

Remuneration report for salary and other remuneration for leading persons 2021

1. Key developments in remuneration – 2021

1.1. The financial year 2021

In 2020 and 2021 Vistin Pharma ASA delivered solid profitability, despite the turmoil caused by the Covid-19 pandemic. In 2021, Vistin Pharma had a record high revenue with a growth of 10% compared to 2020. The Fikkjebakke plant has been operating at full capacity and with high efficiency and productivity throughout the quarter, except for a 10-day unplanned stop in Q3 due to lack of raw materials. The new 2nd reactor which was installed in Q3/Q4'20 has resulted in an increase of almost 2 batches produced per week. The output from the dedicated metformin plant reached an all-time high production volume of 3 630MT in 2021. Sales volume for the year ended at 3 748MT, an increase of 12% compared to previous year.

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 (+ 3500MT). The estimated CAPEX is MNOK 100, whereof approx. 55% has been paid as of 31 December 2021. Business development activities to acquire new accounts and to secure increased volumes from existing customers to fill the additional MEP capacity are ongoing. The first commercial batch from the new production line is expected to be shipped out in Q2 2022.

1.2. Shareholder feedback

The statement regarding remuneration for senior management was approved by the annual general meeting in 2021. The general meeting also 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 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 2021

The annual general meeting in May 2021 re-elected Øystein Stray Spetalen as a board member. At year end 2021 the board consisted of Øyvind 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 2021 resolved the remuneration for the board members for the period between the annual general meeting in 2021 and the annual general meeting in 2022. Remuneration for the Chairman is NOK 400 000 and NOK 200 000 for all the other board members. The 2021 remunerations are similar as to the previous year.

1.4. Key developments in Executive remuneration and composition in 2021

There have been no changes in the executive management team in 2021. In accordance with the decision at the annual general meeting in May 2021 the remuneration of executives during 2021 has been governed by the guidelines for determination of salary and other remuneration to leading persons. All remuneration in 2021 to the executive management has been in line with the approved remuneration policy. Base salary to executives amounted to MNOK 12.7 compared to MNOK 10.3 in 2020.

In the 2020 figures only 10 months of salary for CFO and CCO is included, as both joined the company 1st of March 2020. In 2021, base salaries of the executive team increased by 4%.

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 between 20% - 30% of the annual salary, depending on individual employment contracts. Based on the solid financial performance in 2021 and the achievement of the personal KPI's the board determined that 93% of the performance-based bonuses were to be paid out.

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 2021.

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 2021 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 2021

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 2021 and 2020

(NOK 000's)	2021		2020	
	Board fees	Other***	Board fees	Other*
Øyvin A. Brøymer Chairman**	400	20	-	-
Ole Enger, Former Chairman* **	-	-	250	175
Bettina Banoun	200	20	200	-
Finn Bjørn Ruyter**	-	-	200	-
Mimi K. Berdal**	-	-	200	-
Øystein Stray Spetalen	200	-	200	-
Espen Marcussen**	200	-	-	-
Kari Krogstad**	200	-	-	-
Espen Lia Gregoriussen	200	-	125	-
Åse Musum	200	-	125	-
Total	1 640	-	1 300	150

*In 2020, the Chairman at that time received a consultancy fee of MNOK 0.15 (NOK 25k per month)

**Finn Bjørn Ruyter left the Board on 19 May 2020 (AGM) and was replaced by Espen Marcussen. Ole Enger and Mimi K. Berdal left the Board on 24 June (EGM) 2020 and was replaced with Øyvin A. Brøymer (new Chairman) and Kari Krogstad.

***Both Bettina Banoun and Øyvin A. Brøymer received NOK 20 000 in 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 that the Group requires with a view 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 remuneration, 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 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% 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 certain targets for financial results (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, 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 2021 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 2021.

3.4 Executive Management compensation overview

2021

(NOK 000's)	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	-

2020

(NOK 000's)	Salary	Bonus paid	Pension	Other	Total	Proportion of fixed and variable
Kjell Erik Nordby, CEO	2 466	500	464	205	3 635	86% / 14%
Alexander Karlsen, CFO*	1 281	-	112	313	1 706	100% / 0%
Hilde Merethe Hagen, VP Quality	1 374	25	135	132	1 666	98% / 2%
Magnus Tolleshaug, CCO*	1 125	-	112	111	1 348	100% / 0%
Vegard Heggem, VP Operations	1 600	25	137	129	1 891	99% / 1%
Total Executive Management	7 846	550	960	890	10 246	-

*Salary from March - December.

The 'other' category consists mainly of a fixed car allowance.

The tables show bonuses paid in 2020 and 2021.

