Pharmaceuticals came to NOK 14.2 million for the first quarter, compared to negative NOK 1.5 million for the same quarter last year. The increased EBITDA is primarily due to higher sales volume, higher gross margin and favourable exchange rates contributed as well. The metformin manufacturing plant was partly closed in January 2019 due to a planned installation of a new fully automated packaging line, which resulted in lower volumes available for sale in Q1 last year.

Depreciation and amortisation for the segment were NOK 2.5 million for the first quarter, compared to NOK 1.9 million for the same quarter in 2019.

Energy Trading

Energy Trading had no revenues or other income in the first quarter this year or last year. The EBITDA came to positive NOK 0.1 million, compared to negative NOK 0.7 million in the first quarter of 2019.

Other

HQ and other Group activities had EBITDA of negative NOK 0.6 million for the first quarter, compared to negative NOK 0.7 million in the same quarter last year.

Finance

Net financial loss for the first quarter was NOK 179 million, compared to a net gain of NOK 7.4 million in the same quarter of 2019. The overall net financial result for the company is driven by the closing of all the oil derivatives on the 30th of March.

Tax

Vistin Pharma had an income tax expense of NOK

Negative 36.9 million in the first quarter, compared to an income tax expense of positive NOK 0.6 million in the corresponding quarter of 2019.

Consolidated earnings

Net loss for the first quarter was NOK 130.8 million, corresponding to earnings per share of negative NOK 2.95, compared to net profit of NOK 2.0 million and earnings per share of positive NOK 0.04 for the same quarter in 2019.

Cash Flow

Net cash flow from operating activities in the first quarter was negative NOK 0.9 million. Net cash flow from operating activities in the first quarter last year was negative NOK 15.4 million.

Net cash flow from investing activities was negative NOK 1.7 million, which represents capital expenditure for the quarter. Net cash flow from investing activities in the same quarter last year was negative NOK 5.7 million driven by capital expenditure.

Net cash flow from financing activities was negative NOK 0.3 million. Net cash flow from financing activities in the same quarter last year was NOK 0.0 million.

Net decrease in cash and cash equivalents amounted to NOK 2.9 million. In the same quarter last year, there was a net decrease in cash and cash equivalents of NOK 21.2 million.

Financial position

Vistin Pharma had total assets of NOK 530.3 million as of 31 March 2020. Cash and cash equivalents amounted to NOK 316.8 million. The figures as of 31 March 2019 were NOK 482.5 million and NOK 299.6 million, respectively.

Total equity as of 31 March 2020 was NOK 282.6 million, compared to NOK 348.1 million as of 31 March 2019. This corresponds to an equity ratio of 53 percent (72 percent).

Vistin Pharma had no interest-bearing debt as of close date, with the exception of lease liabilities recognised under IFRS 16 of NOK 2.2 million.

Operational review

Pharmaceuticals

Total revenue in the first quarter was NOK 61.4 million, compared to NOK 42.2 million in the same quarter of 2019. Metformin API volumes sold were 873MT, compared to 608MT in the same quarter last year.

The increased revenue sold during the first quarter, compared to last year, is caused by more available volume for sale, product mix, and higher EUR/NOK exchange rates.

Vistin Pharma is producing approximately 3,300MT of metformin HCl annually at its manufacturing plant at Fikkjebakke, Norway. The Company is working to stretch the current capacity up to approximately 3,800MT through an efficiency program. A second reactor will be installed in Q3 2020, which is part of the current program to increase capacity to 3,800MT.

There 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.

In the Board meeting on the 22nd of April the Board of Directors approved a Metformin Expansion Project (MEP). The object is to build a 2nd production line at Fikkjebakke to establish a capacity of approx. 7000MT and start commercial production within 24 months. The estimated CAPEX is NOK 100 million, and will be financed through existing cash balance and

future cash flow. Vistin Pharma will immediately start business development activities to acquire new accounts and to secure increased volumes from existing customers to fill the additional MEP capacity. The capacity increase investment will fuel future revenue growth.

