Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	915 157 882
Organisasjonsform:	Allmennaksjeselskap
Foretaksnavn:	VISTIN PHARMA ASA
Forretningsadresse:	Østensjøveien 27 0661 OSLO

Regnskapsår

Årsregnskapets periode:	01.01.2021 - 31.12.2021

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Forenklet IFRS
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Alexander Karlsen
Dato for fastsettelse av årsregnskapet:	26.04.2022

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 05.07.2023

Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Kostnader			
Lønnskostnad	3	1 947 000	1 740 000
Annen driftskostnad	4	2 751 000	1 082 000
Sum kostnader		**4 698 000**	**2 822 000**
Driftsresultat		**-4 698 000**	**-2 822 000**
Finansinntekter og finanskostnader			
Annen finansinntekt	5	1 423 000	3 313 000
Sum finansinntekter		**1 423 000**	**3 313 000**
Annen finanskostnad	5	4 000	217 000
Sum finanskostnader		**4 000**	**217 000**
Netto finans		**1 419 000**	**3 096 000**
Ordinært resultat før skattekostnad		**-3 279 000**	**274 000**
Skattekostnad på ordinært resultat	6	-721 000	60 000
Ordinært resultat etter skattekostnad		**-2 558 000**	**214 000**
Årsresultat		**-2 558 000**	**214 000**
Overføringer og disponeringer			
til annen EK		-2 558 000	214 000
Sum overføringer og disponeringer		**-2 558 000**	**214 000**

Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i datterselskap	7	48 825 000	8 825 000
Lån til foretak i samme konsern	7	58 024 000	98 024 000
utsatt skatt	6	741 000	20 000
Sum finansielle anleggsmidler		**107 590 000**	**106 869 000**
Sum anleggsmidler		**107 590 000**	**106 869 000**
Omløpsmidler			
Varer			
Fordringer			
Intercompany fordringer	7	147 666 000	120 551 000
andre fordringer		33 000	487 000
Sum fordringer		**147 699 000**	**121 038 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	9	22 521 000	67 742 000
Sum bankinnskudd, kontanter og lignende		**22 521 000**	**67 742 000**
Sum omløpsmidler		**170 220 000**	**188 780 000**
SUM EIENDELER		**277 810 000**	**295 649 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	10	44 345 000	44 345 000
Overkurs		206 885 000	229 057 000
Annen innskutt egenkapital		18 753 000	21 311 000

Balanse

Beløp i: NOK	Note	2021	2020
Sum innskutt egenkapital		**269 983 000**	**294 713 000**
Sum egenkapital		**269 983 000**	**294 713 000**
Sum langsiktig gjeld		**0**	**0**
Kortsiktig gjeld			
Leverandørgjeld		1 000	89 000
Kortsiktig konserngjeld	7	6 939 000	29 000
Annen kortsiktig gjeld		889 000	819 000
Sum kortsiktig gjeld		**7 829 000**	**937 000**
Sum gjeld		**7 829 000**	**937 000**
SUM EGENKAPITAL OG GJELD		**277 812 000**	**295 650 000**

Konsernets resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	4	275 812 000	253 159 000
Annen driftsinntekt	5	2 811 000	747 000
Sum inntekter		**278 623 000**	**253 906 000**
Kostnader			
Varekostnad		96 097 000	73 288 000
Lønnskostnad	6	73 426 000	72 499 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	12	10 609 000	9 623 000
Annen driftskostnad	8	65 241 000	52 940 000
Sum kostnader		**245 373 000**	**208 350 000**
Driftsresultat		**33 250 000**	**45 556 000**
Finansinntekter og finanskostnader			
Annen finansinntekt	9	6 067 000	14 066 000
Sum finansinntekter		**6 067 000**	**14 066 000**
Annen finanskostnad	9	7 322 000	183 893 000
Sum finanskostnader		**7 322 000**	**183 893 000**
Netto finans		**-1 255 000**	**-169 827 000**
Ordinært resultat før skattekostnad		**31 995 000**	**-124 271 000**
Skattekostnad på ordinært resultat	10	7 129 000	-27 317 000
Ordinært resultat etter skattekostnad		**24 866 000**	**-96 954 000**
Årsresultat		**24 866 000**	**-96 954 000**

Konsernets balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	10	27 858 000	35 128 000
Sum immaterielle eiendeler		**27 858 000**	**35 128 000**
Varige driftsmidler			
Tomter, bygninger og annen fast eiendom		20 248 000	20 576 000
Anlegg under utførelse		83 020 000	56 556 000
Maskiner og anlegg		59 334 000	62 366 000
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende		4 664 000	5 763 000
Varebiler		191 000	
Sum varige driftsmidler		**167 457 000**	**145 261 000**
Sum anleggsmidler		**195 315 000**	**180 389 000**
Omløpsmidler			
Varer			
Varer	15	42 907 000	31 788 000
Sum varer		**42 907 000**	**31 788 000**
Fordringer			
Kundefordringer	16	40 245 000	30 400 000
Andre fordringer	16	18 933 000	2 302 000
Sum fordringer		**59 178 000**	**32 702 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	17	35 746 000	77 036 000
Sum bankinnskudd, kontanter og lignende		**35 746 000**	**77 036 000**
Sum omløpsmidler		**137 831 000**	**141 526 000**
SUM EIENDELER		**333 146 000**	**321 915 000**

BALANSE - EGENKAPITAL OG GJELD

Konsernets balanse

Beløp i: NOK	Note	2021	2020
Egenkapital			
Innskutt egenkapital			
Selskapskapital	18	44 345 000	44 345 000
Overkurs		206 885 000	229 056 000
Sum innskutt egenkapital		**251 230 000**	**273 401 000**
Opptjent egenkapital			
Annen egenkapital		24 538 000	-996 000
Sum opptjent egenkapital		**24 538 000**	**-996 000**
Sum egenkapital		**275 768 000**	**272 405 000**
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	7	15 831 000	16 330 000
Andre avsetninger for forpliktelser	22	512 000	976 000
Sum avsetninger for forpliktelser		**16 343 000**	**17 306 000**
Annen langsiktig gjeld			
Sum langsiktig gjeld		**16 343 000**	**17 306 000**
Kortsiktig gjeld			
Leverandørgjeld	14	20 808 000	17 893 000
Betalbar skatt	10		
Annen kortsiktig gjeld	20/22	20 227 000	14 311 000
Sum kortsiktig gjeld		**41 035 000**	**32 204 000**
Sum gjeld		**57 378 000**	**49 510 000**
SUM EGENKAPITAL OG GJELD		**333 146 000**	**321 915 000**

Annual report

Vistin Pharma

OPERATING PERFORMANCE

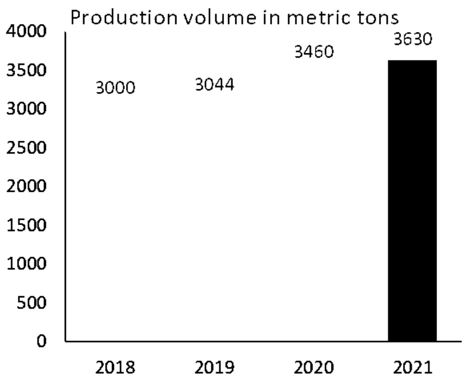
During 2021, Vistin Pharma ASA and its subsidiarie (“Vistin Pharma” or the “Group”) had one business segment; pharmaceuticals. Within the pharmaceutical segment, Vistin Pharma is a major player and a well-recognized global supplier of metformin, the gold standard treatment of diabetes II.

The number of diabetes II patients are by WHO expected to grow from approximately 450 million today to > 650 million in less than 20 years. The global demand for metformin could therefore grow from 45.000MT today to 60.000MT by 2026.

Vistin Pharma´s ambition is to become the leading supplier of metformin products to customers in the premium finished product segments. The long-term business objective is to grow with our customers and take advantage of the future market growth.

Vistin Pharma believes that the quality of its metformin products, advanced production facilities, focus on “green” operations, and its service and delivery performance, are competitive advantages and drivers for increased sales.

The Covid-19 situation has been an «eye opener» to both authorities and the industry leaders to focus on lower risk supply chains and «short travelled medicines». Vistin is strategically well positioned to benefit from the expected increase in local supply demands following the pandemic.



The Group’s production plant in Kragerø, Norway, was running at close to full capacity for the whole year, with a record production of close to 3,700 MT(metric tons) of metformin HCl (hydrochloride).

Vistin announced in April 2020 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 approximately 7000MT metformin HCl annually (+ 3500MT) to take advantage of the future growing need for metformin to treat diabetes II patients and to supply our existing and future customers increased product demands. The estimated CAPEX is MNOK 100, whereof approx. 55% has been paid as of 31 December. Business development activities to acquire new accounts and to secure increased volumes from existing customers to fill the additional MEP capacity are ongoing.

Vistin has positioned itself as a premium supplier in the highly competitive metformin market. To further strengthen the position, Vistin is committed to invest in process and product quality development and implement 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.

Vistin Pharma long term vision is to have no negative impact on environment, people and local community by our presence. Vistin Pharma are proud of the sustainability achievements, our track record of deliverables and ongoing ESG focus. During 2021 Vistin has invested approximately MNOK 10 in a cooling system to condense hydrocarbons. This is expected to reduce the emission of greenhouse gases with more than 98%, resulting in a reduction of the total emission to air with more than 95 % compared to current level. Project is expected to be finalized in Q1'22.

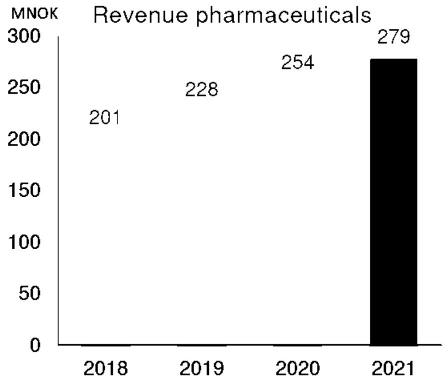
The demand in the market for metformin is still high and is not affected by the corona epidemic. The delivery situation of raw materials, especially from China has been challenging throughout 2021. Vistin has therefore invested in building security stocks of its key raw materials to avoid temporary raw material shortages.

Due to the increased global import from China and India following the covid-19 pandemic, the global freight costs (across all global businesses and for all goods) have increased significantly in 2021. Vistin has increased its average sales prices during the year to compensate for the current increased fright and raw material prices.

PRESENTATION OF FINANCIAL RESULTS FOR THE GROUP

Total revenue and income for Vistin Pharma in 2021 amounted to MNOK 278.6 (MNOK 253.9). The revenue and income for both 2021 and 2020 relate exclusively to sales of metformin.

The operating profit for 2021 was MNOK 43.9 million (MNOK 55.2). The Group had net profit of MNOK 24.9 million (net loss MNOK 96.9 million). The net loss for 2020 is only driven by the realized loss of closing the oil derivatives portfolio in Q1, which represented a loss of approximately MNOK 166.



Vistin Pharma's net cash flow from operating activities in 2021 amounted to MNOK 13.7 million (negative MNOK 145.7).

The net cash flow from investing activities for 2021 amounted to negative MNOK 31.7 (negative MNOK 51.4), of which represents capital expenditure for the year, primarily installments for the MEP project.

The net cash flow from financing Activities for 2021 was negative MNOK 23.3 million (negative MNOK 45.5), driven by dividend pay-out of NOK 0.5 per share, equal to MNOK 22.2. The board of directors has proposed to get a power of attorney from the annual general meeting in May to pay up to NOK 0.75 per share in dividend for 2021, by end of 2022.

At 31 December 2021, total assets amounted to MNOK 333.1, and the Group had no interest-bearing debt. Cash and cash equivalents amounted to MNOK 35.7 at 31 December 2021.

As of 31 December 2021, total equity amounted to MNOK 275.8, and the equity ratio was 83%.

Implementation of MEP is leading to low volumes available for sale in Q1'22 and an untraditionally weak result in the period is expected. The financial results are expected to improve from Q2'22, and accelerate from 2H with leverage from the new capacity.

Vistin expects significant increased working capital requirements to support the volume ramp-up. In addition, Vistin has an ambitious CAPEX plan in 2022 to support the volume growth and future production productivity. Based on this a credit facility for 2022 has been secured with Nordea.

The Financial Statements of Vistin Pharma ASA have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and are valid on or after 1 January 2018.

In accordance with the Norwegian accounting act § 3-3a, the Board of Directors confirm that the Financial Statements have been prepared under the assumption of going concern and that this assumption is valid based on the Group's budgets and financial projections.

EVENTS AFTER THE BALANCE SHEET DATE

There have not been events subsequent to the closing date of 31 December 2021, that affects the financials or the Group's operational activities.