3.5 Short term incentive Plan (STIP / Bonuses)

The purpose of the performance-based bonus scheme is to help the executives work actively to achieve strategic goals. Furthermore, it is a suitable tool for sending clear signals to the executives about 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 meaning behind the EBITDA target is to reflect the focus on a healthy annual profitability as the most important strategic goal. No KPI's for 2021 were directly linked to ESG or environmental sustainability.

The annual bonus targets are reviewed by the board of directors. Targets are set with threshold and maximum levels where potential bonus is calculated from 90% to 100% of maximum payment from model. The predetermined target for 2021 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. Goal achievements is reviewed by the board before pay-out. The budgeted EBITDA for 2021 was accomplished, resulting in a 90% payout for the financial target and 100% of the personal KPI's were met, resulting in a total of 93% pay-out for the executive team.

4. Remuneration and Company Performance 2017-2021

4.1. Board remuneration 2017-2021

A summary of the development of the Board remuneration in the five-year period 2017–2021 is provided in the table below.

Board of Directors	Election year	2017	2018	2019	2020	2021
Ole Enger, Chairman	2015	1 250	750	550	425	-
<i>% change annualised</i>			-40 %	-27 %	-23 %	-
Kathrine Gamborg Andreassen, Board Member	2015	150	-	-	-	-
<i>% change annualised</i>			-	-	-	-
Einar J. Gevre, Board Member	2015	150	-	-	-	-
<i>% change annualised</i>			-			
Mimi K. Berdal, Board Member	2017	-	150	150	200	-
<i>% change annualised</i>		-	-	-	33 %	
Ingrid Elvira Leisner, Board Member	2015	150	150	-	-	-
<i>% change annualised</i>		-	-			
Øystein Stray Spetalen, Board Member	2015	150	150	150	200	200
<i>% change annualised</i>		-	-	-	33 %	-
Espen Lia Gregoriussen, Employee-elected Board Member	2017	-	70	75	125	200
<i>% change annualised</i>		-	-	7 %	67 %	60 %
Jørn Henning Isaksen, Employee-elected Board Member	2016	75	-	-	-	-
<i>% change annualised</i>		-	-	-	-	-
Åse Musum, Employee-elected Board Member	2015	75	75	75	125	200
<i>% change annualised</i>		-	-	-	67 %	60 %
Bettina Banoun, Board Member	2018	-	-	150	200	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
<i>% change annualised</i>		-	-	-	-	-
Espen Marcussen, Board Member	2020	-	-	-	-	200
<i>% change annualised</i>		-	-	-	-	-
Kari Krogstad, Board Member	2020	-	-	-	-	200
<i>% change annualised</i>		-	-	-	-	-

4.2. Executive remuneration and company performance 2017-2021

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	2017	2018	2019	2020	2021
Kjell-Erik Nordby, CEO	2009	5 288	4 510	3 475	3 635	4 189
<i>% change annualised</i>		-	-15 %	-23 %	5 %	15 %
Alexander Karlsen, CFO	2020	-	-	-	2 047	2 321
<i>% change annualised</i>		-	-	-	-	13 %
Hilde Merethe Hagen, VP Quality	2017	1 388	1 573	1 618	1 666	1 987
<i>% change annualised</i>		-	13 %	3 %	3 %	19 %
Magnus Tolleshaug, CCO	2020	-	-	-	1 618	1 903
<i>% change annualised</i>		-	-	-	-	18 %
Vegard Heggem, VP Operations	2017	1 844	1 785	1 840	1 891	2 273
<i>% change annualised</i>		-	-3 %	3 %	3 %	20 %
Gunnar Manum, CFO	2014	2 316	1 847	1 903	-	-
<i>% change annualised</i>		-	-20 %	3 %	-	-
Valborg Godal Vold, COO	2012	1 621	1 716	1 753	-	-
<i>% change annualised</i>		-	6 %	2 %	-	-
Torbjørn Kjus	2018	-	1 832	-	-	-
<i>% change annualised</i>		-	-	-	-	-
Liesl Hellstrand, VP HR	2014	1 655	-	-	-	-
<i>% change annualised</i>		-	-	-	-	-
Erik Løkke-Øvre, VP Operations	2016	2 487	-	-	-	-
<i>% change annualised</i>		-	-	-	-	-

Numbers in MNOK

Vistin Pharma performance	2017	2018	2019	2020	2021
Revenue	185.9	200.5	228.1	253.2	278.6
EBITDA (pharmaceuticals)	19.5	11.5	30.4	58.2	48.6
Number of employees	65	74	65	67	68

Average compensation employees	2,3 %	2,5 %	2,1 %	2,6 %	2,9 %
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To get comparable annual 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 2022

Øyvinn 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