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

Energy Trading

The Company had financial derivative contracts outstanding during the quarter. The goal was 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 have been financially exposed to the difference in USD price (spread) per metric ton between ICE low sulphur Gasoil and Sing380. The total contract volume was 135,000MT at first of January 2020. With 15,000MT expiring each month from January 2020 to April 2020, while the remaining 75,000MT expire in December 2020.

On the 30th of March it was announced that Vistin Pharma ASA had closed all its remaining oil derivatives positions. The company believe that closing of all the derivative positions is in the best interest of its shareholders, driven by the challenging and unpredictable environment in today's financial markets fuelled by the ongoing corona crisis.

After closing of all the positions the total loss for the Energy Trading business is approximately NOK 184 million, where approx. NOK 166 million is recognized in Q1 2020. After closing of the all the oil derivatives positions, the company still have a solid cash positions, approx. 130 million. Based on the closing and final settlement of the oil derivative positions, the Board will propose to pay an ordinary dividend of NOK 1 per share to the shareholders. The dividend to be approved by the AGM in May.

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. For 2020 the company has hedged approximately 70% 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.

Previously the company had financial derivatives exposure, with the associated risk. All derivative positions was closed on 30 March 2020, hence going forward this risk is no longer relevant for the company.

For further information, please refer to Vistin Pharma's 2019 Annual Report, available on the Company's website 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 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 Fikkjebakke plant is running at full capacity and there are currently no reported corona infected employees in Vistin Pharma. Actions are taken to secure the supply of critical

raw materials and to build security stocks. 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.

The vulnerability for drug supplies during the ongoing corona epidemic has been an 'eye opener' for authorities and the need for 'short travelled medicines' has become an important focus. Vistin is strategically well positioned to take advantage of this situation going forward.

Vistin Pharma have closed all its oil derivatives as of 30 March 2020, hence going forward this will not affect the financial results.

Share information

The Company had 44 344 592 issued shares as of 31 March 2020. The 20 largest shareholders control 66.6 percent of the total number of outstanding shares.

Largest shareholders as of 31 March 2020:

NAME	SHAREHOLDING	% SHARE
SAGA TANKERS ASA*	6 284 280	14,17 %
PACTUM AS	2 678 572	6,04 %
HOLMEN SPESIALFOND	2 471 521	5,57 %
AWILCO AS	1 785 714	4,03 %
FERNCLIFF LISTED DAI AS*	1 764 424	3,98 %
MP PENSJON PK	1 748 779	3,94 %
STATE STREET BANK AND TRUST COMP	1 682 320	3,79 %
APOLLO ASSET LIMITED	1 600 000	3,61 %
SOLAN CAPITAL AS	1 600 000	3,61 %
SUNDT AS	1 532 416	3,46 %
TVENGE	1 232 268	2,78 %
NORDA ASA	880 000	1,98 %
CAMACA AS	874 796	1,97 %
KM HOLDING AS	669 642	1,51 %
NORDNET LIVSFORSIKRING AS	578 935	1,31 %
BERGEN KOMMUNALE PENSJONSKASSE	495 000	1,12 %
GRANT INVEST AS	474 585	1,07 %
HJELLEGJERDE INVEST AS	400 000	0,90 %
BORGEN INVESTMENT GROUP NORWAY AS	400 000	0,90 %
SKANDINAVISKA ENSKILDA BANKEN	396 050	0,89 %
TOTAL 20 LARGEST SHAREHOLDERS	29 549 302	66,6%
OTHER SHAREHOLDERS	14 795 290	33,4%
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	Q1 2020	Q1 2019	FY 2019
Revenue		61 111	41 950	227 186
Other income		296	284	943
Total revenue and income	2,3	61 407	42 234	228 130
Cost of materials		18 410	18 285	84 113
Payroll expenses		16 585	15 187	69 582
Other operating expenses		12 779	11 719	48 708
Depreciation, amortisation and impairment		2 451	1 894	8 956
Operating profit/(loss)		11 182	(4 851)	16 771
Net financial items	4,5	(178 903)	7 398	67 272
Profit/(loss) before tax from continuing operations		(167 721)	2 547	84 043
Income tax expense		(36 910)	560	17 968
Profit/(loss) for the period		(130 811)	1 986	66 202
<i>Other comprehensive income not to be reclassified to profit and loss in subsequent periods:</i>				
Actuarial losses on defined benefit plan		-	-	(1 435)
Income tax effect		-	-	316
Total comprehensive income for the period		(130 811)	1 986	67 321