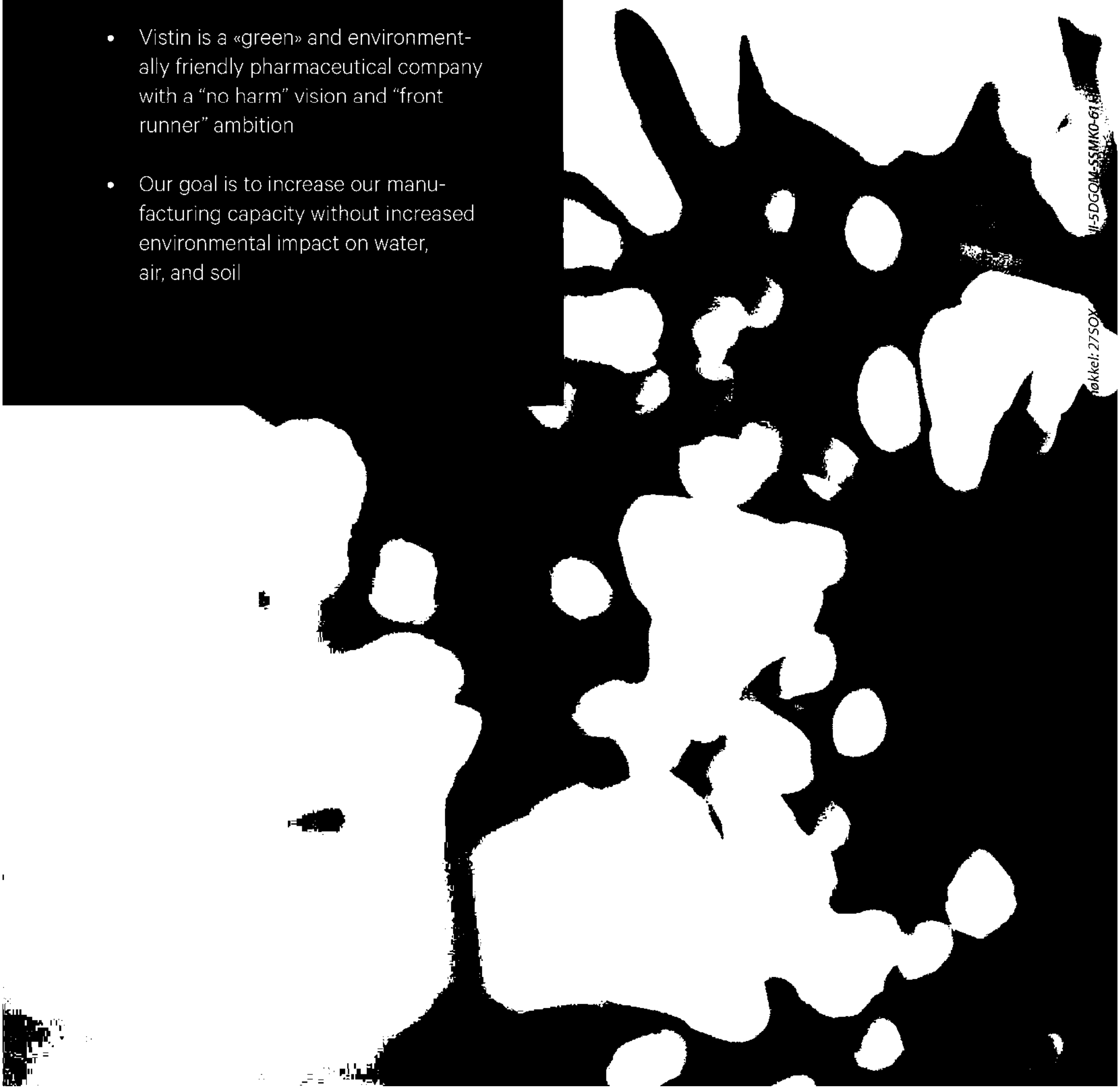
ORGANISATIONAL MATTERS

At the end of 2021, the Group had 74 employees.

At year end the board consisted of Øyvin A. Brøymer (chairman), Bettina Banoun, Kari Krogstad, Espen Marcussen, Øystein Stray Spetalen, Espen Lia Gregoriussen (employee representative) and Åse Musum (employee representative).

No harm vision

- Our 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 increase our manufacturing capacity without increased environmental impact on water, air, and soil



CORPORATE SOCIAL RESPONSIBILITY, THE ENVIRONMENT AND EMPLOYEES

Vistin Pharma aspires to achieve sustainable development by having a good balance between financial results, value creation, sustainability, and CSR. The statement of corporate social responsibility required under Section 3-3c of the Norwegian Accounting Act follows below.

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 is a socially responsible company dedicated to promoting decent working and environmental conditions in the supply chains. 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:

- ***A vision to have no negative impact on environment, people, and local community by our presence***
- ***A «green» and environmentally friendly pharmaceutical company with a "no harm" vision and "front runner" ambition***
- ***A goal to increase our manufacturing capacity without increased environmental impact on water, air, and soil***

Vistin Pharma has during the last years invested in, completed, and implemented several projects that significantly reduce the environmental footprint. Building on this success, Vistin Pharma has several ESG initiatives ongoing:

- Vistin continues to use only hydro powered energy to minimize carbon footprint
- Vistin is completing a project in 2022 with aim to reduce the water consumption in the plant by >80% through recycling, incl. reusing the hot water for heating of plant.
- 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.
- Vistin is currently investing MNOK 10 in a cooling system to condense hydrocarbons. This is expected to reduce the emission with more than 98%, resulting in a reduction of the total emission to air with more than 95 % compared to current level. Project is on track and expected to be finalized in Q1'22.

The Group's manufacturing plant is located in Kragerø, Stuttlidalen 4, Sannidal, Norway, and its head office is located at Østensjøveien 27,Oslo, Norway. Vistin Pharma has dedicated considerable resources to identify, analyze, control and reduce the emission levels at its manufacturing plant. Vistin Pharma has established a system in which all process water is being collected and analyzed, and only discharged if the water quality is within approved levels. The system has been fully operational during 2021.

Ambitions for ESG 2022 - 2025:

- Reduce water consumption in the plant by >80% through recycling by end 2022
- Reduce the concentration of metformin and butanol in the waste
- Reduce emission of greenhouse gases to air by 90%, whereof a 40% reduction was achieved in 2021
- No negative impact on effluent to water and soil
- No work-related injuries and sick leave above the average Norwegian industry

Based on the ongoing initiatives and to become even more environmentally friendly the Group has set out some though and ambitious goals. We want to further strengthen our status as an environmentally friendly pharmaceutical company with a "no harm" vision and "front runner" ambition.

Concrete ambitions for 2022 – 2025:

- *Reduce water consumption in the plant by >80% through recycling by end 2022*
- *Reduce the concentration of metformin and butanol in the waste*
- *Reduce emission of greenhouse gases to air by 90%, whereof a 40% reduction was achieved in 2021*
- *No negative impact on effluent to water and soil*
- *No work-related injuries and sick leave above the average Norwegian industry*

Vistin's direct environmental impact relates primarily to its production plant at Fikkjebakke in Kragerø. In addition to transportation of raw materials by boat from suppliers in Asia and distribution of Metformin, mainly by truck to customers in Europe. Vistin has a strict surveillance regime when it comes to emission from the plant and is on a quarterly basis reporting status to the environmental department ('Miljødepartementet'). As mentioned Vistin has several high impact projects ongoing to reduce the environmental footprint.

Vistin only use well know international freight providers for both inbound and outbound transportation. The freight suppliers also need to be an approved supplier according to our own internal guidelines which is based on GDP. Vistin Pharma expects its suppliers and business partners to make efforts to ensure compliance to the above principles and national laws and regulations, and to ensure similar compliance by their sub-suppliers.

Vistin Pharma does not accept violation of laws against corruption, bribery and fraud. Suppliers and business partners shall under no circumstance be involved in business practice which hinders free competition. Suppliers and business partners shall not offer Vistin Pharma employee's gifts or favorable conditions. Vistin Pharma seeks to form long term relationship with business partners, who share our values and focus on promoting decent working and environmental conditions in the supply chain.

Vistin Pharma's Code of Conduct is built on Vistin Pharma's values and provides a framework for what the Group considers responsible conduct. The document has been approved by the Board of Directors, and applies to all employees, as well as to board members of Vistin Pharma, and can be found at www.vistin.com.

Vistin is committed to being a responsible employer and promotes an open and strong corporate culture. The Group has established practices to ensure equal opportunities between female and male employees, as well as between different races. The Group had 74 employees at year-end 2021, of which 19 are female. Two employees were part-time workers according to their own decision. All employees are offered equal opportunities with regards to hiring, compensation, training and promotion regardless of gender, age, ethnic and national origin, religion, sexual orientation, social background or other distinguishing characteristics. Vistin offers full pay during parental leave for both men and women, and in 2021 5% of Vistin's female and 0 % of male employees took parental leave. On average, women took 36 weeks, while men took 0 weeks.

The Executive Management group into 2021 consists of five members, of which one member is female. The Board of Directors currently has three female members out of seven. The Board does not consider it necessary to take further measures to ensure equal opportunities.

Vistin has based on compensation in 2021 done a salary survey to compare female's salary compared to their male colleagues. Adjusted for age and number of years' experience the female's salary is on a similar level as their males. Vistin has not registered any involuntarily overtime or part-time work during 2021. Approximately 60% of the leadership roles in the middle level is held by females.

[redacted]			
Category 1	1	4	77%
[redacted]			
Category 3	2	4	90%
[redacted]			
Category 5	4	1	79%
[redacted]			

Vistin Pharma has established a formal code of conduct, as well a set of policies and procedures for handling quality, health, safety and environment. The Group is committed to a work environment where all employees feel safe and are valued for the diversity they bring to the business. Vistin Pharma honors domestic and internationally accepted labor standards and support the protection of human rights. The Group does not tolerate any harassment or any act of violence or threatening behavior in the workplace, including any sexual, age-related or racial harassment.

The people employed at Vistin Pharma are our most important resource for success, and the Group strives to create a healthy and safe environment for all employees and contractors. All employees are entitled to an annual review with its immediate supervisor. For new employees individual training programs are set up when onboarding or after individual evaluations. The training is tailored to each role, tasks and duties and can include both internal and external courses, seminars and other relevant arrangements.

For Vistin Pharma AS, where the employees in the Group are employed, QHSE (quality, health, safety and environment) is an integral element of its business, and an electronic system is in place to monitor and follow-up any accident incidents. Key safety indicators, such as TRI's (total recordable incidents), are continuously monitored, and reported and reviewed on a monthly basis. Vistin Pharma AS has reported no TRI, for the consecutive last five years. The statistics of no TRI's and only one LTI (lost time injury) for the last three years show that the company's focus on creating an EHS culture and establishing barriers to minimize the risk of accidents has been successful.

The total sick leave for the Group for 2021 was 4.8% (2020: 5.3%) of the total working hours, which is well below the industry average.

Vistin has established routines for reporting concerns related to illegal or unethical conduct, including a whistle blowing channel for discrete and confidential handling of any potential reports. There were no reported concerns during 2021.

RISK EXPOSURE AND RISK MANAGEMENT

Vistin Pharma's regular business activities entail exposure to various types of risk.
The Group proactively manages such risks, and the Board regularly analyses its operations and potential risk factors and takes measures to reduce risk exposure. Vistin Pharma places a strong emphasis on Quality Assurance and has quality systems implemented, in line with the requirements for the pharmaceutical industry.

As 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. The 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.

The financial risk of the Group is principally related to liquidity risk, credit and risk foreign currency risk.

The Group's main strategy to manage liquidity risk is to maintain a strong balance sheet. Vistin Pharma had cash and cash equivalents of MNOK 36 and no interest-bearing debt at 31 December 2021, and the Group's liquidity is considered solid.

The Group has no major financial assets other than cash and cash equivalents and trade receivables. The trade receivables relate to customers of Vistin Pharma AS, and the Group is tightly managing these receivables. The Group's overall credit risk is considered moderate to low.

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to Vistin Pharma's operating activities.

Vistin Pharma offers metformin to the global market and the Group is exposed to currency exchange fluctuations, as most sales are in EUR, while raw-material purchases are mainly denominated in USD. The Group also have foreign currency denominated cash deposits. The Group may enter currency hedging contracts to reduce the foreign exchange risk.

Further details on financial risk, including the sensitivity analysis required by IFRS, can be found in Note 15 to the Consolidated Financial Statements

SHAREHOLDER RELATIONS AND CORPORATE GOVERNANCE

The Board of Directors and Executive Management are committed to complying with rules and regulations that apply to Vistin Pharma's business. Vistin Pharma's corporate governance guidelines, (the "CCGP"), have been prepared to comply with the current Norwegian Code of Practice for Corporate Governance (the "Code"). The CCGPs has been prepared in accordance with Section 3-3b of the Norwegian Accounting Act, and are available on Vistin Pharma's website. A report on Vistin Pharma's corporate governance is provided in a separate section of the annual report for 2021.

It is Vistin Pharma's objective to generate predictable annual growing returns to the shareholders in the form of dividends and/or share appreciation, which is at least on the same level as other investment possibilities with comparable risk.

The Board of Directors and the Executive Management of Vistin Pharma place considerable importance on providing the shareholders and the financial market in general with timely, relevant and current information regarding the Group and its activities, in accordance with the laws and regulations imposed by the Norwegian Securities Trading Act and the Oslo Stock Exchange.

The share price has increased from NOK 17.45 per share at year end 2020, and to NOK 19.40 as of 31 December 2021, equal to an increase of 11%. In addition a dividend of NOK 0.5 per share has been paid out.

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 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.

VISTIN PHARMA ASA (PARENT COMPANY)

The parent company, Vistin Pharma ASA (the "Company"), is a holding company, with financial activities, but no operating activities. The Company had a net negative profit of MNOK 2.6 (MNOK 0.2 million) in 2021. Total assets as of 31 December 2021 were MNOK 277.8 (MNOK 295.7), and the long-term intercompany receivables were MNOK 58 (MNOK 98) at year-end 2021. The Company's cash balance at year-end 2021 was MNOK 22.5 (MNOK 67.7). Total shareholders' equity at 31 December 2021 was MNOK 270 million (MNOK 294.7), and the equity ratio at 31 December 2021 was 97.2% (99.7%).

The board of directors has proposed to get a power of attorney from the annual general meeting in May to pay up to NOK 0.75 per share in dividend for 2021, by end of 2022.

Oslo, 26 April 2022

Øyvin 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*	**Kjell-Erik Nordby** *CEO*

Annual report is signed electronically.

We confirm that, to the best of our knowledge, the Financial Statements 2021, which have been prepared in accordance with IFRS as adopted by EU, gives a true and fair view of the Company's assets, liabilities, financial position and results of operations, and that the management report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-5.

Oslo, 26 April 2022

Øyvin 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*	**Kjell-Erik Nordby** *CEO*

Annual report is signed electronically.

