

Remuneration report for salary and other remuneration for leading persons 2022

1. Key developments in remuneration – 2022

1.1. The financial year 2022

2022 has been a challenging year for Vistin for several reasons. The Plant was shut down in eight weeks in Q1 due to installation of the new production line. The covid19 pandemic and the war in Ukraine have resulted in record high, raw material, freight and electricity prices in the year. The sales prices to customers have been increased to partly compensate for this situation. The 2022 EBITDA ended at MNOK 6.2. Vistin has a strong balance sheet with an equity ratio of 67%. The demand in the market for metformin is high and is not affected by the Ukraine situation or the corona epidemic.

Vistin announced in April 2020 that the Board of Directors had approved a Metformin Capacity Expansion Project (MEP). The objective has been to build a 2nd parallel production line and establish a total capacity of approximately 7000MT metformin HCl annually, to take advantage of the future growing need for metformin to treat diabetes II patients and to supply existing and future customers increasing product demands. The turn-key contract with the engineering company was settled in December 2022. The total project cost ended at MNOK <90, well below the MNOK 100 budget. Vistin produced close to 3 700 MT(metric tons) of metformin HCl in 2022 and by year end the installed yearly capacity in the plant is approx. 5 500MT. With continued strong demand in the metformin market and additional capacity and volume available for sale going forward, Vistin is strategically well positioned for the future.

1.2. Shareholder feedback

The statement regarding remuneration for senior management was approved by the annual general meeting in 2022. The general meeting also approved a long-term incentive plan (LTIP). The executive management, in total, can purchase shares for up to MNOK 6, at a 25% discount, with three years of binding time. The long-term incentive plan also includes a loan facility of MNOK 6 for purchase of shares. The loan facility has a duration of three years and can only be used as financing for purchasing of shares in the company.

1.3. Key developments in Board remuneration and composition in 2022

The annual general meeting in May 2022 re-elected Øyvinn A. Brøymer (Chairman), Espen Marcussen and Kari Krogstad as board members. At year end 2022 the board consisted of Øyvinn A. Brøymer (chairman), Bettina Banoun, Kari Krogstad, Espen Marcussen, Øystein Stray Spetalen, Espen Lia Gregoriussen (employee representative) and Åse Musum (employee representative).

The annual general meeting in 2022 approved the remuneration for the board members for the period between the annual general meeting in 2022 and the annual general meeting in 2023. Remuneration for the Chairman is NOK 400 000 and NOK 200 000 for all the other board members. The 2022 remunerations are similar as to the previous year.

1.4. Key developments in Executive remuneration and composition in 2022

There have been no changes in the executive management team in 2022. In accordance with the decision at the annual general meeting in May 2022 the remuneration of executives during 2022 has been governed by the

guidelines for determination of salary and other remuneration to leading persons. All remuneration in 2022 to the executive management has been in line with the approved remuneration policy. Base salary to executives amounted to MNOK 9.2 compared to MNOK 8.7 in 2021, equal to a 6 % increase.

The company has a system of annual performance-based bonuses (STIP) for the executive management. The maximum bonus payable to the CEO is 40% of the annual salary. The maximum bonus payable to other members of the Executive Management team is 20-30% of the annual salary. The CEO bonus is 100% linked to a financial target, while in the rest of Executive Team the bonus is 70% linked to a financial target and 30% linked to individual KPI's. The financial threshold to earn bonus for 2022 was not met and no bonus payment will be done in 2023 based on this criterion. Some of the personal KPI's were achieved which resulted in an approx. 11% bonus payment (~3% of base salary) for the Executive team, excluding CEO were the bonus is 100% linked to the financial result. The 2022 bonus will be paid out in 2023.

1.5. Derogations and deviations from the remuneration policy

The management remuneration policy in the preceding financial year has been conducted in accordance with the prevailing principles for 2022.

2. Remuneration of the Board of Directors

2.1. The Company's salary policy for the Board of Directors – main principles

Remuneration of Board members shall be reasonable and based on the Board's responsibilities, work, time invested and the complexity of the business. The remuneration needs to be sufficient to attract both Norwegian and foreign Board members with the right expertise and competence. The compensation shall be a fixed annual amount and shall be determined by the Annual General Meeting based on a proposal from the Election Committee. All remuneration in 2022 to the board has been in line with the resolution from the general meeting.

2.2. Board of Directors remuneration

Board and committee fee level 2022

Chairman of the Board	NOK 400 000
Other shareholder-elected Board members	NOK 200 000
Employee- elected Board members	NOK 200 000
Chairman of the Election Committee	NOK 20 000
Members of the Election Committee	NOK 15 000
Members of the Remuneration Committee	NOK 20 000

Board of Directors compensation paid in 2022 and 2021

Board of Directors remuneration

(NOK 000's)	2022		2021	
	Board fees	Other*	Board fees	Other*
Øyvinn A. Brøymer Chairman**	400	20	400	20
Bettina Banoun	200	20	200	20
Øystein Stray Spetalen	200	-	200	-
Espen Marcussen	200	-	200	-
Kari Krogstad	200	-	200	-
Espen Lia Gregoriussen	200	-	200	-
Åse Musum	200	-	200	-
Total	1 600	40	1 600	40

*Both Bettina Banoun and Øyvinn Brøymer received NOK 20 000 in 2022 and 2021 as members of the Remuneration Committee.