Condensed Interim Financial Statements

Consolidated Statement of Financial Position

(NOK 1 000)	Note	31.03.2020	31.03.2019	31.12.2019
ASSETS				
Non-current assets				
Property, plant & equipment	8	101 288	98 379	101 802
Deferred tax assets		44 643	22 400	7 733
Total non-current assets		145 931	120 778	109 535
Current assets				
Inventory		24 498	27 090	24 107
Trade receivables		40 011	22 032	38 277
Other receivables		3 025	13 096	12 573
Deferred tax assets		-	-	-
Cash & cash equivalents	6	316 792	299 550	319 672
Total current assets		384 326	361 768	394 629
Total Assets		530 257	482 546	504 165
EQUITY AND LIABILITIES				
Equity				
Share capital	7	44 345	44 345	44 345
Share premium		273 401	273 401	273 401
Other paid-in capital		-	-	-
Retained earnings		(35 162)	30 316	95 650
Total equity		282 584	348 062	413 396
Non-current liabilities				
Lease liabilities		1 344	2 386	1 222
Other long-term liabilities		16 309	20 510	16 309
Total non-current liabilities		17 653	22 896	17 531
Current liabilities				
Trade payables		17 074	15 935	23 612
Lease liabilities		887	1 116	1 296
Income tax payable		-	-	3 796
Other current liabilities		212 059	94 537	44 534
Total current liabilities		230 020	111 587	73 238
Total liabilities		247 673	134 484	90 769
Total Equity and Liabilities		530 257	482 546	504 165

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 01.01.2019		44 345	273 401	2 777	28 329	348 852
Total comprehensive income					1 986	1 986
Share-based payment	10			(2 777)		(2 777)
Equity as at 31.03.2019	7	44 345	273 401	0	30 315	348 061
Equity as at 01.01.2020		44 345	273 401	-	95 649	413 396
Total comprehensive income					(130 811)	(130 812)
Equity as at 31.03.2020		44 345	273 401	-	(35 162)	282 584

Condensed Interim Financial Statements

Cash Flow Statement

(NOK 1 000)	Note	Q1 2020	Q1 2019	FY 2019
Cash flow from operating activities				
Net profit/(loss) before income tax from continuing operations		(167 721)	2 547	84 043
Net profit/(loss) before income tax from discontinued operations		-	-	127
Net profit/(loss) before income tax		(167 721)	2 547	84 170
Adjustments to reconcile profit before tax to net cash flow:				
Income tax paid		-	(738)	314
Non-cash adjustment to reconcile profit before tax to cash flow:				
Depreciation, amortisation and impairment		2 240	1 894	8 956
Share-based payment	10	-	(2 777)	(2 777)
Unrealised foreign currency (gains)/losses		17 815	(451)	
Unrealised financial derivatives (gains)/losses		-	(6 373)	(63 485)
Changes in working capital:				-
Changes in trade receivables and trade creditors		(8 271)	(10 339)	(16 772)
Changes in inventory		(391)	1 981	4 964
Changes in other accruals and prepayments		155 460	(1 192)	3 560
Net cash flow from operating activities		(867)	(15 449)	18 935
Cash flow from investing activities				
Net proceeds from sale of subsidiary		-	-	-
Purchase of equipment and intangibles		(1 726)	(5 734)	(18 355)
Net cash flow from investing activities		(1 726)	(5 734)	(18 355)
Cash flow from financing activities				
Proceeds from share issue		-	-	-
Payment of lease liabilities		(289)	-	(1 373)
Dividende paid		-	-	-
Interest paid		-	-	(268)
Net cash flow from financing activities		(289)	-	(1 641)
Net change in cash and cash equivalents		(2 882)	(21 182)	(1 061)
Cash and cash equivalents beginning period		319 672	320 733	320 733
Cash and cash equivalents end period		316 792	299 550	319 672

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 2019, 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 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 2 to 5 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.