1. IMPLEMENTATION AND REPORTING OF CORPORATE GOVERNANCE

In accordance with the Norwegian Code of Practice for Corporate Governance (the "Code of Practice), cf. the latest version dated 17 October 2018, the Board of Directors of Vistin Pharma ASA ("Vistin Pharma" or the "Company") has prepared a Corporate Governance policy document. Vistin Pharma aspires to follow the Code of Practice as closely as possible and in situations where the Company's practice might diverge from the code, an explanation or comment will be provided.

The Board reviews the overall position of the Company in relation to the latest version of the Code of Practice annually and reports thereon in the Company's annual report in accordance with the requirements of the continuing obligations of stock exchange listed companies and the Code of Practice.

The Company's compliance with the Code of Practice is detailed in this section of the Annual Report and section numbers refer to the Code of Practice's articles. Vistin Pharma' Corporate Governance guidelines are published in full at the Company's website (www.vistin.com).

2. BUSINESS

Vistin Pharma ASA is a holding company for Vistin Pharma AS. Vistin Pharma ASA previously had another segment, Energy Trading, which was decided closed down in 2019 and all derivative position was closed in Q1 2020. Vistin Trading AS was merged into Vistin Pharma AS in 2021.

Vistin Pharma AS is a pharmaceutical company producing Active Pharmaceutical Ingredients (APIs).

Vistin Pharma's business purpose is included in the Company's Articles of Association.

The Board evaluates the Company's strategy annually. The strategy process is followed by the approval of the budgets and key operating indicators for the following year, which is used as an important tool in evaluating the continuous performance of the Company. Vistin Pharma's strategy, objectives and risk management is further described in the Directors' Report.

3. EQUITY AND DIVIDENDS

The Group's consolidated equity at 31 December 2021 was NOK 275.8 million, representing an equity ratio of 83%. The Board aims to maintain an equity ratio that remains satisfactory in light of the Company's goals, strategy and risk profile.

The Board will only propose increases in the share capital when this is beneficial over the long term for the shareholders of the Company. At the Annual General Meeting held in May 2021, the Company received a general authority to increase the share capital by up to NOK 8,868,918 (representing up to 20% of the existing share capital) through the issue of new shares for general corporate purposes, including financing of investments, mergers and acquisitions and employee incentive plans.

The Company's strategy is to grow its business organically, and potentially through acquisitions, and the Board believes that a general authority, without a specific purpose, is necessary to give the Company the required flexibility to secure the necessary financing, at the lowest possible costs, and that this is in the best interest of the Company's shareholders. The authority is limited in time to 15 months from the date of the general meeting or up to the Annual General Meeting in 2022.

Vistin Pharma has also been given an authorization to purchase its own shares, for a number of shares limited to 10% of the total issued shares of the Company. The authority was given at the Annual General Meeting held in May 2021 and is limited in time to the Annual General Meeting in 2022.

It is the Company's objective to generate growing predictable annual returns to the shareholders in the form of dividends and share appreciation, which is at least on the same level as other investment possibilities with comparable risk. The Board has proposed to get a power of attorney from AGM in May to pay up to NOK 0.75 per share in dividend for 2021, by end of 2022.

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

The Company has only one class of shares. Each share entitles the holder to one vote and there are no voting restrictions. Each share has a nominal value of NOK 1.00. Any potential purchase of own shares shall be carried out via a stock exchange at market prices. There were no purchases of own shares during 2021.

Where the Board resolves to carry out an increase in share capital on the basis of an authority given to the Board, and waive the pre-emption rights of existing shareholders, the justification will be publicly disclosed in connection with the increase in share capital.

Transactions with related parties shall be at arm's length and at fair value which, in the absence of any other pertinent factors, shall be at market value. All not immaterial transactions with related parties shall be valued by an independent third party, unless assessed and resolved upon by the General Meeting. Transactions with related parties are described in Note 24 to the Consolidated Financial Statements.

5. FREELY NEGOTIABLE SHARES

There are no limitations on trading of shares and voting rights in the Company, and each share gives the right to one vote at the Company's General Meeting.

6. GENERAL MEETING

The General Meeting is the Company's supreme body and elects the members of the Board.

The Company observes the minimum notice period set out in the Norwegian Public Limited Companies Act, i.e. providing 21 days minimum notice period. The call for the General Meeting is issued in writing via mail, or electronically through VPS, to all shareholders with registered addresses. Transmitted with the summons are documents, which have sufficient detail for the shareholders to take a position on all the cases to be considered. Documents relating to matters which shall be considered at a General Meeting need not be sent to the shareholders if the documents have been made available to the shareholders on the Company's website. This also includes documents that according to law shall be incorporated into or be attached to the notice of the General Meeting. A shareholder may require that documents, which shall be considered at a General Meeting, are sent to the shareholder.

The summons also addresses the shareholder's right to propose resolutions to the matters to be resolved upon at the General Meeting and gives information regarding the required steps necessary to exercise the shareholder's rights. The summons and the said documents are made available on the Company's website at least 21 days prior to the relevant General Meeting.

To register for the General Meeting, a shareholder is requested to submit a confirmation in writing via mail or fax, or by electronic registration directly through VPS.

The 2022 Annual General Meeting is scheduled for 19 May in Oslo, Norway.

Any shareholder is entitled to vote at the General Meeting, and to cast a vote, a shareholder must attend, or give a proxy, to someone who is attending. The proxy form will be distributed with the summons to the General Meeting. A proxy will only be accepted if submitted by mail, fax, or e-mail (provided the proxy is a scanned document with signature) or registered directly through VPS. It is not possible to vote via the Internet, or in any other way. For shareholders who cannot attend the General Meeting, the Board will nominate the Chairman or the CEO to vote on behalf of shareholders as their proxy. To the extent possible, the Company uses a form for the appointment of a proxy, which allows separate voting instructions to be given for each matter to be considered by the meeting and for each of the candidates nominated for election.

The Board and the management of the Company seek to facilitate the largest possible attendance at the General Meeting. The chairman of the Board and the CEO will always attend the Annual General Meeting. In addition, the chairman of the Election Committee may also attend the Annual General Meeting, and other members of the Board and the Election Committee will attend whenever practical. The Code of Practice recommends that all Board members and the chairman of the Election Committee are present at the annual general meeting.

The chairman of the Board, or another person nominated by the Board, will declare the General Meeting for open. The Code of Practice recommends that an independent person is appointed to chair the General Meeting. Considering the Company's organization and shareholder structure the Company considers it unnecessary to appoint an independent chairman for the General Meeting, and this task will for practical purposes normally be performed by the chairman of the Board. However, the need for an independent chairman is evaluated in advance of each General Meeting based on the items to be considered at the General Meeting. The minutes from the General Meeting are made available at the Company's website on the day of the General Meeting.

7. ELECTION COMMITTEE

The Company's Election Committee is regulated by article 11 if the articles of association. The Election Committee is elected by the General Meeting, which also appoints the chairman of the Election Committee. The members of the Election Committee should be selected to ensure there is a broad representation of shareholders' interests.

The Election Committee's task is to propose candidates for election to the Board of Directors and to suggest remuneration for the Board. The election Committee usually have direct contact with the largest shareholders, existing Board members and the CEO of the Company as part of their proposal for Board members at the annual general meeting. Shareholders may propose board members through the chairman of the Election Committee. Any proposals to the Election Committee should be submitted in writing to the chairman of the Election Committee no later than 15 April. The recommendations by the Election Committee shall be justified.

The Election Committee currently consists of two members, who shall be shareholders or representatives of the shareholders, and no more than one member of the Election Committee shall be a member of the Board. The members of the Election Committee are elected for a period of two years at a time. Further information on the duties of the Election Committee can be found in the Instructions to the Election Committee, which has been approved by the General Meeting and made available on the Company's website.

The Election Committee's composition is designed to maintain its independence from the Company's administration.

The Election Committee currently consists of the following members:

Eivind Devold, Chairman (member since 2021 up for election in 2023)

Nils Erling Ødegaard, (member since 2017; up for election in 2023)

Further information on the membership is available on the Company's webpage.

8. THE BOARD OF DIRECTORS – COMPOSITION AND INDEPENDENCE

The chairman and the other members of the Board are elected for a period of two years at a time, and the Board currently consists of five shareholder elected members. In addition, two members are elected by the employees of the Group. All members of the Board may be re-elected for a period of up to two years at a time. The Company's Executive Management is not represented on the Board of Directors. All the current members of the Board are independent of the Company's Executive Management. The Chairman Øyvin A. Brøymer controls directly approx. 28.4% of the shares in the Company.

In electing members to the Board, it is emphasized that the Board has the required competence to independently evaluate the cases presented by the Executive Management as well as the Company's operations. It is also considered important that the Board functions well as a body of colleagues.

The current composition of the Board, including Board members' shareholding in Vistin Pharma per the date of this annual report, is detailed below.

Name	Position in the Board	Member since (year)	Up for election (year)	Committee membership	Shareholding in Vistin Pharma*
Øyvin A. Brøymer	Chairman	2020	2022	Rem. Comm.	12 575 000 (1)
Bettina Banoun	Member	2018	2022	Rem. Comm.	-
Kari Krogstad	Member	2020	2022		-
Espen Marcussen	Member	2020	2022		3 519 733 (2)
Øystein Stray Spetalen	Member	2015	2023		1,107,930 (3)
Espen Lia Gregoriussen	Member	2017	2023		-
Åse Musum	Member	2015	2023		2,201

* At 31 December 2021

1. Shares owned by Intertrade Shipping AS, which is controlled by Chairman Øyvin A. Brøymer
2. Shares owned by Pactum Vekst AS where Espen Marcussen is the CEO.
3. Shares owned by Øystein Stray Spetalen, or companies controlled by, or associated with him.

Brief biographies on the Board members can be found on the Company's web page.

9. THE WORK OF THE BOARD

The Board's work follows an annual plan for its work. The annual plan is generally revised in December each year and includes the number of meetings to be held and specific tasks to be handled at the meetings. Typical tasks that are handled by the Board during the year includes an annual strategic review, review and approval of the following year's budget, evaluation of management and competence required, and continuous financial, operational and risk reviews based on budget or prognosis. The Board has held four meetings since the Annual General Meeting in 2021, and to the date of this report. The Board members attended all the Board meetings, either in person or through digital presence.

The instructions to the Board of Directors are available on the Company's website.

The Remuneration Committee, appointed by the Board, makes proposals to the Board on the employment terms and conditions and total remuneration of the CEO, and other members of Executive Management, as well as the details of any bonus plan for the employees. These proposals are also relevant for other management entitled to variable salary payments. The Board's instructions to the Remuneration Committee are available on the Company's website. The Remuneration Committee currently consists of Øyvin Brøymer (Chairman) and Bettina Banoun.

The Company must have an Audit Committee appointed by the Board, for practical purposes the full Board constitutes the Audit Committee.

10. RISK MANAGEMENT AND INTERNAL CONTROL

The Board and the Executive Management shall at all times see to that the Company has adequate systems and internal control routines to handle any risks relevant to the Company and its business, hereunder that the Company's ethical guidelines, corporate values and guidelines for corporate social responsibility are maintained and safeguarded.

The Board carries out regular reviews of the Company's most important areas of exposure to risk and its internal control systems. The risk areas, changes in risk levels and how the risk is being managed, are regularly reviewed at Board meetings.
The company has director and officer's liability insurance. The insurance covers the board of directors' and management officers' legal personal liability for pure property damage related to the duties performed as directors and officers.

Vistin Pharma manufactures and sells pharmaceutical products through its subsidiary Vistin Pharma AS. These products are produced and sold in compliance with relevant international and local laws and regulations governing the pharmaceutical industry. Accordingly, the Company has implemented risk management systems in accordance with e.g. GMP and EHS guidelines.

11. REMUNERATION OF THE BOARD OF DIRECTORS

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. At the Annual General Meeting in 2021 a resolution was passed approving the following fees until the next Annual General Meeting in 2022: Chairman NOK 400,000, shareholder elected Board members and employee elected board members NOK 200,000.

For more information on remuneration of the Board see note 23 to the Consolidated Financial Statements.

12. REMUNERATION OF THE EXECUTIVE MANAGEMENT

The Board sets out the guidelines for remuneration of Executive Management and determines the salary and other compensation of the CEO, pursuant to relevant laws and regulations.

The statement regarding the determination of salary and other remuneration to Executive Management are presented as a separate agenda item at the Annual General Meeting, and any proposals for equity-based compensation (i.e. share option, share purchase plan or similar) would usually be included as a separate agenda item. The statement regarding the determination of salary and other remuneration to Executive Management has been included in Note 12 to the Financial Statements for Vistin Pharma ASA.

For more information on remuneration of the CEO and other members of Executive Management see Note 23 to the Consolidated Financial Statements.

13. INFORMATION AND COMMUNICATION

The Board of Directors and the Executive Management of the Company assign considerable importance to giving the shareholders and the financial market in general timely, relevant and current information about the Company and its activities, while maintaining sound commercial judgement in respect of any information which, if revealed to competitors, could adversely influence the value of the Company.

Regular information is published in the form of Annual Reports and interim reports and presentations. It is the Company's aim to publish these reports within four weeks of the end of the relevant period in at least three of the four financial quarters. Vistin Pharma distributes all information relevant to the share price to the Oslo Stock Exchange in accordance with applicable laws and regulations.

The Company publishes all information concerning the Annual General Meeting, interim reports and presentations and other presentations on the Company website, as soon as they are made publicly available.

The CEO and CFO hold a presentation each quarter in connection with the release of the interim reports, which is open to all interested parties. The Executive Management also holds regular meetings with shareholders and other interested investors.

14. TAKE-OVERS

The Board shall not without specific reasons attempt to hinder or exacerbate any attempt to submit a takeover bid for the Company's activities or shares, hereunder make use of any proxy for the issue of new shares in the Company. In situations of takeover or restructuring, it is the Board's particular responsibility to ascertain that all shareholders' values and interests are protected. If a take-over offer is made, the Board will issue a statement making a recommendation as to whether shareholders should or should not accept the offer. The Board will arrange a valuation from an independent expert that shall be made public no later than the disclosure of the Board's recommendation.