3. Remuneration of Executive Management

3.1 The Company's salary policy for the executive management – main principles

The purpose of the Company's remuneration policy is to attract and retain personnel with the competence and experience that the Group requires to achieve Vistin Pharma's goal of becoming a leading and a profitable producer of selected API's for the international pharmaceutical market. The general policy is to pay fixed salaries and pensions, while at the same time offering bonuses, or other types of incentives, which aligns the interest of senior management and the shareholders of the Company.

3.2 Executive remuneration benchmark

Salary statistics and comparisons with other companies in the industry and other relevant companies are used to determine the compensation to the executive management.

3.3 Salaries and other remuneration

Fixed salary

It is the Company's policy that salaries to the CEO and senior management primarily shall take the form of a fixed monthly salary, reflecting the level of the position, responsibility and experience of the person concerned and the results achieved.

Short term incentive Plan (STIP / Bonuses)

The Group has a system of annual performance-based bonuses for all employees. The maximum bonus payable to the CEO is 40% of the annual salary. The maximum bonus payable to other members of the Executive Management team is between 20% - 30% of the annual salary, depending on individual employment contracts. The Board of Directors evaluates and determines annually the bonus system for Vistin Pharma, based on recommendations from the remuneration committee. The bonuses are linked to the achievement of specific target for the financial result (weights 70%), as well other personal performance targets; KPI's (weights 30%) which are defined at the beginning of the financial year. The bonus targets shall reflect both short-term financial parameters and operational and strategic performance targets that are expected to give a positive long-term financial effect.

Pension plan

Principally, pension plan shall be the same for senior management as what is generally agreed for other employees. The Group has a defined contribution plan for all employees. Under this plan the Group contributes 5.5% of the salary between 1G and 7.1G, and 15%, for the salary between 7.1G and 12G. The CEO has an additional "top-hat" to cover salary above 12G, as well as an early retirement plan from the age of 62.

Notice period

The CEO has a 24-month termination benefit in the case of involuntary termination of his employment. The remaining executive management team has three months termination period.

Long Term Incentive Plan (LTIP)

The annual general meeting in May 2022 approved a long-term incentive plan (LTIP) where the executive management, in total, can purchase shares for up to MNOK 6, at a 25% discount, with three years of binding time. The General meeting also approved a loan facility of MNOK 6 for purchase of shares. The loan facility has a duration of three years and can only be used as financing for purchasing of shares in the company. No shares were purchased in 2022.

3.4 Executive Management compensation overview

Executive Management remuneration

2022

(NOK 000's)	Base salary	Bonus paid**	Pension	Other***	Total	Proportion of fixed and variable
Kjell-Erik Nordby, CEO	2 667	864	415	192	4 138	76% / 24%
Alexander Karlsen, CFO	1 765	425	151	172	2 513	83% / 17%
Hilde Merethe Hagen, VP Quality	1 462	237	152	145	1 996	86% / 14%
Magnus Tolleshaug*, CCO	1 638	234	154	477	2 503	88% / 12%
Vegard Heggem, VP Operations	1 707	276	153	148	2 284	85% / 15%
Total Executive Management	9 239	2 036	1 025	1 134	13 434	-

*Magnus Tolleshaug received a one-time compensation of NOK 300' as interim CEO in 1H of 2022

**Bonus paid is related to bonus earned for 2021 and paid out in 2022.

***Mainly related to fixed monthly car allowance (and Interim CEO compensation)

2021

(NOK 000's)	Base salary	Bonus paid*	Pension	Other**	Total	Proportion of fixed and variable
Kjell-Erik Nordby, CEO	2 565	1 003	384	237	4 189	76% / 24%
Alexander Karlsen, CFO	1 656	393	141	131	2 321	83% / 17%
Hilde Merethe Hagen, VP Quality	1 414	284	141	148	1 987	86% / 14%
Magnus Tolleshaug, CCO	1 393	230	140	140	1 903	88% / 12%
Vegard Heggem, VP Operations	1 650	330	141	152	2 273	85% / 15%
Total Executive Management	8 678	2 240	947	808	12 673	-

*Bonus paid is related to bonus earned for 2021 and paid out in 2022.

**Mainly related to fixed monthly car allowance

3.5 Short term incentive Plan (STIP / Bonuses)

The purpose of the performance-based bonus scheme is to stimulate the executives to work actively to achieve strategic goals. Furthermore, it is a tool for addressing which goals the company's board prioritizes. The short-term incentive plan consists of an EBITDA target equal to the budgeted figure (weights 70%), adjusted for FX and a set of personal KPI's (weights 30%). The purpose of the EBITDA target is to reflect the focus on a healthy annual profitability as the most important financial goal. One of the individual KPI's for 2022 were directly linked to ESG performance.