From 1 January 2019, leases are recognized 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.

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, and in March 2020 all positions were closed.

(NOK 1 000)	Q1 2020	Q1 2019	FY 2019
Total revenue and income			
Pharmaceuticals	61 407	42 234	228 129
Energy Trading	-	-	-
HQ & Other	-	-	-
Total revenue and income	61 407	42 234	228 129
EBT			
Pharmaceuticals	(1 088)	(3 165)	21 493
Energy Trading	(165 790)	5 994	63 752
HQ & Other	(843)	(283)	(1 203)
EBT	(167 721)	2 547	84 042
Operating assets			
(NOK 1 000)	31.03.2020	31.03.2019	31.12.2019
Pharmaceuticals	165 797	125 842	164 187
Energy Trading	219 972	158 868	123 530
HQ & Other	99 846	175 436	208 715
Total segments	485 614	460 146	496 432
Operating liabilities			
(NOK 1 000)	31.03.2020	31.03.2019	31.12.2019
Pharmaceuticals	47 607	17 600	38 124
Energy Trading	182 437	530	31 907
HQ & Other	17 629	116 354	16 942
Total segments	247 673	134 484	86 973
Reconciliation of assets			
(NOK 1 000)	31.03.2020	31.03.2019	31.12.2019
Segment operating assets	485 614	460 146	496 431
Deferred tax assets	44 643	22 400	7 733
Total operating assets	530 257	482 546	504 165
Reconciliation of liabilities			
(NOK 1 000)	31.03.2020	31.03.2019	31.12.2019
Segment operating liabilities	247 673	134 484	86 973
Tax payable	-	-	3 796
Total operating liabilities	247 673	134 484	90 769

4. Financial items

(NOK 1 000)	Q1 2020	Q1 2019	FY 2019
Gains (losses) on net foreign exchange	(12 563)	412	607
Interest income and other financial items	568	781	3 870
Gains (losses) on derivative financial instruments	(166 441)	6 373	63 485
Interest and other financial expenses	(466)	(168)	(691)
Net financial items	(178 903)	7 398	67 272

Closing of all the oil derivative positions resulted in a Q1 financial loss of approx. NOK 166 million. The loss of NOK 12.6 million from foreign exchange is mainly related to unrealized EUR cash flow hedges for Q2 and onwards for Pharmaceutical.

5. Financial derivatives

On March 30 the Group closed all its oil derivative contracts, i.e. at 31 March the company have no financial derivative exposure. No new positions will be taken. The contracts was not settled before April (Q2). The final cash amount paid to settle the contracts were approx. NOK 179 million.

6. Cash and cash equivalents

(NOK 1 000)	31.03.2020	31.03.2019	31.12.2019
Cash at bank	55 469	54 235	135 239
Money market funds	41 301	70 494	71 184
Restricted cash	220 023	174 821	113 250
Cash and cash equivalents	316 792	299 550	319 672

Restricted cash mainly represents cash deposited with DNB as security for the outstanding derivate contracts. All of the derivative contracts was closed on the 30th of March, however the final settlement was not completed before April (Q2).

7. Share capital

	Number of shares (1 000)	Share capital (NOK 1 000)
At 1 January 2019	44 345	44 345
At 31 March 2019	44 345	44 345
At 1 January 2020	44 345	44 345
At 31 March 2020	44 345	44 345

8. Property, plant & equipment

Following the implementation of IFRS 16, right-of-use assets amounting to NOK 2.2 million are included as property, plant & equipment in the condensed consolidated statement of financial position as of 31 March 2020. For the right-of-use assets in Q1, there has been paid interests of NOK 0.08M, instalments of NOK 0.29M and depreciations of NOK 0.37M.

9. Interest-bearing debt

The Group had interest-bearing debt of NOK 2.2 million as of 31 March 2020, relating to rental and leasing obligations recognised under IFRS 16 (31.03.19: 3.5 million).

10. Employee share options

The Company has no share options outstanding as of 31 March 2020