15. AUDITOR

The Company's external Auditor is EY. The Auditor participates in the Board meeting that approves the annual financial statements, and otherwise when required. The Auditor meets with the Board, without the Company's Executive Management being present, at least once a year.

The Auditor each year presents a plan for the implementation of the audit work, and following the annual statutory audit presents a review of the Company's internal control procedures, including identified weaknesses and proposals for improvement.

The full Corporate Governance Policy is published on Vistin Pharma' home page: www.vistin.com.

Consolidated Statement of Comprehensive Income

For the year ended 31 December

(NOK 000's)	Note	2021	2020
Revenue	4	275 812	253 159
Other income	5	2 811	747
Total revenue and other income		**278 624**	**253 906**
Cost of materials		96 097	73 288
Payroll expenses	6	73 426	72 499
Depreciation, amortisation and impairment	12	10 609	9 623
Other operating expenses	8	65 241	52 940
Operating profit (EBIT)		**33 250**	**45 555**
Finance income	9	6 067	14 066
Finance costs	9	7 322	183 893
Profit/(loss) before tax		**31 995**	**-124 272**
Income tax expense	10	7 129	-27 317
Profit/(loss) for the period		**24 867**	**-96 955**
Other comprehensive income			
Items not to be reclassified to profit or loss in subsequent periods:			
Actuarial losses on defined benefit plan	7	-776	-355
Income tax effect		171	78
Total comprehensive income for the period		**25 472**	**-96 678**
Comprehensive income attributable to:			
Equity holders of the parent company		25 472	-96 678
Earnings per share (NOK):			
Basic, profit attributable to equity holders of the parent	11	0.56	-2.19
Diluted attributable to equity holders of the parent	11	0.56	-2.19

Consolidated Statement of Financial Position

As at 31 December

(NOK 000's)	Note	2021	2020
ASSETS			
Non-current assets			
Property, plant & equipment	12	167 457	145 261
Deferred tax assets	10	27 858	35 128
Total non-current assets		**195 316**	**180 389**
Current assets			
Inventories	15	42 907	31 788
Trade receivables	16	40 245	30 400
Other receivables	16	18 933	2 302
Cash and cash equivalents	17	35 746	77 036
Total current assets		**137 831**	**141 526**
Total assets		**333 147**	**321 915**
EQUITY AND LIABILITIES			
Equity			
Share capital	18	44 345	44 345
Share premium		206 885	229 056
Other paid in capital		-	-
Retained earnings		24 538	-996
Total equity		**275 768**	**272 405**
Non-current liabilities			
Other non-current liabilities	22	512	976
Pension liabilities	7	15 831	16 330
Total non-current liabilities		**16 343**	**17 306**
Current liabilities			
Trade payables	14	20 808	17 893
Income tax payable	10	-	-
Other current liabilities	20/22	20 227	14 311
Total current liabilities		**41 035**	**32 204**
Total liabilities		**57 378**	**49 509**
Total equity and liabilities		**333 147**	**321 915**

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Oslo, 26 April 2022

Øyvin 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*	**Kjell-Erik Nordby** *CEO*

Annual report is signed electronically.

Consolidated Statement of Changes in Equity

For the year ended 31 December

		Attributable to equity holders of the parent			
(NOK 000's)	Note	Share capital	Share premium	Retained earnings	Total
Equity as at 01.01.2020		44 345	273 401	95 650	413 396
Dividend paid			**-44 345**		-44 345
Profit (loss) for the period				*-96 955*	*-96 955*
Other comprehensive income				*277*	*277*
Total comprehensive income				-96 678	-96 678
Equity as at 31.12.2020	18	**44 345**	**229 056**	**-996**	**272 405**
Equity as at 01.01.2021		44 345	229 056	-996	272 405
Dividend paid			**-22 171**		-22 171
Profit (loss) for the period				*24 867*	*24 867*
Other comprehensive income				*605*	*605*
Total comprehensive income				25 472	25 472
Equity as at 31.12.2021	18	**44 345**	**206 885**	**24 538**	**275 768**

Consolidated Statement of Cash flows

For the year ended 31 December

(NOK 000's)	Note	2021	2020
Cash flow from operating activities			
Net profit/(loss) before income tax		31 995	-124 272
Net profit/(loss) before income tax		**31 995**	**-124 272**
Adjustments to reconcile profit before tax to net cash flow:			
Income tax paid		-	-
Non-cash adjustment to reconcile profit before tax to cash flow:			
Depreciation, amortisation and impairment	12	10 609	9 623
Changes in working capital:			
Changes in trade receivables and trade creditors	16	-12 760	2 159
Changes in inventories	15	-11 118	-7 681
Changes in other accruals and prepayments		-5 045	-25 563
Net cash flow from operating activities		**13 681**	**-145 731**
Cash flow from investing activities			
Purchase of equipment and intangibles	12	-31 940	-53 103
Interest received		265	1 725
Net cash flow from investing activities		**-31 675**	**-51 378**
Cash flow from financing activities			
Repayment of lease liabilities	22	-836	-430
Dividende paid		-22 173	-44 345
Interest paid		-289	-753
Cash flow from financing activities		**-23 298**	**-45 528**
Net change in cash and cash equivalents		-41 292	-242 638
Cash and cash equivalents beginning period		77 036	319 673
Cash and cash equivalents end period	17	**35 746**	**77 036**

Notes to the Financial Statement

Note 1 Corporate information

Vistin Pharma ASA ("Vistin Pharma" or the "Company") 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. The Company was incorporated on 6 March 2015.

The consolidated financial statements of Vistin Pharma for the year ended 31 December 2021 were approved for release by the Board of Directors on 26 April 2022.

Vistin Pharma is principally engaged in the production and sale of metformin active pharmaceutical ingredient (API) and direct compressive granulate (DC) for the international pharmaceutical industry.

Note 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements and directors' report are prepared in English only.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union, and are mandatory for fiscal years beginning on or after 1 January 2020, their interpretations adopted by the International Accounting Standards Board (IASB) and Norwegian disclosure requirements listed in the Norwegian Accounting Act. Furthermore, the consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. Any change in the fair value of these instruments is recognized in the statement of profit or loss as a finance income or cost.

The functional currency of Vistin Pharma ASA is the Norwegian krone (NOK), and the Group's presentation currency is NOK. All values are rounded to the nearest thousand (NOK 000), except when otherwise indicated.

2.2 Basis for consolidation

The Group's consolidated financial statements comprise Vistin Pharma ASA, and entities in which Vistin Pharma ASA has a controlling interest. The company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Non-controlling interest are included in the Group's equity.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interest in the acquire. Companies which have been bought or sold during the year are included in the consolidated financial statements from the date when control is achieved and until the date when control ceases. Acquisition-related costs are expensed as incurred and included in operating expenses.

When the Group acquires a business, it assesses the identifiable assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and relevant conditions as at the acquisition date.

The acquirer's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognized at their fair values at the acquisition date, except for non-current assets that are classified as held for sale and recognized at fair value less cost to sell, and deferred tax assets and liabilities which are recognized at nominal value.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in the income statement as financial income or expense. If the contingent consideration is classified as equity, it will not be remeasured, and subsequent settlement will be accounted for within equity.

Note 2 Summary of significant accounting policies (continued)

If the business combination is achieved in stages, the fair value of the Group's previously held equity interest in the acquire is remeasured to fair value at the acquisition date through the income statement.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. The consideration is recognized at fair value and the difference between the consideration and the carrying amount of the asset is recognized at the equity attributable to the parent.

In cases where changes in the ownership interest of a subsidiary lead to loss of control, the consideration is measured at fair value. Assets and liabilities of the subsidiary and non-controlling interest at their carrying amounts are derecognized at the date when the control is lost. Differences between the consideration and the carrying amount of the asset are recognized as a gain or loss in profit or loss. Investments retained, if any, are recognized at fair value, and surplus or deficits, if any, are recognized in profit and loss as a part of gain/loss on subsidiary disposal. Amounts included in other comprehensive income are recognized in profit or loss or directly as equity.

2.3 Segment reporting

Historically, Vistin Pharma had organized its activities in two operating units; Pharmaceuticals and Energy Trading. However, since all oil derivative contracts in the Energy Trading segment was closed on 30 March 2020, and all the activities in the business segment has ceased, the segment reporting in this annual report is only meant for giving comparable numbers for previous year (2020). Going forward there will only be one operating unit; Pharmaceuticals, and from 2022 and onwards there will be no segment report in the company's financial reporting. The internal reporting provided to the Board of Directors of Vistin Pharma, which is the company's chief operating decision maker, is in accordance with this structure. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. However, the Group's financing (including finance costs, finance income and other income) and income taxes are managed on a Group basis and are not allocated to operating segments.

2.4 Revenue recognition

In general Revenue is measured at the fair value of the consideration received, and represents the amount received for goods supplied, an if applicable stated net of discounts, returns and value added taxes. The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met, as described below.

Revenue from contract with customers

The company apply IFRS 15 in its accounting for contracts with customers.

The company produce and sell metformin API, the principal ingredient in Diabetes drugs. The product is sold in bulk for further processing into consumer grade products. The company produce to inventory and the product is then subsequently sold to the customer based on individual orders for the product. Metformin API is a commodity which can be readily sourced world-wide from different producers, however, with different quality and the reliability in supply.

Vistin has a number of customers, but the material part of its production is sold to a limited number of customers (note 4). These customers indicate their needed volume on a rolling forecast basis and Vistin allocate its planned production accordingly. However, a binding performance obligation only arise when an actual order is placed and accepted. The typical purchasing pattern is several smaller orders throughout the year and normally the binding order length is supply over the next 3-6 months.

Note 2 Summary of significant accounting policies (continued)

Metformin API is a commodity widely produced and sold around the world and the price is determined based on overall worldwide supply and demand, product quality and security of supply. The company typically negotiate price annually with each of its main customers, and order by order with smaller customers. The selling price is mainly in EUR and reflects the current market price. Volume discounts, bonus incentives or other variable price elements are not applied. The purchase conditions are normally net 30 days and the company does not consider any financing elements to the transaction.

The company consider each individual delivery based on individual purchasing orders as delivered when the order is shipped from its warehouse. The company used widely accepted incoterms for its delivery and recognize the sale in accordance with the individual sales term, normally when the metformin has been shipped from the warehouse, or when the metformin is loaded on-board in departing ships at port.

The company does not consider having any contract assets or liabilities in relation to its customer contracts. Metformin API is produced for inventory, delivered from inventory to the customer, and invoiced when shipped. All balance sheet items related to normal short-term sales cycles.

Government grants

Government grants, including SkatteFunn, are recognized when it is reasonably certain that the grant will be received and all conditions have been complied with. When the grant relates to actual expenses incurred, it is normally recognized as income over the period necessary to match the grant on a systematic basis to the cost that is intended to compensate. Grants are generally recognized in Other Income in the consolidated statement for profit and loss.

2.5 Foreign currency translation

Transactions in foreign currencies are initially recorded in the functional currency (NOK) of the entity by applying the rate of exchange as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange at the balance sheet date. Foreign exchange gain or losses resulting from the settlement of such transactions, as well as unrealized gain or losses on monetary assets and liabilities, are recognized as financial income/cost in the consolidated statement of profit and loss.

2.6 Balance sheet classification

The Group presents assets and liabilities in consolidated statement of financial position on current/non-current classification. An asset is current when it is expected to be realized or intended to sold or consumed in normal operating cycle, held primarily for the purpose of trading, expected to be realized within twelve months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current. A liability is current when it is expected to settle in normal operating cycle, it is held for primarily for the purpose of trading, it is due to be settled within twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

2.7 Property, plant and equipment

Land, buildings and fixtures comprise mainly of the metformin production facility in Kragerø.
The production facility is used in production of pharmaceutical products sold by Vistin Pharma AS.
Other equipment is mainly made up of machines used in production, as well as office related equipment and vehicles.

Note 2 Summary of significant accounting policies (continued)

Property, plant and equipment is stated at historical cost, less depreciation and/or impairment losses, if any. Such cost includes expenditures that are directly attributable to the acquisition of the items.

Costs accrued for major replacements and upgrades to equipment are added to cost if it is probable that the costs will generate future economic benefits and if the costs can be reliably measured, and assets replaced are retired.

Expenditures for maintenance, repairs and periodic maintenance applicable to production facilities and production equipment are capitalized in accordance with IAS 16. Expenditures that regularly occur at shorter intervals are expensed as incurred.

Land is not depreciated. Depreciation on other assets is calculated on a straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

Buildings and fixtures: 20 - 25 years

Other equipment: 3 - 10 years

The residual values, useful lives and methods of depreciation of production and lab equipment and other equipment are reviewed at each financial year end and adjusted, if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of an asset's net sales value and its value in use.

An item of equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

2.8 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in-first-out (FIFO) method. The cost of finished goods comprises materials, direct labor, other direct.

Costs and related production overheads (based on normal operating capacity). Net realizable value is the estimated selling price in the ordinary course of business, less variable selling expenses.

2.9 Financial assets

IFRS 9 contains three principal classification categories for financial assets; measured at amortized cost, fair value through Other Comprehensive Income and fair value through profit or loss.

The classification of financial assets of the Group at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Financial assets at amortized cost

Note 2 Summary of significant accounting policies (continued)

The Group measures financial assets at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes trade receivables and other short-term deposit. Accounts receivable that do not contain a significant financing component are measured at the transaction price determined under IFRS 15 Revenue from contracts with customers (see further information on trade receivables below).

Financial assets at fair value through OCI

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

Financial assets at fair value through profit

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash at banks and on hand and other short-term highly liquid investments with original maturities of three months or less. In the consolidated balance sheet, any bank overdrafts are shown within borrowings in current liabilities.