The annual bonus targets are approved by the board of directors. The target for the Executive team in 2022 was; if 90% of budgeted EBITDA was met, 90% is paid out. To achieve 100% payout, EBITDA needed to be 110% of the budgeted figure. For CEO the criterion was; 70% bonus if 90% of target is met and 100% if 110% target is met. Goal achievements is reviewed by the board before pay-out. However the budgeted EBITDA for 2022 was not met and therefore no payment based on this criterion will be made. In relation to the personal KPI's some of these were achieved which resulted in an approx. 11% bonus payment (~3% of base salary) for the Executive team, excluding CEO where the bonus is 100% linked to the financial result. The 2022 bonus will be paid out in 2023.

4. Remuneration and Company Performance 2018-2022

4.1. Board remuneration 2018-2022

A summary of the development of the Board remuneration in the five-year period 2018–2022 is provided in the table below.

Board of Directors	Election year	2018	2019	2020	2021	2022
Ole Enger, Chairman	2015	750	550	425	-	-
<i>% change annualised</i>			-27 %	-23 %	-	-
Mimi K. Berdal, Board Member	2017	150	150	200	-	-
<i>% change annualised</i>		-	-	33 %		
Ingrid Elvira Leisner, Board Member	2015	150	-	-	-	-
<i>% change annualised</i>		-				
Øystein Stray Spetalen, Board Member	2015	150	150	200	200	200
<i>% change annualised</i>		-	-	33 %	0 %	-
Espen Lia Gregoriussen, Employee-elected Board Member	2017	70	75	125	200	200
<i>% change annualised</i>		-	7 %	67 %	60 %	-
Åse Musum, Employee-elected Board Member	2015	75	75	125	200	200
<i>% change annualised</i>		-	-	67 %	60 %	-
Bettina Banoun, Board Member	2018	-	150	200	220	220
<i>% change annualised</i>		-	-	33 %	10 %	-
Finn Bjørn Ruyter, Board Member	2018	-	150	200	-	-
<i>% change annualised</i>		-	-	33 %		
Øyvind Brøymer, Chairman	2020	-	-	-	420	420
<i>% change annualised</i>		-	-	-	-	-
Espen Marcussen, Board Member	2020	-	-	-	200	200
<i>% change annualised</i>		-	-	-	-	-
Kari Krogstad, Board Member	2020	-	-	-	200	200
<i>% change annualised</i>		-	-	-	-	-

4.2. Executive remuneration and company performance 2017-2022

The table below include the average annual change in remuneration of the company's executive management, and the annual financial performance from 2017 to 2021.

Numbers in TNOK

Person and position	Appointement year	2018	2019	2020	2021	2022
Kjell-Erik Nordby, CEO	2009	4 510	3 475	3 635	4 189	4 138
<i>% change annualised</i>		-	-23 %	5 %	15 %	-1 %
Alexander Karlsen, CFO	2020	-	-	2 047	2 321	2 513
<i>% change annualised</i>		-	-	-	13 %	8 %
Hilde Merethe Hagen, VP Quality	2017	1 573	1 618	1 666	1 987	1 996
<i>% change annualised</i>		-	3 %	3 %	19 %	0 %
Magnus Tolleshaug, CCO	2020	-	-	1 618	1 903	2 503
<i>% change annualised</i>		-	-	-	18 %	32 %
Vegard Heggem, VP Operations	2017	1 785	1 840	1 891	2 273	2 284
<i>% change annualised</i>		-	3 %	3 %	20 %	0 %
Gunnar Manum, CFO	2014	1 847	1 903	-	-	-
<i>% change annualised</i>		-	3 %	-	-	-
Valborg Godal Vold, COO	2012	1 716	1 753	-	-	-
<i>% change annualised</i>		-	2 %	-	-	-
Torbjørn Kjus	2018	1 832	-	-	-	-
<i>% change annualised</i>		-	-	-	-	-

Numbers in MNOK

Vistin Pharma performance	2018	2019	2020	2021	2022
Revenue	200.5	228.1	253.2	278.6	304.9
EBITDA (pharmaceuticals)	11.5	30.4	58.2	48.6	10.5
Avg. number of employees	74	65	67	68	75

<i>Average compensation employees</i>	2,5 %	2,1 %	2,6 %	2,9 %	3,9 %
---------------------------------------	-------	-------	-------	-------	-------

To get comparable annual base salary change the figures in the table above is annualized to reflect twelve months if the executive only has received compensation part of the year.

Oslo, 26 April 2023

Øyvind A. Brøymer
 Chairman

Øystein Stray Spetalen
 Board member

Espen Marcussen
 Board member

Kari Krogstad
 Board member

Åse Musum
 Board member

Espen Lia Gregoriussen
 Board member

Bettina Banoun
 Board member