Note 2 Summary of significant accounting policies (continued)

Trade receivables and other receivables

Trade and other receivables are classified at amortized cost and recognized at the original invoiced amount less an allowance for doubtful receivables. The Group applies a simplified approach to provide for lifetime Expected Credit Losses (ECL) in accordance with IFRS 9. The invoiced amount is considered to be approximately equal to the value which would be derived under the amortized cost method.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired, or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

a. the Group has transferred substantially all the risks and rewards of the asset, or

b. the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The loss is recognized in the consolidated income statement.

2.10 Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities principally include trade and other payables, loans and borrowings including bank overdrafts.

Trade and other payables

Trade payables are recognized at the original invoiced amount. Other payables are recognized initially at fair value. Trade and other payables are valued at amortized cost using the effective interest rate method. The interest rate element is disregarded if it is insignificant, which is the case for the majority of the group's trade payables.

Interest bearing liabilities

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in profit and loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium and costs that are an integral part of the EIR method. The EIR amortization is included as finance costs in the consolidated statement of profit and loss.

Note 2 Summary of significant accounting policies (continued)

2.11 Financial derivatives

The Group may use forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any change in the fair value of these instruments is recognized in the statement of profit or loss as a finance income or cost.

2.12 Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.13 Current and deferred income tax

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

A deferred tax asset is recognized to the extent that is probable that future taxable profit will be available against for which unused tax losses and unused tax credits can be utilized. A deferred tax assets arising from unused tax losses or tax credit are only recognized to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence supporting the utilization of the tax losses and tax credits. The carrying amount of deferred tax asset is reviewed at the end of each reporting period. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity or taxation authority.

2.14 Employee benefits

The Group has a mandatory defined contribution plan for all employees. In addition, the Group has an unfunded defined benefit plan for the CEO.

A defined contribution plan is a pension plan under which the Group pays fixed contributions to pension insurance plans. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefit relating to employee service in the current and prior periods.

Note 2 Summary of significant accounting policies (continued)

The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or reduction in future payments is available.

Defined benefit plans typically defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. As the Group operates an unfunded defined benefit plan, they have no plan assets. The pension obligation is funded through the Group's operations and changes is incorporated into the P&L.

The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

The current service cost of the defined benefit plan, recognized in the income statement in employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes and curtailments and settlements. Past-service costs are recognized immediately in income.

The interest cost is calculated by applying the discount rate to the balance of the defined benefit obligation. This cost is included in employee benefit expense in the income statement.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

2.15 Share-based compensation

There were no shared-based compensation plans in 2021.

2.16 Provisions

General
Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of the money and the risks specific to the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

2.17 IFRS 16 Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

• fixed payments (including in-substance fixed payments), less any lease incentives receivable
• variable lease payment that are based on an index or a rate
• amounts expected to be payable by the lessee under any residual value guarantees
• the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
• payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Note 2 Summary of significant accounting policies (continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

In the cash flow statement, the part of lease payments that relates to repayment of the lease liability is reclassified from cash flows from operations to cash flows from financing.

2.18 Events after the balance sheet date

New information on the company's positions at the balance sheet date is taken into account in the annual financial statements. Events after the balance sheet date that do not affect the company's position at the balance sheet date, but which will affect the company's position in the future, are stated if significant. Please refer to the note: Events after the report.

New standards, interpretations, and disclosures

There are no new standards not yet taken into use that is expected to materially impact the financial statements for Vistin Pharma ASA.

Note 3 Critical accounting estimates and judgements in terms of accounting policies

The preparation of the Group's consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures, and the disclosures of contingent liabilities. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

Inventories
Inventories include finished goods and work-in-progress produced by the company. The cost of finished goods comprises materials, direct labor, other direct costs and related production overheads. The allocation of labor costs and other direct and indirect production costs are estimated based on a standard cost model assuming normal operating capacity and production volumes, and any changes in these assumptions could result in adjustments to the carrying amount of inventories.

Pension
The Group operates an unfunded defined benefit early retirement plan for the CEO. The plan is a pension plan, which provides benefits in the form of a certain level of pension payable from the age of 62. The pension plan is funded through the Group's operations, which means that the Group meets the benefit payment obligation as it falls due. Additional information including the calculations and assumptions for the obligation is provided in Note 7.

Deferred tax asset
The Group is experiencing a strong demand for its Metformin product and is doubling its production capacity to meet demand from both existing and potential new customers. Driven by the expected market growth and the financial forecasts for the Group, the deferred tax asset at 31 December 2021 is expected to be fully utilized, and thus the full amount has been included as carrying value in the balance sheet at year-end.

Covid-19
The demand in the market for metformin is still high and is not affected by the corona epidemic. The Covid-19 situation has also been an «eye opener» to both authorities and the industry leaders to focus on lower risk supply chains and «short travelled medicines». Based on this the pandemic has not affected the company's future financial estimates and other judgements regarding the future.

The Group experienced a 10-day unplanned production stop in Q3, due to lack of raw materials. Vistin has taken actions to secure future supply and delivery performance of raw materials from Asia and has during Q4'21 built significant safety stocks of critical raw materials. The predictability in freight lead time from Asia to Europe has slightly improved in Q4'21.

Climate-related matters
Vistin consider the short to medium term climate impact on the company's financials to be rather limited. The production plant at Fikkjebakke is highly automated and following local strict policies in relation of emissions and local environmental impact. The company also have several project's ongoing that will reduce the climate footprint in the future. For the energy transition to renewable energy the company has taken actions and purchase electricity based on renewable sources.

For the long-term the risk is more uncertain. However, Vistin believe it is well prepared for adopting to a future with lower emissions, reduced climate footprint and other environmental changes. Metformin is expected to maintain its position as the Gold Standard treatment for T2D in the foreseeable future. The risk of more unpredictable weather phenomena is not expected to have any significant impact on Vistin's supply chain and production facility.

Note 4 Segment Information

The Energy Trading business was decided to close down in 2019 and all positions was sold in Q1 2021. Segment information in relation to Energy Business only for comparison purposes for 2021 vs 2020. Going forward there will be only one operating segment.

Total revenue and other income		
(NOK 000's)	**2021**	**2020**
Pharmaceuticals	278 624	253 906
Total revenue and other income	**278 624**	**253 906**

EBITDA		
(NOK 000's)	**2021**	**2020**
Pharmaceuticals	48 556	58 189
Energy Trading	-	-190
HQ & other	-4 697	-2 822
EBITDA	**43 859**	**55 178**

EBT		
(NOK 000's)	**2021**	**2020**
Pharmaceuticals	36 430	41 540
Energy Trading	-	-161 953
HQ & other	-4 435	-3 859
EBT	**31 995**	**-124 272**

Operating assets		
(NOK 000's)	**2021**	**2020**
Pharmaceuticals	267 521	207 449
Energy Trading*	-	-
HQ & Other	37 767	79 338
Total operating assets	**305 288**	**286 787**

Operating liabilities		
(NOK 000's)	**2021**	**2020**
Pharmaceuticals	55 739	32 028
Energy Trading	-	-
HQ & Other	1 639	17 236
Total operating liabilities	**57 378**	**49 264**

Reconciliation of assets		
(NOK 000's)	**2021**	**2020**
Segment operating assets	305 288	286 787
Deferred tax assets	27 858	35 126
Total operating assets	**333 147**	**321 915**

Reconciliation of liabilities		
(NOK 000's)	**2021**	**2020**
Segment operating liabilities	57 378	49 509
Tax payable	-	-
Total operating liabilities	**57 378**	**49 509**

Note 4 Segment Information (continued)

Geographic information

(NOK 000's)	**2021**	**2020**
Revenue from contracts with customers:		
Africa	57 932	61 656
Europe	170 401	138 355
Asia	23 735	19 732
North and South America	23 744	33 417
Total revenue from contracts with customers	**275 812**	**253 159**

The information above is based on the location of the customers.

The Group has four customers with sales that amount to 10% or more of the Group's revenue, the customers are typically large global pharmaceutical corporations:

(NOK 000's)	**2021**	**2020**
Customer A	123 460	86 000
Customer B	57 932	59 000
Customer C	41 500	32 500
Customer D	17 250	15 700

Non-current operating assets:

(NOK 000's)	**2021**	**2020**
Norway	167 457	145 261
Non-current operating assets	**167 457**	**145 261**

See also note 2.4 for general revenue accounting principles.

Note 5 Other income

(NOK 000's)	**2021**	**2020**
Other income	2 811	747
Total	**2 811**	**747**

Other income for 2021 relates to government grants (MNOK 1) and principally to sundry services rendered to customers. For 2020 other income only relates to the latter.

Note 6 Payroll expenses

(NOK 000's)	2021	2020
Salaries	53 179	51 492
Payroll tax	8 468	8 162
Pension costs - defined contribution plans	4 225	3 987
Pension costs - defined benefit plan	278	375
Other payroll costs incl. bonuses	7 278	8 482
Total payroll and payroll related costs	**73 426**	**72 499**
Average number of FTE's	**68**	**67**

**FTE: Full-time equivalent*

Vistin Pharma AS are required to have an occupational pension plan ("tjenestepensjon"), and the Group has a plan that meets the Norwegian requirements for mandatory occupational pension ("obligatorisk tjenestepensjon"). The Group also has a defined benefit plan for the CEO of Vistin Pharma. Further information on the pension costs related to the defined benefit plan can be found in Note 7.

Note 7 Post-employment benefits

The Group operates an unfunded defined benefit early retirement plan for the CEO. The plan is a pension plan, which provides benefits in the form of a certain level of pension payable from the age of 62. The pension plan is funded through the Group's operations, which means that the Group meets the benefit payment obligation as it falls due. Additional disclosure is provided in Note 24.

The amounts recognized in the balance sheet are determined as follows:

(NOK 000's)	2021	2020
Fair value of plan assets	-	-
Present value of unfunded obligations	15 831	16 330
Liability in the balance sheet (including local tax)	**15 831**	**16 330**

The movement in the defined benefit liability over the year is as follows:

(NOK 000's)	2021	2020
At 1 January*	16 330	16 309
Current service cost	-	-
Local tax	34	48
Interest expense/(income)	243	328
	16 607	**16 685**
Remeasurements:		
(Gain)/Loss from changes	-776	-355
	-776	**-355**
At 31 December	**15 831**	**16 330**
Net expense recognized in the Income Statement	**277**	**376**

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Note 7 Post-employment benefits (continued)

The significant actuarial assumptions were as follows:

	31.12.2021	31.12.2020
Discount rate	1,90 %	1,70 %
Inflation	1,75 %	1,50 %
Salary growth rate	2,75 %	2,25 %
Pension growth rate	2,50 %	2,00 %

Nordea has issued a guarantee of NOK 14.2 million to cover future pension payments under the defined befit plan for the CEO. The guarantee is covered by a pledge over the fixed assets of the Group.

Note 8 Other operating expenses

(NOK 000's)	2021	2020
Production costs	47 838	36 928
Sales & marketing costs	4 496	4 402
General & admin. expenses	12 907	11 610
Other operating expenses	**65 241**	**52 940**

Remuneration to the Auditors

(NOK 000's)	2021	2020
Statutory audit	435	392
Tax advisory services	79	163
Total remuneration to auditors	**514**	**555**

All fees are exclusive of VAT.

Note 9 Financial items

(NOK 000's)	2021	2020
Interest income from bank deposits, money-market funds etc.	265	1 721
Other financial income	56	37
Profit on derivative financial instruments	-	-
Net foreign exchange gain	5 746	12 308
Total finance income	**6 067**	**14 066**
Interest expenses	289	753
Interest expenses leasing	68	67
Other financial expenses	91	127
Losses on derivative financial instruments	-	146 800
Net foreign exchange loss	6 874	36 146
Total finance costs	**7 322**	**183 893**
Net finance	**-1 255**	**-169 827**

Note 9 Financial items (continued)

The finance loss in 2020 was related to closing of the oil derivatives contracts in March 2021. The derivative contracts were settled in April and the total 2020 financial loss of closing the positions was approximately MNOK 184.

Note 10 Tax

Income tax calculation:

(NOK 000's)	2021	2020
Profit/(loss) before tax from continuing operations	31 995	-124 272
Profit/(loss) before taxes	**31 995**	**-124 272**
Permanent differences	408	102
Permanent differences recognised to equity	-	-
Changes in temporary differences	-342	-5 091
Basis for income tax	**32 061**	**-129 261**
Income tax payable	-	-
Tax effect of change in net deferred income tax liability/asset	-7 269	27 395
Income tax expense	**-7 269**	**27 395**
Income tax expense reported in the statement of comprehensive income	7 129	-27 317
Income tax attributable to estimate deviation	171	-77
	7 300	-27 395

Reconciliation of income tax

(NOK 000's)	2021	2020
Profit before tax	31 995	-124 272
Tax assessed at the expected tax rate (22%)	7 039	-27 340
Tax effect permanent differences, profit & loss	90	22
Prior year adjustments	-	-
Income tax	**7 129**	**-27 317**

Recognised deferred tax assets & liabilities

(NOK 000's)	2021	2020
Fixed assets	16 482	15 550
Current assets	287	2 700
Pension liabilities	-15 830	-16 328
Derivatives	1 231	44
Non-deductible interest expense carried forward	-	-
Tax losses carried forward (1)	-129 999	-162 061
Other (2)	1 202	425
Net income tax reduction/increase	**-126 628**	**-159 671**
Net deferred tax asset/-liability	**27 858**	**35 128**
Tax rate applied	**22 %**	**22 %**

Note 10 Tax (continued)

The Group is experiencing a strong demand for its Metformin product and is doubling its production capacity to meet demand from both existing and potential new customers. Driven by the expected market growth and the financial forecasts for the Group, the deferred tax asset at 31 December 2021 is expected to be fully utilized, and thus the full amount has been included as carrying value in the balance sheet at year-end.

(1) Related to realized loss for closing the oil derivative contracts in Vistin Trading.

(2) Other items mainly relate to pension costs recognized directly through equity.

Note 11 Earnings per share

Basic earnings per share (EPS) are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

The following reflects the income and share data used in the basic EPS computations:

	2021	2020
Profit attributable to owners of the parent	24 867	-96 955
Total	**24 867**	**-96 955**
Weighted average number of ordinary shares (in thousands)	44 345	44 345
Basic earnings per share (NOK)	0.56	-2.19
Basic earnings per share from continuing operations (NOK)	0.56	-2.19

Note 12 Property, plant and equipment and right-of-use assets

Construction in progress mainly represents the costs incurred on a new production line. A pre-project incl. detailed engineering was done in 2018, and then the project was put on hold. In April 2020 the board of directors decided to move forward with the investment to build a second parallel production line to approximately double the production capacity. Total investment is expected to be around MNOK 100 and to be completed by Q2 2022.

Note 12 Property, plant and equipment and right-of-use assets (continued)

(NOK 000's)	Property & plants	Constructions in progress	Machines & equipment etc.	Right of use assets	Total
Cost					
At 1 January 2020	27 277	19 523	72 268	3 853	122 921
Additions	259	37 033	15 144	666	53 102
Reclassified			-179		-179
At 31 December 2020	27 536	56 556	87 233	4 519	175 844
Additions	1 164	26 464	4 312	827	32 767
At 31 December 2021	28 700	83 020	91 545	5 346	208 611
Depreciation and impairment					
At 1 January 2020	-5 552		-15 568		-21 120
Depreciation charge for the year	-1 111		-8 353		-9 464
At 31 December 2020	-6 663	-	-23 921	-	-30 585
Depreciation charge for the year	-1 492		-8 049	-1 068	-10 609
Reclassified depreciations			2 663	-2 663	-
At 31 December 2021	-8 155	-	-29 307	-3 731	-41 194
Net book value					
At 31 December 2021	20 545	83 020	62 238	1 615	167 457
At 31 December 2020	20 873	56 556	63 312	4 519	145 261
Useful life	20-25 years		3-10 years	3 years	

Note 13 Financial assets and liabilities

Set out below is a comparison by class of carrying amounts and fair values of all financial instruments that are carried in the financial statements.

The financial assets principally consist of trade receivables and cash and cash equivalents obtained through the operating business. The financial liabilities principally consist of trade and other payables arising directly from its operations. The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Note 13 Financial assets and liabilities (continued)

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data"

31 December 2021:

(NOK 000's)	Fair value level	Fair value through profit and loss	Loans and receivables at amortized cost	Other financial liabilities at amortized cost	Total book value	Fair value
Financial assets						
Trade receivables	3	-	40 245	-	40 245	40 245
Other receivables	3	-	18 933	-	18 933	18 933
Cash at bank	3	-	35 746	-	35 746	35 746
Total		**-**	**94 925**	**-**	**94 925**	**94 925**
Financial liabilities						
Trade payables	3		-	20 808	20 808	20 808
Other payables	3		-	20 227	20 227	20 227
Total			**-**	**41 035**	**41 035**	**41 035**

31 December 2020:

(NOK 000's)	Fair value level	Fair value through profit and loss	Loans and receivables at amortized cost	Other financial liabilities at amortized cost	Total book value	Fair value
Financial assets						
Trade receivables	3	-	30 400	-	30 400	30 400
Other receivables	3	-	2 302	-	2 302	2 302
Cash at bank	3	-	34 852	-	34 852	34 852
Money-market funds	2	42 184	-	-	42 184	42 184
Total		**42 184**	**67 554**	**-**	**109 738**	**109 738**
Financial liabilities						
Trade payables	3		-	17 893	17 893	17 893
Other payables	3		-	14 311	14 311	14 311
Total			**-**	**32 204**	**32 204**	**32 204**

For trade receivables, accounts payable and other short-term items, fair values are equal to carrying values due to their short-term nature.

Note 14 Financial risk management

The Group is exposed to a variety of financial risks, principally credit, currency, price and liquidity risks, which are summarized below. The Group's senior management oversees the management of these risks, which is being reviewed by the Board of Directors on a regular basis.

Credit risk
Credit risk is the risk that counterparty will not meet its obligations under related to a customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing and financing activities, principally deposits with banks.

Customer credit risk

Customer credit risk is managed by the subsidiary Vistin Pharma AS, which is responsible for the pharmaceutical business, subject to established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed on an individual basis, and outstanding trade receivables are regularly monitored. Sales to customers with an unacceptable credit risk are covered by letter of credits, and all sales are settled in cash. For trade receivables the Group applies a simplified approach to provide for expected credit losses as prescribed by IFRS 9. There are no provisions for losses on trade receivables as of 31 December 2021, and there are no historic losses of significance. The risk of counterparties not meeting their contractual obligations will normally be related to the quality of the goods supplied.

Year ended 31.12	2021	2020
Trade receivables (NOK 000's)	40 245	30 400
Number of customers	13	12
Top 5 customers as a % of total trade receivables	84 %	90 %

Financial credit risk

Cash deposits and money market funds are principally with Nordea.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily the Group's pharmaceutical business (when revenue or expense is denominated in a different currency from the Group's presentation currency), and the Group's foreign currency denominated cash deposits.

The Group's sales and raw material purchases are mainly denominated in EUR and USD respectively. The Group monitors its foreign currency exposure, both related to outstanding financial assets and liabilities and to future foreign currency denominated operating cash flow, on an ongoing basis. The Group utilizes foreign currency denominated bank accounts to match sales and purchases in the same currency, and thus providing a natural hedge. The Group may enter currency hedging contracts to reduce the foreign exchange risk.

Note 14 Financial risk management (continued)

Year ended 31.12	2021		2020	
(Currency 000's)	**EUR**	**USD**	**EUR**	**USD**
Trade Receivables	3 567	523	2 348	669
Bank accounts	1 384	-312	35	47
Trade Payables	-205	-63	-312	-84
Other payables	-	-	-	-
Net assets in EUR / USD	**4 746**	**148**	**2 071**	**632**
Currency rates 31.12	9,99	8,82	10,50	8,54
Net assets/liabilities in NOK	**47 413**	**1 305**	**21 749**	**5 393**

Assuming the foreign currency to be reduced/increased by 5%:

Foreign currency (reduction)/increase	-5 %	-5 %	-5 %	5 %
Foreign currency rate	9,49	8,38	9,98	8,97
Net assets in NOK	**45 042**	**1 240**	**20 661**	**5 663**
Potential gain/(loss) NOK	**-2 371**	**-65**	**-1 087**	**270**

Liquidity risk

Liquidity risk is the potential loss arising from the Group's inability to meet its contractual obligations when due. The Group monitors its risk to a shortage of funds using rolling monthly cash flow forecasts. The Group had cash and cash equivalents of MNOK 36 at 31 December 2021 (2020: MNOK 77). Based on the current cash position, the Group assesses the liquidity risk to be low.

Year ended 31.12.2021 (NOK 000's)	**Less than 3 months**	**3 - 12 months**	**1 - 5 years**	**> 5 years**	**Total**
Trade Payables	20 808	-	-	-	20 808
Other Payables	20 227	-		-	20 227
Total	**41 035**	**-**	**-**	**-**	**41 035**

Year ended 31.12.2020 (NOK 000's)	**Less than 3 months**	**3 - 12 months**	**1 - 5 years**	**> 5 years**	**Total**
Trade Payables	17 893	-	-	-	23 612
Other Payables	14 311	-		-	14 214
Total	**32 204**	**-**	**-**	**-**	**32 204**

Capital Management

For the purpose of the Group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximize the shareholder value.

Today, and in previous years, the Group is and has been solely finance with internal cash reserves. It has been the Boards' strategy to maintain a strong balance sheet in a period with volatile external circumstances (Covid19) and a strong growth for the company.

Note 14 Financial risk management (continued)

To finalize the MEP investment and to support the significant volume ramp-up, which will require significant working capital, the Group has secured a credit facility with Nordea for 2022.

The Group manages its capital structure and makes adjustments in light of changes in the financial performance and development of the Group. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, sell assets or issue new shares.

Note 15 Inventories

(NOK 000's)	2021	2020
Raw materials in transit (incl inventory at 3rd party warehouse)	10 778	9 934
Raw materials	24 188	4 266
Produced finished goods (incl. WIP)	8 299	17 588
Provision for obsolescence	-358	-
Total inventories	**42 907**	**31 788**
Cost of materials	**96 097**	**73 288**

Cost of material included in the statement of comprehensive income consists of purchase of raw materials for production, purchase of finished goods for sale, net movements in inventory, and any inventory write-offs or adjustments.

Note 16 Trade receivables and other receivables

Trade receivables

(NOK 000's)	2021	2020
Trade receivables	40 245	30 400
Trade receivables (net)	**40 245**	**30 400**

Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days.

As at 31 December, the ageing analysis of trade receivables is, as follows

Aging		**Past due not impaired**				
(NOK 000's)	**Total**	**Current**	**< 30 days**	**30-60 days**	**60- 90 days**	**> 90 days**
2021	40 245	32 149	5 536	2 560	0	0
2020	30 400	29 995	360	45	0	0

See Note 14 on credit risk of trade receivables, which explains how the Group manages credit risk.

Note 16 Trade receivables and other receivables (continued)

Other receivables

(NOK 000's)	2021	2020
VAT receivable	-	-
Prepayments	16 087	848
Other	2 846	1 454
Total other receivables	**18 933**	**2 302**

Prepayments is mainly prepaid raw materials at sea

Note 17 Cash and cash equivalents

(NOK 000's)	2021	2020
Cash at banks	35 746	34 852
Money market funds		42 184
Cash and cash equivalents	**35 746**	**77 036**

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Note 18 Issued shares and share capital

The Company's registered share capital is NOK 44,344,592 divided into 44,344,592 shares. The share capital is fully paid. All shares have the same rights.

	Number of shares (thousands)	Share capital (NOK 000's)
At 1 January 2020	44 345	44 345
At 31 December 2020	**44 345**	**44 345**
At 1 January 2021	44 345	44 345
At 31 December 2021	**44 345**	**44 345**

Each share has a par value of NOK 1 per share.

20 largest shareholders as registered as of 31 December 2021:

Name	Note	Total no of shares	Ownership share
INTERTRADE SHIPPING AS	1	12 575 000	28,36 %
PACTUM VEKST AS	1	3 519 733	7,94 %
HOLMEN SPESIALFOND		3 250 000	7,33 %
MP PENSJON PK		1 719 848	3,88 %
TIGERSTADEN AS		850 000	1,92 %
FERNCLIFF LISTED DAI AS	1	784 280	1,77 %
AUGUST RINGVOLD AGENTUR AS		750 315	1,69 %
STORKLEIVEN AS		721 137	1,63 %
LUCELLUM AS		680 000	1,53 %
SPAREBANK 1 MARKETS AS		650 000	1,47 %
MIKLA INVEST AS		620 874	1,40 %
IVAR LØGES STIFTELSE		600 000	1,35 %
TOM RAGNAR PRESTEGÅRD STAAVIE		512 324	1,16 %
WEM INVEST AS		500 000	1,13 %
SANDEN EQUITY AS		468 947	1,06 %
CORTEX AS		465 693	1,05 %
NORDNET LIVSFORSIKRING AS		418 633	0,94 %
HENRIK MIDTTUN HAAVIE		404 985	0,91 %
DELTA AS		380 000	0,86 %
DYVI INVEST AS		355 500	0,80 %
Other shareholders		14 117 323	31,84 %
		44 344 592	**100,0 %**

Note 18 Issued shares and share capital (continued)

Shares owned by the Board of Directors and management as of 31 December 2021:

Intertrade shipping AS (1)	12 575 000
Pactum Vekst AS (7)	3 519 733
Ferncliff Listed DAI AS (3)	784 280
Nordby Kjell-Erik (4)	100 000
Heggem Vegard (5)	27 360
Tolleshaug Magnus (6)	20 000
Åse Musum (2)	2 201

1. Chairman of the Board of Directors
2. Member of the Board of Directors
3. Controlled by board member Øystein Stray Spetalen
4. Chief Executive Officer
5. VP Operations
6. Chief Commercial Officer
7. CEO of Pactum Vekst AS: is a member of the Board of Directors

Note 19 Share-based payments

As per 31 December 2021 the company have no outstanding share-based payments.

Note 20 Other payables

(NOK 000's)	**2021**	**2020**
Withholding tax	2 634	2 604
Social security taxes	1 403	1 406
Allowance for holiday pay	7 207	6 470
Accrued expenses	8 842	3 813
Other liabilities	141	18
Total other payables	**20 227**	**14 311**

Note 21 Borrowings

The Company had no interest-bearing debt as of 31 December 2021 (2020: 0), beyond its lease liabilities. See note 22 for details regarding leasing liabilities.

Nordea has issued a guarantee of MNOK 14.2 to cover future pension payments under the defined benefit plan for the CEO, as well as a guarantee for income tax deducted salaries of MNOK 6.5. The guarantees are covered by a pledge of MNOK 15 in the Property (plant) located in Kragerø municipality, net book value of the property is approx. MNOK 24.

Note 22 Leasing (IFRS 16) and commitments

The Group has not applied the two recognition exemptions in the standard, for low value items and short-term leases. There are only a few leasing agreements in total (<10), and all agreements has been incorporated into the balance sheet.

Detailed lease commitments divided by category:

Detailed Lease commitments at 31 December 2021	(NOK 000's)
Property rental	406
Cars & trucks	443
Production equipment	462
Other office equipment	78
Future minimum lease payments	**1 389**

Maturity profile of lease commitments (NOK 000's)	<12 months	12-24 months	24-36 months
Property rental	406		
Cars & trucks	151	157	136
Production equipment	280	181	
Other office equipment	40	38	
Future minimum lease payments	**877**	**376**	**136**

Details for right of use assets and leasing liabilities:

	Right of use assets	Leasing liabilities
Opening balance at 1 Jan 2020	**2 289**	**2 520**
Depreciation	-898	
Interest expense		67
Additions	665	
Write down	-201	
Repayment of lease liabilities		-430
Value at year end 2020	**1 855**	**2 157**
Opening balance at 1 Jan 2021	**1 855**	**2 157**
Depreciation	-1 068	
Interest expense		68
Additions	827	
Write down		
Repayment of lease liabilities		-836
Value at year end 2021	**1 614**	**1 389**
Of which are:		
Other current lease liabilities		877
Other non-current lease liabilities		512
		1 389

There are no residual guaranties or right of termination that have significant effect on any of the lease agreements. Marginal borrowing rate to estimate leasing interest expense is approximately 5%.

Note 23 Board of Directors and Executive Management compensation

Board of Directors remuneration

	2021		2020	
(NOK 000's)	**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 Brøymer received NOK 20 000 in 2021 as members of the Remuneration Committee

Executive Management remuneration

2021

(NOK 000's)	Salary	Bonus paid	Pension	Other	Total
Kjell Erik Nordby, CEO	2 565	1 003	384	237	**4 189**
Alexander Karlsen, CFO	1 656	393	141	131	**2 321**
Hilde Merethe Hagen, VP Quality	1 414	284	141	148	**1 987**
Magnus Tolleshaug, CCO	1 393	230	140	140	**1 903**
Vegard Heggem	1 650	330	141	152	**2 273**
Total Executive Management	**8 678**	**2 240**	**947**	**808**	**12 673**

2020

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

**Salary from March - December.*

Note 23 Board of Directors and Executive Management compensation (continued)

The CEO, Kjell-Erik Nordby is tied up to the Company's defined contribution plan. In addition he has the right to retire at the age of 62 and is entitled to a salary equal to 60% of his salary at date of retirement and until he reaches the age of 67, less any public pension entitlements. In addition, he has the right to a certain level of pension from the age of 67. Refer to Note 7 for further details. Mr. Nordby has a 24-month termination benefit in the case of involuntary termination of his employment.

According to the Norwegian Public Limited Companies Act section 6-16a, the Board of Directors have prepared a statement on the establishment of wages and other remuneration for the CEO and other senior employees.

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

Note 24 Transactions with related parties

Related party relationships are those involving control, joint control or significant influence. Related parties are in a position to enter into transactions with the Company that would not be undertaken between unrelated parties. All transactions within the Group have been based on arm's length principle.

The Group's ultimate parent is Vistin Pharma ASA. The shares of Vistin Pharma are listed on Oslo Børs. The subsidiaries are listed in note 25. Any transactions between the parent company and the subsidiaries are shown line by line in the separate statements of the parent company, and are eliminated in the group financial statements

See note 23 for more information on remuneration to executive management and the board.

Note 25 Subsidiaries

The following subsidiaries are included in the consolidated financial statements:

Company	Country of incorporation	Main operations	Ownership interest 2021	Voting power 2021	Ownership interest 2020	Voting power 2020
Vistin Pharma AS	Norway	Pharmacautical products	100 %	100 %	100 %	100 %
Vistin Trading AS	Norway	Energy Trading	N/A	N/A	100 %	100 %

In 2021 Vistin Trading AS was merged into Vistin Pharma AS

The financial figures of Vistin Pharma AS and Vistin Trading AS have been included in the consolidated financial statements of the company.

The financial figures of Vistin Pharma AS and Vistin Trading AS have been included in the consolidated financial statements of the Group.

Note 26 Events after the reporting date

Vistin has not been affected by the ongoing conflict between Ukraine and Russia.

There have not been events subsequent to the closing date of 31 December 2021, that affects the financials or the company's operational activities.

The Board of Directors has proposed to get a power of attorney from AGM in May to pay up to NOK 0.75 per share in dividend for 2021, by end of 2022

Statement of Comprehensive Income

For the year ended 31 December

(NOK 000's)	Note	2021	2020
Other income		-	-
Total operating income		**-**	**-**
Payroll and payroll related costs	3	1 947	1 740
Other operating costs	4	2 751	1 082
Operating profit/(loss)		**-4 698**	**-2 822**
Finance income	5	1 423	3 313
Finance costs	5	4	217
Profit/(loss) before tax		**-3 279**	**274**
Income tax expense	6	-721	60
Profit/(loss) for the year		**-2 558**	**214**
Total comprehensive income		**-2 558**	**214**

Statement of Financial Position

As at 31 December

(NOK 000's)	Note	2021	2020
ASSETS			
Non-current assets			
Investment in subsidiaries	7	48 825	8 825
Group interest-bearing receivables	7	58 024	98 024
Deferred tax assets	6	741	20
Total non-current assets		**107 590**	**106 869**
Current assets			
Intercompany receivables	7	147 666	120 551
Other receivables		33	487
Cash and cash equivalents	9	22 521	67 742
Total current assets		**170 220**	**188 780**
Total assets		**277 811**	**295 650**
EQUITY AND LIABILITIES			
Equity			
Share capital	10	44 345	44 345
Share premium		206 885	229 057
Retained earnings		18 753	21 311
Total equity		**269 983**	**294 713**
Non-current liabilities			
Total non-current liabilities		**-**	**-**
Current liabilities			
Accounts payables		1	89
Intercompany payables	7	6 939	29
Other current liabilities		889	819
Total current liabilities		**7 828**	**936**
Total liabilities		**7 828**	**936**
Total equity and liabilities		**277 811**	**295 650**

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Oslo, 26 April 2022

Øyvin 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

Kjell-Erik Nordby
CEO

Annual report is signed electronically.

Statement of Changes in Equity

For the year ended 31 December

	Attributable to equity holders of the parent			
(NOK 000's)	**Share capital**	**Share premium**	**Retained earnings**	**Total**
Equity as at 01.01.2020	**44 345**	**273 401**	**21 097**	**338 844**
Profit (loss) for the year			214	
Total comprehensive income			214	214
Dividend		-44 345		-44 345
Equity as at 31.12.2020	**44 345**	**229 057**	**21 311**	**294 713**
Profit (loss) for the year			-2 558	
Total comprehensive income			-2 558	-2 558
Dividend		-22 172		-22 172
Equity as at 31.12.2021	**44 345**	**206 885**	**18 753**	**269 983**

Statement of Cash flows

For the year ended 31 December

(NOK 000's)	Note	2021	2020
Cash flow from operating activities			
Profit before income tax		-3 279	274
Adjustments to reconcile profit before tax to net cash flow:			
Net interest (income)/expense	5	1 156	2 284
Income tax paid		-	-
Changes in working capital:			
Changes in trade receivables and trade creditors		1	89
Changes in other payables, receivables, accruals		-928	-91 798
Net cash flow from operating activities		**-3 050**	**-89 152**
Cash flow from investing activities			
Loan subsidiary	7	-20 000	21 000
Net cash flow from investing activities		**-20 000**	**21 000**
Cash flow from financing activities			
Dividend paid		-22 172	-44 345
Net cash flow from financing activities		**-22 172**	**-44 345**
Net change in cash and cash equivalents		-45 220	-112 495
Cash and cash equivalents beginning period		67 742	180 237
Cash and cash equivalents end period	9	**22 521**	**67 742**

Notes to the Financial Statement

Note 1 Corporate information

Vistin Pharma ASA is a limited liability company and its registered office is Østensjøveien 27, Oslo, Norway. The Company's shares are listed on Oslo Børs in Norway under the ticker VISTIN.

The financial statements were approved for release by the Board of Directors on 26 April 2022.

Reference is made to note 1 in the consolidated statement of Vistin Pharma ASA.

Note 2 Summary of significant accounting policies

Vistin Pharma ASA's ("Vistin Pharma" or "the Company") financial statements and directors' report are prepared in English only.

Basis of preparation

The financial statement has been prepared in accordance with the Norwegian Accounting Act § 3-9 and regulations regarding simplified application of IFRS issued by the Ministry of Finance in 2014.

The functional currency of Vistin Pharma is the Norwegian krone (NOK). All values are rounded to the nearest thousand (NOK: 000), except when otherwise indicated.

Vistin Pharma's principles are consistent to the accounting principles for the Company, as described in Note 2 of the consolidated financial statements. Where the note for the parent company is substantially different from the note for the Company, these are shown separately. Otherwise refer to the note in the consolidated financial statement.

Investments in subsidiaries

Investments in subsidiaries and associates are accounted for using the cost method in the parent company accounts. The investments are valued at cost less impairment losses. Write-down to fair value is recognized under impairment in the income statement.

Segment reporting

Vistin Pharma's activities are currently organized as one operating unit for internal reporting purposes; thus no segment information is presented in these financial statements.

Recognition for group contributions

Company contributions from wholly owned subsidiaries are recorded as financial income as long as the contributions do not exceed the accumulated results from the date of acquiring the subsidiary. The income is recorded net of tax. Company contributions relating to the result prior the date of acquisition is recorded as a reduction against the investment (net of tax). If company contributions exceed accumulated profits in the subsidiary after the acquisition, the payment is treated as a reduction of the carrying value of the investment.

Note 3 Payroll and payroll related expenses

(NOK 000's)	2021	2020
Other payroll costs	1 947	1 740
Total payroll and payroll related costs	**1 947**	**1 740**
Average number of man-years:	**-**	**-**

The Company had no employees as at 31 December 2021 (2020: 0). Other payroll costs relate to board fees.

Note 4 Other operating expenses

(NOK 000's)	2021	2020
External fees	1 977	461
Other operating expenses	774	621
Other operating expenses	**2 751**	**1 082**

Remuneration to the Auditors

(NOK 000's)	2021	2020
Statutory audit	106	236
Other assurance services	77	85

All fees are exclusive of VAT.

Note 5 Financial items

(NOK 000's)	2021	2020
Interest income from bank deposits and money market funds	267	1 029
Interest income from Group companies	1 156	2 284
Total finance income	**1 423**	**3 313**
Other interest expenses	4	217
Total finance costs	**4**	**217**
Net finance	**1 419**	**3 096**

Note 6 Tax

Income tax calculation:

(NOK 000's)	2021	2020
Profit before taxes	-3 279	274
Permanent differences	-	-
Changes in temporary differences	-	-
Permanent differences recognised to equity	-	-
Basis for income tax	**-3 279**	**274**
Income tax payable	-	-
Tax effect of change in net deferred income tax liability/asset	721	60
Tax effect permanent differences recognised to equity	-	-
Tax effect tax rate reduction	-	-
Income tax expense	**721**	**60**

Reconciliation of income tax

(NOK 000's)	2021	2020
Tax assessed at the expected tax rate	721	60
Tax effect permanent differences, profit & loss	-	-
Income tax	**721**	**60**

Temporary differences

(NOK 000's)	2021	2020
Losses carried forward	-3 368	-89
Net income tax reduction temporary differences	-3 368	-89
Net deferred tax asset	741	20

Note 7 Investments in group companies

2021

(NOK 000's)	Registered office	Share capital	Ownership interest 2021	Voting rights 2021	Carrying amount	Result 2021	Equity 2021
Vistin Pharma AS	Oslo, Norway	NOK	100 %	100 %	48 825	27 424	54 601
Vistin Trading AS	Oslo, Norway	NOK	N/A	N/A	N/A	N/A	N/A
Total					**48 825**		

2020

(NOK 000's)	Registered office	Share capital	Ownership interest 2020	Voting rights 2020	Carrying amount	Result 2020	Equity 2020
Vistin Pharma AS	Oslo, Norway	NOK	100 %	100 %	7 602	29 371	28 248
Vistin Trading AS	Oslo, Norway	NOK	100 %	100 %	1 223	-126 580	-41 762
Total					**8 825**		

In 2021, Vistin Pharma AS did an equity increase by converting MNOK 40 in debt to Vistin Pharma ASA and into equity.
In 2021, Vistin Trading AS was merged into Vistin Pharma AS.

Transactions between related parties

2021

(NOK 000's)	Long term receivables to subsidiaries	Short term receivables to subsidiaries	Interest income from subsidiaries	Short term payables to subsidiaries	Group contribution receivable	Group contribution payable
Vistin Pharma AS	58 024	147 666	1 156	6 939	-	-
Total	**58 024**	**147 666**	**1 156**	**6 939**	**-**	**-**

Vistin Trading AS was merged into Vistin Pharma AS in 2021

2020

(NOK 000's)	Long term receivables to subsidiaries	Short term receivables to subsidiaries	Interest income from subsidiaries	Short term payables to subsidiaries	Group contribution receivable	Group contribution payable
Vistin Pharma AS	98 024		2 120	29	-	-
Vistin Trading AS		120 551	164	-	-	-
Total	**98 024**	**120 551**	**2 284**	**29**	**-**	**-**

The loan to Vistin Pharma AS carries an annual interest rate of 3 months NIBOR + 1.25%, to be paid quarterly in arrears.

Note 8 Financial assets and liabilities

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As of 31 December 2021

(NOK 000's)	Fair value level	Fair value through profit and loss	Loans and receivables at amortised cost	Other financial liabilities at amortised cost	Total book value	Fair value
Financial assets						
Group interest-bearing receivables	3	-	58 024	-	58 024	58 024
Intercompany receivables	3	-	147 666	-	147 666	147 666
Other receivables	3	-	33	-	33	33
Cash and cash deposits	3	-	22 521	-	22 521	22 521
Total		**-**	**228 244**	**-**	**228 244**	**228 244**
Financial liabilities						
Intercompany payables	3	-	-	6 939	6 939	6 939
Trade payables	3	-	-	1	1	1
Other payables	3	-	-	889	889	889
Total		**-**	**-**	**7 828**	**7 828**	**7 828**

As of 31 December 2020

(NOK 000's)	Fair value level	Fair value through profit and loss	Loans and receivables at amortised cost	Other financial liabilities at amortised cost	Total book value	Fair value
Financial assets						
Group interest-bearing receivables	3	-	98 024	-	98 024	98 024
Intercompany receivables	3	-	120 551	-	120 551	120 551
Other receivables	3	-	487	-	487	487
Money-market funds	2	42 184	-	-	42 184	42 184
Cash and cash deposits	3	-	25 558	-	25 558	25 558
Total		**42 184**	**244 620**	**-**	**286 803**	**286 803**
Financial liabilities						
Intercompany payables	3	-	-	29	29	29
Trade payables	3	-	-	89	89	89
Other payables	3	-	-	819	819	819
Total		**-**	**-**	**936**	**936**	**936**

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Note 8 Financial assets and liabilities (continued)

Set out above is a comparison by class of carrying amounts and fair values of all of the Company's financial instruments that are carried in the financial statements. For trade receivables, accounts payable and other short-term items, fair values are considered to be equal to carrying values due to their short-term nature.

Note 9 Cash and cash equivalents

(NOK 000's)	**2020**	**2020**
Cash at banks	22 521	25 558
Money market funds		42 184
Total	**22 521**	**67 742**

Cash at banks earns interest at floating rates based on daily bank deposit rates. All bank accounts are nominated in NOK.

Note 10 Issued shares and share capital

The Company's registered share capital is NOK 44,344,592 divided into 44,344,592 shares. The share capital is fully paid. All shares have the same rights.

	Number of shares (thousands)	**Share capital (NOK 000's)**
At 1 Januar 2020	44 345	44 345
At 31 December 2020	**44 345**	**44 345**
At 1 Januar 2020	44 345	44 345
At 31 December 2021	**44 345**	**44 345**

Each share has a par value of NOK 1 per share.

Note 10 Issued shares and share capital (continued)

20 largest shareholders as registered as of 31 December 2021:

Name	Note	Total no of shares	Ownership share
INTERTRADE SHIPPING AS	1	12 575 000	28,36 %
PACTUM VEKST AS	1	3 519 733	7,94 %
HOLMEN SPESIALFOND		3 250 000	7,33 %
MP PENSJON PK		1 719 848	3,88 %
TIGERSTADEN AS		850 000	1,92 %
FERNCLIFF LISTED DAI AS	1	784 280	1,77 %
AUGUST RINGVOLD AGENTUR AS		750 315	1,69 %
STORKLEIVEN AS		721 137	1,63 %
LUCELLUM AS		680 000	1,53 %
SPAREBANK 1 MARKETS AS		650 000	1,47 %
MIKLA INVEST AS		620 874	1,40 %
IVAR LØGES STIFTELSE		600 000	1,35 %
TOM RAGNAR PRESTEGÅRD STAAVIE		512 324	1,16 %
WEM INVEST AS		500 000	1,13 %
SANDEN EQUITY AS		468 947	1,06 %
CORTEX AS		465 693	1,05 %
NORDNET LIVSFORSIKRING AS		418 633	0,94 %
HENRIK MIDTTUN HAAVIE		404 985	0,91 %
DELTA AS		380 000	0,86 %
DYVI INVEST AS		355 500	0,80 %
Other shareholders		14 117 323	31,84 %
		44 344 592	**100,0 %**

Shares owned by the Board of Directors and management as of 31 December 2021:

Intertrade shipping AS (1)	12 575 000
Pactum Vekst AS (7)	3 519 733
Ferncliff Listed DAI AS (3)	784 280
Nordby Kjell-Erik (4)	100 000
Heggem Vegard (5)	27 360
Tolleshaug Magnus (6)	20 000
Åse Musum (2)	2 201

1. Chairman of the Board of Directors
2. Member of the Board of Directors
3. Controlled by board member Øystein Stray Spetalen
4. Chief Executive Officer
5. VP Operations
6. Chief Commercial Officer
7. CEO of Pactum Vekst AS: is a member of the Board of Directors

Note 11 Events after the reporting period

Vistin has not been affected by the ongoing conflict between Ukraine and Russia.

There have not been events subsequent to the closing date of 31 December 2021, that affects the financials or the company's operational activities.

The Board of Directors has proposed to get a power of attorney from AGM in May to pay up to NOK 0.75 per share in dividend for 2021, by end of 2022

Note 12 Statement regarding the determination of salary and other remuneration to Executive Management

According to the Norwegian Public Limited Companies Act (section 6-16a), the Board of Directors shall prepare a statement regarding the establishment of wages and other remuneration for the Chief Executive Officer and other senior management.

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.

The Company has a separate remuneration committee appointed by the Board of Directors. The present remuneration committee consists of Øyvin A. Brøymer (Chairman) and Bettina Banoun. The CEO, and other representatives of the senior management, regularly participates in the remuneration committee's meetings.

The remuneration committee functions as an advisory body for the Board of Directors and its main duties and responsibilities are to:

i. Review and approve corporate goals and objectives relevant to the compensation of the CEO, evaluate the performance of the CEO in light of those goals and objectives and set the compensation level for the CEO based on this evaluation. In determining the long-term incentive component of the CEO compensation, if any, the Committee may consider the Company's performance and relative shareholder return, the value of similar incentive awards given to CEOs at comparable companies and the awards given to the CEO in past years.

ii. Make recommendations to the Board with respect to incentive-compensation plans and equity-based plans.

iii. Assist the Board in developing and evaluating potential candidates for executive positions, including the CEO, and oversee the development of executive succession plans.

iv. Review and approve Senior Executive employment agreements, severance arrangements and change in control agreements and provisions when, and if, appropriate, as well as any special supplemental benefits.

Note 12 Statement regarding the determination of salary and other remuneration to Executive Management (continued)

v. Review major organizational and staffing matters.

Further information on the function of the remuneration committee can be found in the instructions to the remuneration committee, included on the Company's website: www.vistin.com.

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.

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 certain targets for financial results, as well other performance targets 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.

Share based incentive plans

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.

Remuneration policy in the preceding financial year (2021)

The management remuneration policy in the preceding financial year has been conducted in accordance with the prevailing principles for 2021, with the exception of any items noted above.

Vistin Pharma

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Vistin Pharma ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Vistin Pharma ASA (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the balance sheet as at 31 December 2021, statement of comprehensive income, statements of cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the balance sheet as at 31 December 2021, statements of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 7 years from the election by the general meeting of the shareholders on 2015 for the accounting year 2015.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

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Recognition and measurement of inventories

Basis for the key audit matter
At 31 December 2021 inventories amounted to NOK 42.907 million, 12.9% of total assets. These inventories consist of raw materials, work in progress and finished goods. Inventories are stated at the lower of cost and net realizable value. The cost of finished goods comprises materials, direct labor, other direct costs and allocation of related production overheads. The allocation of direct and indirect costs and the assessment of the net realizable value are significantly impacted by management's assumptions. Due to management's estimates and its significance, recognition and measurement of inventories is a key audit matter.

Our audit response
We assessed the cost of inventories including comparing the costs of raw materials to a sample of invoices, evaluated the allocation of labor cost and indirect cost, and recalculated the cost prices for a sample of units. We assessed the allocation keys used for the allocation of production overheads. For evaluation of net realizable valuation we performed margin analysis subsequent of year-end, analyzed the inventory turnover and compared that to management's estimates on obsolete inventories and tested the accuracy of management's prior year assumptions.

We refer to note 15 in the consolidated financial statements related to inventories.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the general manager) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by applicable legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act and of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

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Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on other legal and regulatory requirement

Report on compliance with regulation on European Single Electronic Format (ESEF)

Opinion

As part of our audit of the financial statements of Vistin Pharma ASA we have performed an assurance engagement to obtain reasonable assurance whether the financial statements included in the annual report, with the file name Vistinpharmaasa-2021-12-31-en.zip, has been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation given with legal basis in Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements included in the annual report have been prepared, in all material respects, in compliance with the ESEF Regulation.

Management's responsibilities

Management is responsible for the preparation of an annual report and iXBRL tagging of the consolidated financial statements that complies with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary to enable the preparation of an annual report and iXBRL tagging of the consolidated financial statements that is compliant with the ESEF Regulation.

Auditor's responsibilities

Our responsibility is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation based on the evidence we have obtained. We conducted our engagement in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance that the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we performed procedures to obtain an understanding of the company's processes for preparing its annual report in XHTML format. We evaluated the completeness and accuracy of the iXBRL tagging and assessed management's use of judgement. Our work comprised reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 26 April 2022
ERNST & YOUNG AS

The auditor's report is signed electronically

Erik Søreng
State Authorised Public Accountant (Norway)

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Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo™ - sikker digital signatur". De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Kari Eian Krogstad
Styremedlem
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IP: 188.95.xxx.xxx
2022-04-26 13:01:31 UTC
bank ID

Espen Gregoriussen Lia
Styremedlem
Serienummer: 9578-5999-4-1347565
IP: 46.15.xxx.xxx
2022-04-26 13:13:42 UTC
bank ID

Espen Weyergang Marcussen
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2022-04-26 13:14:42 UTC
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Kjell-Erik Nordby
Daglig leder
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IP: 81.166.xxx.xxx
2022-04-26 13:15:59 UTC
bank ID

Øystein Stray Spetalen
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IP: 188.95.xxx.xxx
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2022-04-26 14:56:14 UTC
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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Vistin Pharma ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Vistin Pharma ASA (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the balance sheet as at 31 December 2021, statement of comprehensive income, statements of cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the balance sheet as at 31 December 2021, statements of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 7 years from the election by the general meeting of the shareholders in 2015 for the accounting year 2015.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

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Recognition and measurement of inventories

Basis for the key audit matter
At 31 December 2021 inventories amounted to NOK 42.907 million, 12.9% of total assets. These inventories consist of raw materials, work in progress and finished goods. Inventories are stated at the lower of cost and net realizable value. The cost of finished goods comprises materials, direct labor, other direct costs and allocation of related production overheads. The allocation of direct and indirect costs and the assessment of the net realizable value are significantly impacted by management's assumptions. Due to management's estimates and its significance, recognition and measurement of inventories is a key audit matter.

Our audit response
We assessed the cost of inventories including comparing the costs of raw materials to a sample of invoices, evaluated the allocation of labor cost and indirect cost, and recalculated the cost prices for a sample of units. We assessed the allocation keys used for the allocation of production overheads. For evaluation of net realizable valuation we performed margin analysis subsequent of year-end, analyzed the inventory turnover and compared that to management's estimates on obsolete inventories and tested the accuracy of management's prior year assumptions.

We refer to note 15 in the consolidated financial statements related to inventories.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the general manager) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by applicable legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act and of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

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Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

EY
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Report on other legal and regulatory requirement

Report on compliance with regulation on European Single Electronic Format (ESEF)

Opinion

As part of our audit of the financial statements of Vistin Pharma ASA we have performed an assurance engagement to obtain reasonable assurance whether the financial statements included in the annual report, with the file name Vistinpharmaasa-2021-12-31-en.zip, has been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation given with legal basis in Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements included in the annual report have been prepared, in all material respects, in compliance with the ESEF Regulation.

Management's responsibilities

Management is responsible for the preparation of an annual report and iXBRL tagging of the consolidated financial statements that complies with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary to enable the preparation of an annual report and iXBRL tagging of the consolidated financial statements that is compliant with the ESEF Regulation.

Auditor's responsibilities

Our responsibility is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation based on the evidence we have obtained. We conducted our engagement in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance that the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we performed procedures to obtain an understanding of the company's processes for preparing its annual report in XHTML format. We evaluated the completeness and accuracy of the iXBRL tagging and assessed management's use of judgement. Our work comprised reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 26 April 2022
ERNST & YOUNG AS

The auditor's report is signed electronically

Erik Søreng
State Authorised Public Accountant (Norway)

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The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

"By my signature I confirm all dates and content in this document."

Erik Søreng
State Authorised Public Accountant (Norway)
On behalf of: EY
Serial number: 9578-5999-4-1529830
IP: 145.62.xxx.xxx
2022-04-26 13:43:10 UTC

bank ID

Penneo document key: QVMWM-708HI-6BUSX-5NSLT-WUEGI-WBQ6A

Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Rune Tystad	10.11.2015	17.11.2015
Telefon	Deres referanse	Vår referanse
977 59 464	Gunnar Manum	2015/1079204

VISTIN PHARMA AS
Postboks 6735 Etterstad
0609 OSLO

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Vistin Pharma ASA, org.nr. 915 157 882

Vi viser til brev av 10. november 2015 der dere søker om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Vistin Pharma ASA.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Vistin Pharma ASA dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger de regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn
Fra søknaden gjengis:

> *Vislin Pharma ASA er notert på Oslo Axess og har dispensasjon fra vphl § 5-13 vedrørende krav til språk ved informasjonspliktige opplysninger. Selskapet rapporterer således all informasjon kun på engelsk. Selskapets forretningsspråk er engelsk, og det vesentligste av Selskapets salgsaktiviteter foregår i utlandet. Over 80 % av Selskapets aksjonærer er store norske og internasjonale institusjonelle investorer, og profesjonelle investorer. Det er heller ingen forhold rundt selskapets finansiering som skulle tilsi behov for regnskap på norsk.*

Skattedirektoratets vurdering
Etter regnskapsloven § 3-4 tredje ledd skal *"årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

> *"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som*

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0134 Oslo	Org.nr: 996250318	Telefaks
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tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *"informative regnskaper for ulike grupper av regnskapsbrukere"*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at over 80 % av selskapets aksjonærer er store norske og internasjonale institusjonelle investorer. Selskapet er notert på Oslo Axess og har dispensasjon fra vphl § 5-13 vedrørende krav til språk ved informasjonspliktige opplysninger. Det er videre vektlagt at selskapets forretningsspråk er engelsk, og at det vesentligste av selskapets salgsaktiviteter foregår i utlandet.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Torstein Kinden Helleland
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Rune Tystad

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer