Vivesto

Annual Report 2021

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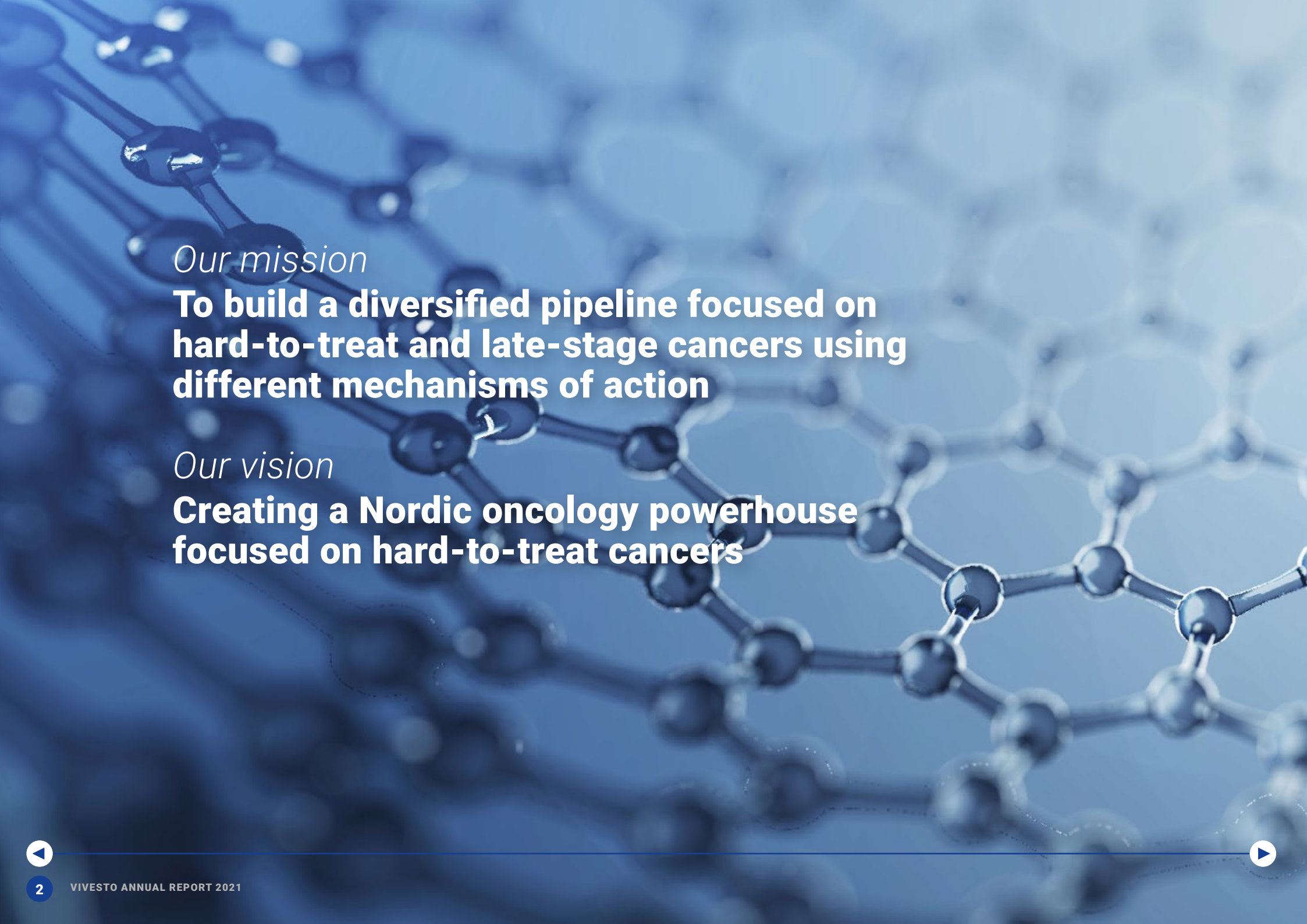


Our mission

To build a diversified pipeline focused on hard-to-treat and late-stage cancers using different mechanisms of action

Our vision

Creating a Nordic oncology powerhouse focused on hard-to-treat cancers


Opportunity to create a Nordic oncology powerhouse focused on hard-to-treat cancers
Capabilities and experience in place to build a diversified oncology pipeline
String of pearls strategy to build critical mass
Multiple shots on goal through diversified mechanisms of action targeting varied tumor types
A strong platform for innovative partners & high potential assets
Positioned to be able to attract international institutional specialist investors

Content

Cover image: Khalil. ©Vivesto

Vivesto – An oncology-focused specialty pharmaceutical company

Lead drug Apealea® (paclitaxel micellar) being launched by partner in Europe; first royalties anticipated in 2022

Growing portfolio focused on **hard-to-treat and late-stage cancers** with limited treatment options

String of pearls strategy to build comprehensive oncology pipeline through in-licensing and M&A

First-in-licensed drug **Cantrixil in preparation for Phase II studies** – pipeline within a molecule potential

Vivesto is an oncology-focused specialty pharmaceutical company that develops new treatment options for patients suffering from difficult-to-treat cancer. The company has a growing portfolio of innovative cancer treatments and the capacity to develop drugs from the early pre-clinical phase to regulatory approval. The company develops drug candidates based on the proprietary patented XR-17™ technology platform as well as acquired or licensed projects, in addition to the commercial products in its portfolio.

Important events during 2021

Q1

Heidi B. Ramstad was appointed as Chief Medical Officer. JANUARY

Fredrik Järrsten took up the position as Chief Financial Officer. Robert Maiorana, who has been acting CFO since December 2020, continued as Head of Accounting for the company. MARCH

Vivesto acquired the global development and commercialization rights for Cantrixil, a clinical stage, ovarian cancer program, from Kazia Therapeutics, an Australian oncology-focused biotechnology company. MARCH

Vivesto and Karolinska Institutet initiated a collaboration aiming at generating new information for the development of new therapeutic APIs within different cancer indications. MARCH

An arbitral tribunal in Stockholm uphold Vivesto's right to record the assignment of its patents and patent applications in its own name, which enables a faster re-registration process. MARCH

Q2

Dr Reinhard Koenig was appointed as Chief Scientific Officer. APRIL

Vivesto presented Cantrixil final Phase I data at the 2021 AACR Annual Meeting. APRIL

Phase Ib trial of Vivesto's Docetaxel Micellar in advanced prostate cancer was granted ethical committee approval. APRIL

Andrea Buscaglia was appointed as new Board member. MAY

Following the ethical approval in April, the first Patient was enrolled in the Swiss Group for Clinical Cancer Research (SAKK) Investigator-Initiated Phase Ib trial of Docetaxel Micellar in advanced prostate cancer. JUNE

In addition to commercialization rights previously transferred for the rest of Europe, Vivesto also transferred the Nordic commercialization rights for Apealea to Inceptua Group. JUNE

Cantrixil positive Phase I trial data were published in the open access oncology journal Cancers. JUNE

Q3

Vivesto strengthened its internal capabilities with the appointments of Kia Bengtsson as Head of Clinical Development and Johanna Röstin as Head of Regulatory Affairs with effect from October 1, 2021. AUGUST

Vivesto signed a license agreement with the Swiss-based FarmaMondo Group for the commercialization of Paclical (Apealea) in Russia and the Commonwealth of Independent States. SEPTEMBER

Q4

Vivesto announced a global settlement of all disputes with MGC Capital, former Board Members of Vivesto and members of former management. The settlement resulted in a negative cashflow of approx. MSEK 25 while having a positive earnings effect of approx. MSEK 33. OCTOBER

Vivesto announced that the transfer of its marketing authorization for Apealea (paclitaxel micellar) to Inceptua AB had received approval from the European Commission and the UK Medicines and Healthcare products Regulatory Agency (MHRA). DECEMBER

Important events after the period

Vivesto announced progress on the development of XR-18 and that the company has identified and synthesized a promising novel candidate for use in the drug delivery platform. JANUARY

Vivesto gave an update of SAKK investigator-initiated Phase Ib trial of Docetaxel Micellar in advanced prostate cancer. FEBRUARY

Vivesto announced CFO Fredrik Järrsten to step down later during 2022. MARCH

Vivesto strengthened its intellectual property (IP) portfolio of XR-17. MARCH

Vivesto expanded its R&D ability with planned laboratory upgrade in Uppsala. MARCH

Vivesto signed manufacturing agreement with Lonza for Cantrixil. MARCH

Vivesto carried out a rights issue that provided the company with approximately SEK 151 million, before transaction costs. MARCH

The company carried out a name change from Oasmia AB to Vivesto AB. MARCH

Daniel Tesfa was appointed as Chief Medical Officer. APRIL

The company underwent a name change from Oasmia Pharmaceutical AB to Vivesto AB on March 28, 2022. All events and developments that took place before this date have thus taken place in Oasmia Pharmaceutical AB's name.

CEO review

2021 was a year of turnaround aiming at delivering our goal of transforming the business and laying the groundwork to create a Nordic oncology powerhouse. This work continues in 2022, including securing financing to drive the value in our portfolio, and changing our name to Vivesto AB to mark the completion of our transformation and the initiation of the next phase in our journey.

In March 2022, we carried out a fully secured rights issue providing Vivesto approximately SEK 151 million before issue costs. The capital raise will strengthen our balance sheet and help us achieve potential value inflection points for our existing development programs as well as financing general business operations for 18–24 months. It is a vital steppingstone to secure the short to medium term future of the business through in-licensing and M&A – our string of pearls strategy.

Our new identity was approved by shareholders at our EGM on 21 February 2022. This marks the completion of the initial phase of transforming the company set out two years ago. Vivesto – from the Spanish word to live - was selected after extensive research among the international medical community, patients and investors, who shared our view that it embodies our mission to build a diversified pipeline focused on hard-to-treat and late-stage cancers using different mechanisms of action.

Since I joined the company I have focused on a number of goals to build the foundations for a strong business and set us up for success:

- Rightsizing the company and terminating commercial drug production
- Strengthening the management of our finances
- Positioning us an attractive partner for innovative assets and companies
- Settling legacy litigations and thereby reducing business risks
- Progressing our pipeline and building critical mass in our portfolio.

Rightsizing the company and terminating commercial drug production

We are now fully focused on product development, having terminated commercial drug production. Our lead product Apealea (paclitaxel micellar) is out-licensed globally through our global strategic partner Elevar Therapeutics and selected partners in key territories. Elevar has assumed full responsibility for commercial drug production of Apealea and XR-17 is manufactured by a sub-contractor.

In September 2021, Paclical® (Apealea) was out licensed to the Swiss-based FarmaMondo Group for commercialization purposes in Russia and the Commonwealth of Independent States. As a result, marketing authorizations which Vivesto holds in Russia and Kazakhstan will be transferred to FarmaMondo. FarmaMondo has also taken responsibility for all future development and commercialization activities in Russia and the Commonwealth of Independent States. Due to the war conflict in Ukraine, all registration and pre-marketing activities in Russia have been put on hold.

In December 2021, Inceptua, Elevar's partner in Europe, informed us it had received approval from the European Commission and UK Medicines and Healthcare products Regulatory Agency (MHRA) for transfer of Apealea's marketing authorization, enabling it to assume full regulatory responsibility for Apealea in the EU, Norway, Iceland, Liechtenstein, and the UK. Inceptua have confirmed their intention to launch Apealea in the UK and Germany in the first half for 2022, which is expected to lead to us receiving the first royalties during the year.

Francois Martelet, M.D., CEO of Vivesto

Strengthening the management of our finances

As part of the comprehensive cost control program launched in 2020, we have significantly reduced operating costs during the year, and we have now realized annualized cost savings of more than SEK 100 million since 2020. We have also reduced our burn rate and adjusted for a one-time negative cash flow effect from the settlement of litigation. The average burn rate per month in 2021 amounted to SEK 10 million which is in the lower part of our target range of SEK 10–12 million per month. These cost savings have enabled us to invest in areas which in the long run can deliver the greatest return, including pipeline development which is critical for our success and future growth.

Positioning us an attractive partner

We have made significant progress in building our in-house capabilities over the past two years. We now have a team with proven development and regulatory expertise able to take compounds from early-to late-stage development and potentially through commercialization and partnering. We believe this makes us more attractive to companies with promising assets targeting hard-to-treat and late-stage cancers. Post period, Kai Wilkinson, Head of Research & Development and Manufacturing was promoted to the position of Chief Technology Officer and joined Vivesto's Management team. I look forward to working more closely with Kai. His skills and expertise will be useful as we continue the transform our Technical Operations to support our broader business objectives. Most recently, on April 1, Vivesto's Head of Regulatory Affairs, Johanna Röstin, also became a member of the Management team. Johanna's expertise is key as the company progresses its portfolio of cancer therapies through the clinic and evaluates new. I'm very satisfied to have both Kai and Johanna in the Management team. I am also very pleased that we in April were able to announce the appointment of Daniel Tesfa, M.D., PhD to Chief Medical Officer after Heidi Ramstad decided to leave the company for personal reasons in April. Daniel will also be part of Vivesto's Management team and is expected to take office no later than July 1.

Settling legacy litigation and reducing business risks

In October we announced a global settlement for all inherited outstanding legal disputes with MGC Capital, former Board Members of Vivesto and members of former management. The settlement resulted in a negative cashflow of approx. MSEK 25 while having a positive earnings effect of approx. MSEK 33. Reported debt in relation to the MGC litigation of MSEK 80, as well as a receivable of MSEK 40, was settled as a result of the agreement. This is excellent news and ends a notable risk for the business. Most importantly, this has resulted in Vivesto being debt free, a considerable achievement.

Progressing our pipeline and expanding our portfolio

Cantrixil, the first oncology program of our string of pearls strategy, which we in-licensed from Kazia Therapeutics in March 2021, continued to make progress towards a Phase II study. We acquired the rights to Cantrixil as we believe it may induce death in ovarian cancer stem cells and sensitize cancer cells to standard chemotherapy, potentially prolonging survival in advanced ovarian cancer patients. Final data from a Phase Ib trial of Cantrixil was presented in an oral presentation at the prestigious American Association of Cancer Research (AACR) Annual Meeting in April 2021. We also announced publication of this data in the peer-reviewed journal Cancers validating the result of the trial, and it generated substantial interest among oncologists. Valuable insights provided by our Scientific Advisory Board are helping us to design the Phase II trial and the longer-term clinical and regulatory path. We are planning to engage with regulatory authorities this year in preparation for a multi-center Phase II study in the US and EU. We have also continued to work on securing manufacturing agreements to ensure drug supply and we were therefore exited to announce a manufacturing agreement for Cantrixil with Lonza, a global leader in drug manufacturing, recently in March 2022. Under the agreement, Lonza will deliver cGMP-standard drug substance for clinical supply. Our aim is to have made substantial progress by the end of 2022 towards initiating the Phase II trial.

A Phase Ib trial of our second clinical-stage program, Docetaxel micellar, in development for advanced prostate cancer, continued to recruit patients in Switzerland under the leadership of the Swiss Group for Clinical Cancer Research (SAKK). SAKK has made excellent progress, with three centers open and enrolment is expected to be completed by the end of 2022. In February 2022, we reported that the first patient has now fully completed the study. Furthermore, the first of three dosing groups in the trial has been successfully recruited and the first patient has started in the second dose group.

Over the last year we have completed a significant number of due diligence exercises on public and private companies and in-licensing targets in oncology. We continue with this work to analyze promising business development opportunities that will leverage our in-house expertise, expand our portfolio of cancer therapies around multiple modalities and create long-term value for shareholders. 2022 should see the materialization of this work and we look forward to updating the market on our progress.

Exploring the full potential of our technologies

In January we announced progress on the in-house development of XR-18, the next generation of our proprietary drug delivery technology. We believe XR-18 could offer enhanced capabilities compared with XR-17, which is designed to increase the solubility of intravenously delivered compounds and has been used successfully in Apealea. The next-generation formulation applied in XR-18 is already being tested in combination with a widely used oncology compound, and steps for securing Intellectual Property are being taken.

A solid end to the year

We made continued progress towards achieving all our key goals in 2021. With a solid platform for growth, we are fully focused on moving our promising oncology development pipeline forward and continuing to expand our portfolio through our string of pearls in-licensing and acquisition strategy to build critical mass and bring innovation to patients with hard-to-treat cancers.

In 2022, we will see Apealea launched in Europe via Elevar's partner Inceptua. Apealea offers a non cremophor formulation of paclitaxel which may offer substantial benefits to some patients, and this makes us very proud.

Thank you for your continued support and patience.

Francois Martelet, M.D., CEO of Vivesto

▶ Read more at CEO-corner at vivesto.com

String of pearls strategy to build critical mass in oncology

Vivesto is an oncology-focused specialty pharmaceutical company that develops new treatment options for patients suffering from difficult-to-treat cancer. The company has a growing portfolio of innovative cancer treatments and the capacity to develop drugs from the early pre-clinical phase to regulatory approval. Late clinical-phase and commercial development is carried out individually or in partnership with other pharmaceutical companies. To capitalize on the company's expertise and organization, Vivesto applies a string of pearls strategy to develop the existing portfolio through acquisitions and in-licensing, thereby achieving critical mass and becoming a leading European specialty pharmaceutical company based in the Nordic region. In 2021, Vivesto took the first step in its string of pearls strategy by acquiring the clinical-stage cancer program Cantrixil and associated oncology assets. New assets are continuously evaluated, with the goal of further expanding the project portfolio in 2022.

New strategic focus

Since the current CEO joined in early 2020, the company has developed a new strategy to establish Vivesto as a leading European specialty pharmaceutical company within oncology and create favorable conditions for long-term value growth. This transformation will primarily be achieved through proprietary research and development, M&As and in-licensing of clinical projects.

As a part of the strategic overview, in 2020 Vivesto carried out a comprehensive efficiency program, including expanding the company's project portfolio, to optimize resources and enable investments in areas with the greatest potential for returns. Important parts of the program include annual cost savings of more than SEK 100 million, a "burn rate" halved to SEK 10–12 million per month and the transformation of Vivesto into a lean, development-focused company with some 20 employees, around half of whom are in research and development. Another important step in establishing the new strategy was taken in autumn 2021, when an agreement was reached with previous investors, Board members and management in Vivesto regarding a dispute going back to 2019. This resolution has mitigated uncertainty and will allow management to focus entirely on developing operations.

Growth strategy based on four areas

With a more appropriate organization in place, Vivesto has the necessary resources to develop the company into one of the leading European specialty pharmaceutical companies within oncology. Vivesto's growth strategy is based on the following four primary areas:

1 *Deliver on partnership agreements for Apealea*

Vivesto entered into a global licensing agreement with the American pharmaceutical company Elevar for continued development and commercialization of Apealea. To ensure a successful global launch, Elevar signed out-licensing agreements with Inceptua and Taiba Middle East regarding commercialization rights in Europe and the Middle East and North Africa region, respectively. Vivesto transferred the rights for Apealea in the Nordic and Baltic countries to Inceptua and entered into a partnership agreement with FarmaMonda for commercialization in Russia and CIS countries. Vivesto has now entered into commercialization agreements in all relevant markets and one of its primary focus areas going forward is supporting these partners in the continued global development and commercialization of Apealea. Due to the war conflict in Ukraine, all registration and pre-marketing activities in Russia have been put on hold.

2 *Development and partnership within technology platforms*

Vivesto developed the XR-17 technology platform, which improves the solubility of intravenous pharmaceutical ingredients. Vivesto's registered product in Europe, Apealea, is based on XR-17 technology. Vivesto continuously develops its platform technologies. The company has an ongoing partnership with Karolinska Institutet to develop the full potential of XR-17. Vivesto is also working on expanding the XR-17 technology and creating the next generation of drug delivery platforms, XR-18, which will provide improved qualities compared to existing technology.

3 *Clinical development of Cantrixil and Docetaxel micellar*

Vivesto's development program currently consists of Cantrixil for late-stage ovarian cancer and Docetaxel micellar for metastasized prostate cancer. The company intends to use its capacity and strengths within clinical development to bring the product candidates through the development phases, thereby increasing

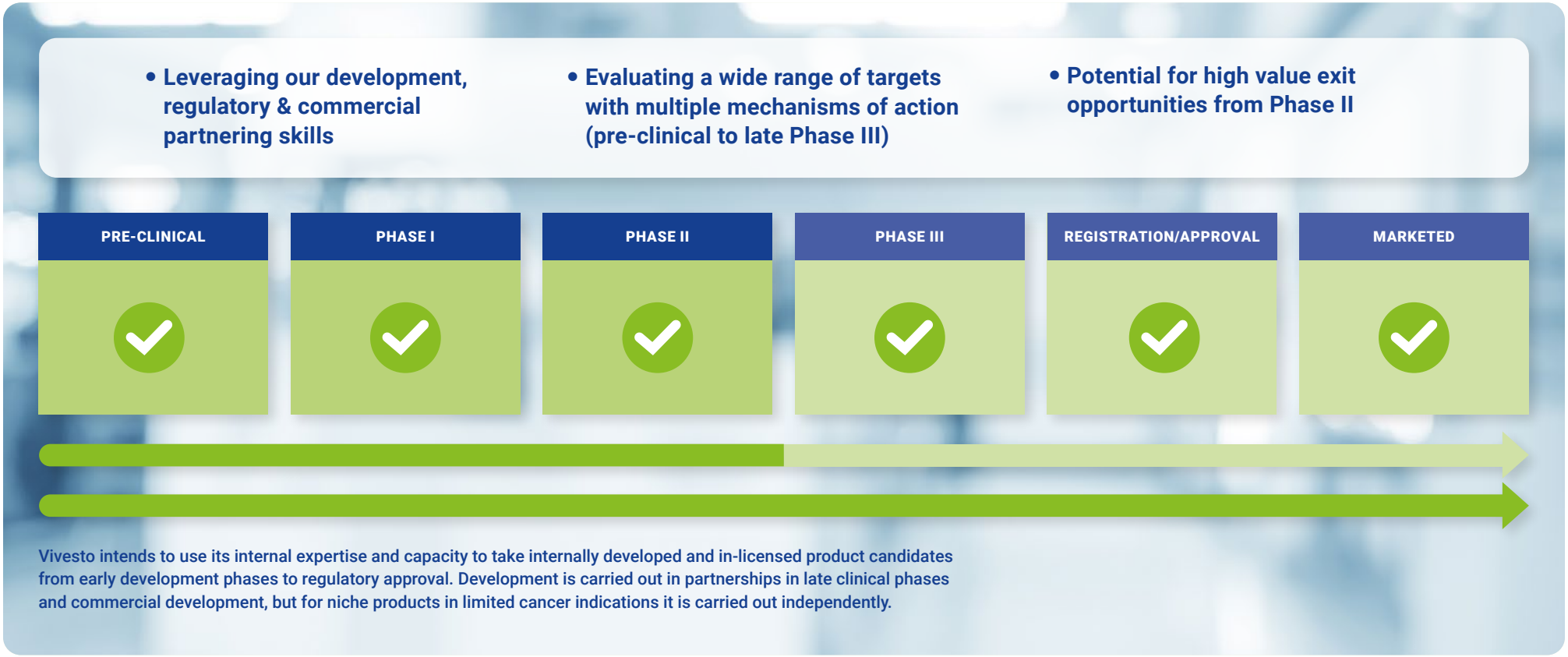
the value of the assets according to the company's strategy. Even if Vivesto is capable of managing development from early pre-clinical phases all the way to regulatory approval, the company's overarching strategy is to license out products after concluding successful Phase II trials. In some cases, where the indication areas are very limited and there is the possibility of receiving orphan designation, Vivesto can choose to carry out additional clinical studies independently that can form the basis for market registration.

4 *In- and out-licensing, partnership and M&A transactions within oncology*

Vivesto has an established organization with the capacity to evaluate, in-license or acquire oncology projects in late pre-clinical or early clinical phases. The company's focus is not limited to a specific mechanism of action or tumor type. Instead, the guiding factor is whether the drug candidate has the potential to address a wide-spread clinical need where well-functioning treatments are lacking. As the first step in a planned series of acquisitions and licensing agreements under the company's string of pearls strategy, in March 2021, Vivesto acquired the global development and commercialization rights for Cantrixil.

Well-positioned to carry out the established strategy

Vivesto is one of the few fully-integrated biotechnology companies in the Nordic region with the internal capacity and experience to take a development project all the way to market approval. Vivesto is well-positioned to deliver on its strategy and build a broad development portfolio consisting of internally developed projects as well as in-licensed and acquired projects.



Vivesto intends to use its internal expertise and capacity to take internally developed and in-licensed product candidates from early development phases to regulatory approval. Development is carried out in partnerships in late clinical phases and commercial development, but for niche products in limited cancer indications it is carried out independently.

A transformation journey

Since 2020, the new management and Board has transformed Vivesto into a company with a strong team and the ability to develop innovative oncological pharmaceutical candidates, from early development to regulatory approval and commercialization. With this ability now established and favorable conditions for carrying out its agenda, Vivesto is an attractive partner for other pharmaceutical companies within oncology. To create value growth, Vivesto has adopted a strategy focused on expanding the project portfolio through acquisitions and in-licensing of innovative oncology projects.

Create a Nordic oncology powerhouse

Deliver on string of pearls strategy

H1 2020
- Recruitment of new management
- License agreement with Elevar for Apealea
- Strengthening of Board

H2 2020
- Additional licensing agreements for Apealea

H1 2021
- In-licensing of Cantrixil
- Karolinska research collaboration signed
- Positive Cantrixil data published in Cancers
- Docetaxel micellar Phase Ib Initiated

H2 2021
- Additional licensing agreements for Apealea
- Settlement of inherited legal issues

H1 2022
- Fully secured rights issue
- Name change to Vivesto

5 Q&A

Dr. Reinhard Koenig,
Chief Scientific Officer at Vivesto

1 Vivesto is working to further develop its technology platform XR-17 into the next generation drug delivery platform XR-18. Why is this an important step for the company?

The previous iteration of our drug deliver platform, XR-17, was developed in house and brought to market as an integral part of our first drug, Apealea. From a value creation standpoint, an internal creation of a valuable technology is more attractive than a technology that has to be acquired from the outside. In addition, we are able to leverage our knowledge of drug delivery technology and apply previous lessons learned to this new project of creating XR-18.

2 Can you walk us through what is happening behind the scenes to advance XR-18?

Certainly. We are looking at assembling molecules that have certain expected properties resulting in behavior with molecular payloads that we believe are advantageous for the delivery of anti cancer drugs to cancer cells. This work involves the screening of many drug delivery candidates and their evaluation in issues of solubility, binding with active pharmaceutical ingredients, their ability to be protected from an intellectual property standpoint, and other features.

3 Can you explain the potential improved characteristics of XR-18 vs XR-17?

I do not want to go into specific details here as this is a very competitive area for us and we don't want to reveal critical inventive items at this time. However, in general terms, we are looking at improving some key elements associated with the delivery of anti cancer drugs from entry into the blood stream until they reach the cancer cells.

4 What opportunities are there for other products in Vivesto's portfolio, such as Cantrixil, to be use together with the XR-18 technology platform?

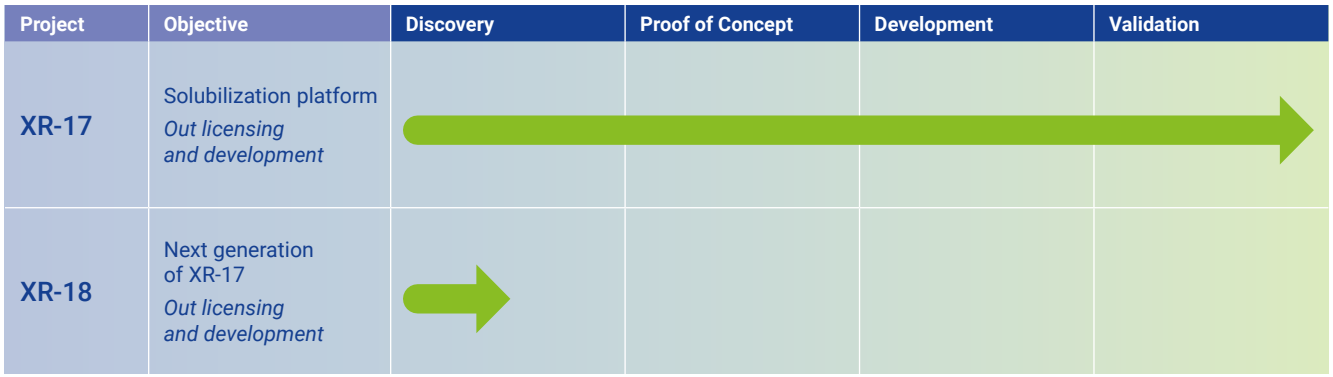
If we are successful in identifying, evaluating, improving and protecting the formulations we are currently working with, designated as XR-18, we intend to develop this formulation as a vehicle that can be used with many other active pharmaceutical ingredients targeting cancer. Cantrixil, among other molecules, would be a logical choice.

5 What do you see as the upcoming milestones for XR-18?

We are in the middle of screening of variations of XR-18 molecules and are conducting experiments trying to understand, reproduce, and scale the resulting formulations. At the end of the screening process we will end up with a few candidates that will then be taken further into development. As you all know, this is a methodical process that will take time and is complex as it will require consideration of intellectual property, chemical and physical behavior, as well a pre-clinical and clinical testing. However, if we are successful in this journey, we will be able to create significant value for patients and the company and its shareholders.

Technology platforms

The foundation for Vivesto is the proprietary drug delivery technology XR-17, a technology platform that can improve aqueous solubility for intravenous active ingredients to improve their efficacy and safety. The technology has been successfully applied when developing Vivesto's most advanced product, Apealea. Development is currently ongoing for developing the next-generation drug delivery platform, XR-18.



The problem of poor aqueous solubility

Many active pharmaceutical ingredients (APIs) for intravenous use are insoluble or have poor aqueous solubility. According to some estimates, 70–90 percent of all drugs under development are classified as being of poor solubility. The same is true for about 40 percent of all approved drugs. In many cases, the development of promising drugs may be discontinued due to inadequate aqueous solubility. Alternatively, various solvents may be used, such as polymers or lipid derivatives. However, these solvents may have unintended side effects. Vivesto's proprietary and patented XR-17 technology platform was developed to address these problems.

XR-17 improves solubility

XR-17 is based on a blend of two isomers of a proprietary synthetic amphiphile derivative of vitamin-A acids (XMeNa and 13XMeNa), which can solubilize compounds with poor aqueous solubility, such as paclitaxel. XR-17 demonstrates amphiphile properties since its molecules contain both hydrophilic and hydrophobic (lipophilic) structural regions. As a result, XR-17 molecules can spontaneously form nano-sized structures, known as micelles, within aqueous environments. During the process hydrophobic substances are dissolved in the hydrophobic core of the XR-17 micelles.

By utilizing a smaller volume of excipients in relation to the API volume, XR-17 advantageously allows for the reformulation of hitherto existing and approved drugs as well as allows its inclusion as part of novel drugs under development.

XR-17 is a clinically validated technology platform that can form the basis of a market-approved product, such as Apealea.

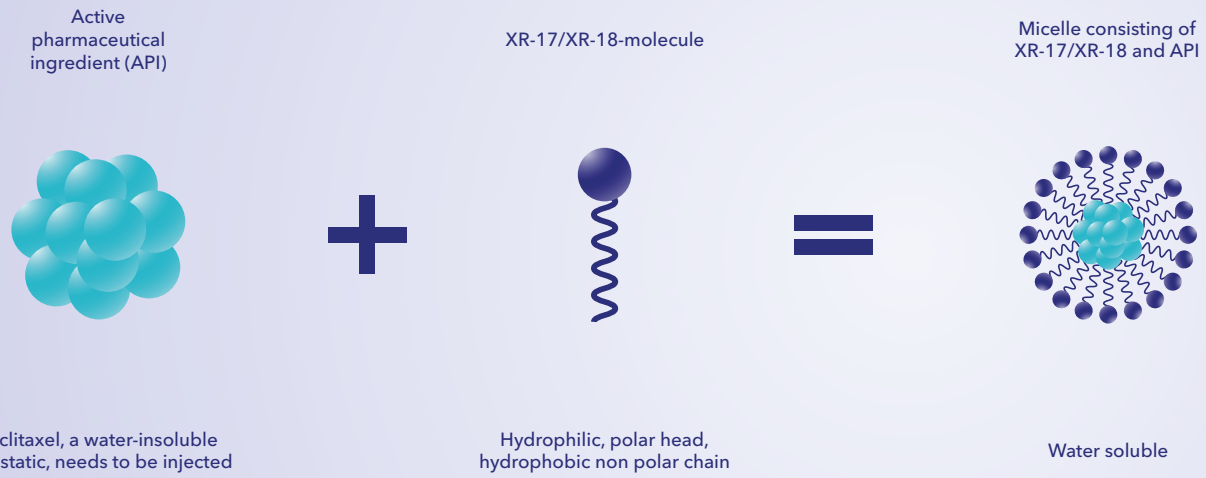
Potential advantages of XR-17

XR-17 encapsulates pharmaceutical ingredients in micelles, rendering the combined compound hydrophilic and suitable for intravenous administration. Vivesto's toxicological and clinical studies indicate that XR-17 has beneficial properties that may achieve:

- Improved administration of selected intravenous APIs, with the aim of using corticosteroids and antihistamines as premedication.
- The shortened infusion time facilitates for healthcare and patients.
- Depending on the API chosen, a favorable relationship between the API and solvents is preferred in order to maintain a low amount of pharmaceutical excipients per dose and maximize the API delivery.
- Free from alcohol and/or human and/or animal protein.

Intellectual properties XR-17

Vivesto continually strives to expand the intellectual property rights of its proprietary, patented technology platform in several jurisdictions all over the world.



▶ Animated video

Potential advantages

- High drug delivery capability
- Shorter infusion time[1,2]
- Superior solubilityt
- Enhanced API bioavailability
- Validated safety in cancer[1]
- No or limited need for pre-medication[1]
- No alcohol, Crem. EL, Polys.80, human albumin.

Therapeutic areas

- Ovarian cancer
- Prostate cancer
- Bladder cancer
- Lung cancer
- Breast cancer
- Other TAs & animal health

1) Apealea Summary of Product Characteristics. www.ema.europa.eu
2) Paclitaxel 6 mg/ml Summary of Product Characteristics. https://products.mhra.gov.uk

Continuous development

Vivesto continuously develops its technology platforms, including new potential therapeutic areas. The company has an ongoing partnership with Karolinska Institutet to develop new potential therapeutic areas for XR-17.

XR-18 – further development of drug delivery technology

When developing Apealea and other projects based on XR-17, Vivesto has built up valuable knowledge and understanding of how solubility can be improved in pharmaceutical molecules with poor solubility. Based on this experience, Vivesto is developing the next generation of drug delivery technology, XR-18, which is an expanded and improved version of the XR-17 technology. XR-18 is currently in an early development phase, but has delivered promising data so far in terms of improved stability for existing formulations as well as synthetic versions of new excipients. In early 2022, Vivesto announced that progress had been made in the internal development of XR-18 and that the company had identified and synthesized a promising new candidate to use in conjunction with the technology platform.

Apealea and Docetaxel micellar are based on Vivesto's proprietary, patented XR-17 technology platform. XR-17 can be used to improve solubility in poorly soluble substances, making it possible to develop new, innovative formulations. Apealea and Docetaxel micellar are both based on combining existing pharmaceutical substances with XR-17 to improve intravenous solubility without using solvents.

The route to market approval and commercialization

Generally speaking, developing a drug for approval and commercialization takes a very long time and is often broken down into phases. Pre-clinical and clinical drug trials are carried out according to a pre-determined study protocol, where results from clinical trials constitute an important part of the documentation required for a drug to be approved for sale.

Pre-clinical phase

In the pre-clinical phase, the substance is researched via experiments, first in tissue and cell cultures, to see if the substance has the conditions to slow the growth of cancer cells. Toxicology studies are performed on animals to detect any harmful effects from the new substance before it is administered to humans. Pharmacokinetic studies are carried out to ascertain what happens to the substance in the patient's body in terms of absorption, distribution, metabolism and excretion. The optimal formulation is also studied. A patent application is normally filed as early as possible to protect the drug candidate.

Clinical Phase I

The drug is tested on humans for the first time in Phase I, which requires approval from the relevant supervisory authority based on documentation from the pre-clinical studies and the design of the underlying study. Research groups are typically composed of healthy individuals but they are not permitted to be given certain drugs like cytostatics. The trial is primarily concerned with safety, tolerance, pharmacokinetics and pharmacodynamics (such as the drug's effect on blood pressure).

Clinical Phase II

After a Phase I trial confirms a drug's safety, a Phase II trial is carried out on patients with the illness the product is intended to treat. Phase II trials are designed to demonstrate the drug's effect on a particular illness and to determine appropriate dosage levels as well as to further determine the safety of the drug and tolerance for it in the intended patient group.

Clinical Phase III

In Phase III trials, the drug is compared with other drugs for treating the same illness. The goal is often to demonstrate a better effect than current standard treatments, but Phase III trials also provide additional information about safety, tolerance, etc. After the Phase III trials are completed, documentation from the clinical trials is collected in a market registration application to the relevant supervisory authority to receive market approval in the territories in question.

Market phase

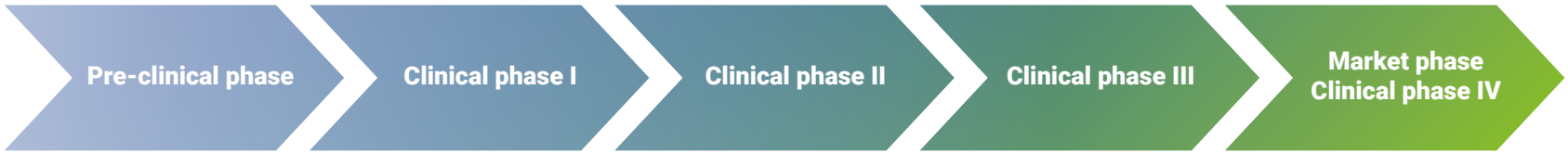
After the drug has been approved and registered, it can be introduced in the market and used commercially.

Clinical Phase IV

Phase IV trials are carried out after the drug has been introduced in the market and provide further details about the product's effects and safety profile. For example, to ensure that no new, rare side effects are detected. Authorities can also require Phase IV trials.

The journey to market approval for veterinary medicine

The process to bring veterinary medicine to market is largely identical to that for human medicine.



5 Q&A

Dr. James Garner
Chief Executive Officer at
Kazia Therapeutics Limited

1 You are CEO at Kazia Therapeutics – can you tell us about Kazia?

Kazia is an oncology drug development company. We work entirely in the development of new medicines for cancer. One of the things that distinguishes our company is that we work in partnership with other companies. We're very much a licensing and partnering driven company. And in that context, our relationship with Vivesto has been a tremendously important one for Kazia.

2 You out-licensed the Cantrixil program to Vivesto last year – what made you select Vivesto as partner to develop Cantrixil and bring it to the market?

I think three things really excited us about Vivesto for Cantrixil. The first is the technical expertise in the company. We were really impressed by Vivesto's science driven approach to this drug. The second is Vivesto's track record of success. Vivesto has a commercial product in ovarian cancer called Apealea, and we recognize the huge achievement that represented. Finally, and most important, we really saw in Vivesto a company that shared our passion for bringing new medicines to cancer patients. The personality, the character of the company, was really the thing that sealed it for us. We were delighted because of those things to be able to entrust Cantrixil to the Vivesto team.

3 Kazia, and its predecessor, have developed Cantrixil from early research and completed a clinical phase I study – in your view, what is so unique with this candidate drug?

The really interesting thing about Cantrixil is its ability to target ovarian cancer stem cells. One of the things we've learned about ovarian cancer in recent years is that it's not enough just to target the bulk of the tumor cells in the way that ordinary chemotherapy drugs do. We also have to target these ovarian cancer stem cells to prevent recurrence and spread of the tumor. Cantrixil does that and that's really the most exciting thing about the drug, and we think that's why it has tremendous potential to change the lives of patients.

4 Cantrixil demonstrated promising data in the Phase I trial in multiple relapse ovarian cancer – how would you describe the market opportunity for this treatment?

Well, the potential market is sizable. Ovarian cancer, sad to say, is among the most common tumors affecting women and really has not seen very dramatic progress in the last decade or so. There is still an enormous unmet need here. And there are many different groups of patients within ovarian cancer, late-stage recurrent patients, but also early stage, newly diagnosed patients. There is a wealth of opportunity for Cantrixil within ovarian cancer. There is still very much a need for new medicines in this disease.

5 What opportunities do you see for Cantrixil in other indications?

Cantrixil is not necessarily limited to the treatment of ovarian cancer. There is potential for other diseases as well. And in the fullness of time, as the drug continues hopefully to share its show its worth in ovarian cancer, there may indeed be other cancers that this drug can also be applied to.

At Kazia, we were very interested in tumors which we could treat in a similar way to how we treat ovarian cancer, which is through intraperitoneal administration. So, for example, bladder cancer is a disease where treatment is often administered into the bladder, and mesothelioma, a disease of the lining of the lung, is also a disease which we often treat by administering drugs into the pleural space. So those kinds of cancers fit just simply because they're treated in a practically similar way to ovarian cancer. But there's certainly data which would support the use of Cantrixil or one way or another in a wide variety of tumors. Clearly much more work needs to be done to work out where would be the most promising targets but I think there is some very broad potential for the drug.

Products & Project portfolio

Vivesto has a growing portfolio of projects in clinical and commercial phases that are intended to treat late-stage, hard-to-treat cancer. The drug Apealea was developed for patients with ovarian cancer and is launched in selected European markets in 2022. Vivesto's development program includes Cantrixil, a clinical program for late-stage ovarian cancer, and Docetaxel micellar, developed for advanced prostate cancer.

From early development to commercialization

Vivesto has a growing portfolio of innovative cancer treatments and the capacity to develop drugs from the early pre-clinical phase to regulatory approval, independently or in partnerships with other pharmaceutical companies. The company develops both proprietary and in-licensed drug candidates.

One project in commercialization and two in clinical phases

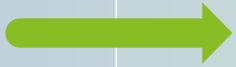
Vivesto developed the product Apealea (paclitaxel micellar) to treat late-stage ovarian cancer in combination with carboplatin. In the end of 2018, Apealea received regulatory market approval in Europe from the European Medicine Agency (EMA), which means that Vivesto is one of the few Swedish companies that has successfully developed a project from the early pre-clinical phase all the way to market approval. Since 2020, Vivesto has entered into several licensing and partnership agreements for the commercialization of Apealea. The product is now launching in select European countries.

In addition to the development of Apealea, Vivesto has worked on the development of Docetaxel micellar, which is now in the clinical phase. To expand the clinical development portfolio and shift the organization into a higher gear, Vivesto acquired the clinical oncology project Cantrixil in March 2021.

Product	Indication	Pre-clinical	Phase I	Phase II	Phase III	Registration/ approval	Commercial launch	Geography
Apealea (paclitaxel micellar)	Ovarian cancer							EU/EEA
Apealea (paclitaxel micellar)	Ovarian cancer							USA
Cantrixil IP	Ovarian cancer							Global
Docetaxel micellar	Prostate cancer							EU/EEA
Cantrixil IV	Ovarian cancer							Global

In image: Khalil. ©Vivesto

Cantrixil

Product	Indication	Pre-clinical	Phase I	Phase II	Phase III	Registration/ approval	Commercial launch	Geography
Cantrixil IP	Ovarian cancer							Global
Cantrixil IV	Ovarian cancer							Global

Cantrixil is a clinical phase drug candidate being developed for the treatment of late-stage ovarian cancer and consists of the active molecule TRXE00201, a potent and selective third generation benzopyran SMETI inhibitor, encapsulated in a cyclodextrin. Cantrixil targets a wide spectrum of cancer cells, including chemotherapy-resistant tumor-initiating cells that are thought to be responsible for disease relapse. The current drug candidate is administered intraperitoneally, but Vivesto is also carrying out pre-clinical investigations for intravenous use, based on the proprietary XR-17 technology

Global rights acquired from Kazia Therapeutics

Vivesto acquired the global development and commercialization rights for Cantrixil from the Australian biotechnology company Kazia Therapeutics Limited in March 2021. Since the acquisition, Vivesto has continued to develop Cantrixil and a scientific advisory committee has been created to seek advice for the clinical development plan. Cantrixil was given orphan designation for ovarian cancer by the US FDA in April 2015.

Phase I data published in the journal Cancers

Cantrixil was evaluated in a Phase I open-label trial (NCT02903771) at clinics in the USA and Australia. Top-line data reported by Kazia Therapeutics in December 2020 and presented at the annual meeting of the American Association for Cancer Research (AACR) in April 2021 confirmed that the Phase I trial had reached its primary goal and demonstrated clinical proof-of-concept.

The results were published in the peer-reviewed oncology journal Cancers. The article is available online at https://www.mdpi.com/2072-6694/13/13/3196/pdf.

Status

A Phase II trial with Cantrixil is being prepared and Vivesto is currently working with clinical experts and regulatory authorities to design the trial. The first part of this work was developing testing material for the coming clinical trials.

>300k

New cases of ovarian cancer worldwide 2020*

>200k

Deaths in ovarian cancer worldwide 2020*

>3,5 bn USD

Ovarian cancer market is expected to have an annual growth rate above 19 percent and grow from 1,73bn USD in 2021 to 3,51 bn USD in 2025**

* Ferlay J, Colombet M, Soerjomataram I, Parkin DM, Pineros M, Znaor A, et al. Cancer statistics for the year 2020: An overview. Int J Cancer. 2021

** https://www.researchandmarkets.com/reports/5319151/ovarian-cancer-drugs-global-market-report-2021

Docetaxel micellar

Product	Indication	Pre-clinical	Phase I	Phase II	Phase III	Registration/ approval	Commercial launch	Geography
Docetaxel micellar	Prostate cancer	→						EU/EEA

Docetaxel micellar is a clinical phase drug candidate being developed for advanced prostate cancer in a novel formulation that combines the well-established cytotoxin docetaxel in combination with XR-17. Commercially available Docetaxel is currently administered intravenously and contains ethanol. By using Vivesto's XR-17 drug delivery platform, docetaxel can be administered without solvents, which reduces side effects and unwanted premedication.

Phase Ib trial led by SAKK

In June 2020, Vivesto partnered with the Swiss Group for Clinical Cancer Research, SAKK, a non-profit organization for clinical cancer research with the aim of conducting the first clinical study on the treatment of metastasized prostate cancer with Vivesto's docetaxel micellar formulation. In June 2021, the first patient was dosed in an instigator-initiated Phase Ib trial in patients with advanced prostate cancer. The SAKK trial is an open-label trial at major hospitals in Switzerland, recruiting 18 chemotherapy-naive patients with metastatic castration resistant prostate cancer (mCRPC) with adequate bone marrow, liver, and renal function. The primary objective of this trial is to determine the maximum tolerated dose of Docetaxel micellar in patients with mCRPC. The secondary objectives are to evaluate safety, assess the preliminary anti-tumor activity, and to characterize the pharmacokinetics for Docetaxel micellar in this population.

Status

Docetaxel micellar is being evaluated in an instigator-initiated Phase Ib trial in patients with metastasized prostate cancer. The trial is sponsored by SAKK and is expected to conclude in 2022.

>1,4 M

New cases of prostate cancer worldwide 2020, expected to grow to >2,4M in 2040*

375k

Deaths in prostate cancer worldwide 2020, expected to grow to 740k in 2040*

*The International Agency for Research on Cancer (IARC)

Apealea

Product	Indication	Pre-clinical	Phase I	Phase II	Phase III	Registration/ approval	Commercial launch	Geography
Apealea (paclitaxel micellar)	Ovarian cancer							EU/EEA
Apealea (paclitaxel micellar)	Ovarian cancer							USA

Based on the XR-17 technology platform, Vivesto has developed Apealea (paclitaxel micellar), which is a patented solvent-free formulation of paclitaxel, a cornerstone within chemotherapy for many different forms of cancer. Apealea, in combination with carboplatin, has been granted market approval in the EU as a treatment for adult patients suffering from the first relapse of platinum-sensitive epithelial ovarian cancer, or primary peritoneal cancer or fallopian tube cancer. Apealea has also received orphan designation in the US for the treatment of epithelial ovarian cancer, which includes benefits such as seven years of market exclusivity.

Commercialization agreement for all global markets

Vivesto has out-licensed the rights for Apealea in all global markets and the company is working actively to support its partners in the continued global development and commercialization of Apealea.

Elevar Therapeutics

In March 2020, Vivesto signed a global licensing agreement with the American pharmaceutical company Elevar Therapeutics, Inc. for continued development and commercialization of Apealea. The agreement gives Elevar exclusive rights to commercialize Apealea globally, with the exception of a few markets that will remain with Vivesto. Vivesto received a payment of MUSD 20 when the agreement was signed, which includes the potential for additional payments of up to MUSD 678 based on milestones in future sales, clinical development and the approval process, as well as a double-digit percentage in royalties. Elevar is responsible for all regulatory application processes within its geographical area, including applications for approval by the US FDA. The partnership entitles Elevar to sublicense Apealea to other strategic partners.

Market approval in the US for Apealea requires additional clinical studies. In 2021, the FDA advised Elevar on Apealea's continued development program and Elevar subsequently decided to conduct two new clinical studies prior to filing a registration application. The first planned study is a pharmacokinetics study that is expected to take about 12 months to complete. A Phase III trial is also planned to investigate the safety and efficacy of Apealea in epithelial ovarian cancer. Elevar is working closely with the US GOG Foundation through its GOG Partners program, to plan and conduct this global study, which is expected to take about 24 to 36 months to complete. In addition to the clinical development of Apealea to treat ovarian cancer, with focus on an intended launch in the US, Elevar is also investigating the possibility of using Apealea in other indications.

Apealea has already received market approval in Europe and some other countries, and Elevar has entered into agreements with other players to launch the drug in those and other markets.

Tanner Pharma

In July 2020, Elevar and Tanner Pharma Group began a partnership for a named patient program, which facilitates access to Apealea in markets where it has not yet received market approval through prescription licensing. A named patient program, also known as an early or expanded access program, is a mechanism through which physicians can legally prescribe drugs for patients prior to their commercial availability. The primary goal of this kind of program is not to drive sales but to make as-yet unapproved treatments available to patients who need them and who lack other treatment options.

Taiba

In September 2020, Elevar signed a partnership agreement with Taiba Middle East FZ LLC, through which Taiba will register, commercialize and distribute Apealea in the Middle East and North Africa (the MENA region).

Inceptua

In late December 2020, Elevar signed a licensing agreement with Inceptua Group for the commercialization of Apealea in Europe. In accordance with contractual terms and conditions, Inceptua will have exclusive rights to commercialize Apealea in Europe, excluding the Nordic countries, the Baltic states, Russia and CIS countries.

When the licensing agreement with Elevar was signed, Vivesto intended to commercialize Apealea independently in the Nordic and Baltic markets. However, Vivesto has since revised its strategy and in June 2021 the company chose to transfer the commercial rights for the Nordic and Baltic markets to Inceptua.

FarmaMondo

In September 2021, Vivesto entered into an agreement with the Swiss FarmaMondo for commercialization purposes of Apealea in Russia and CIS countries, where the drug is marketed under the name Paclical. Due to the war conflict in Ukraine, all registration and pre-marketing activities in Russia have been put on hold.

Status

Inceptua is carrying out preparatory activities ahead of the launch in select European countries, which are planned for the first half of 2022. Elevar expects to receive the first payments from the commercial sales of Apealea in Europe in 2022, with subsequent royalty payments.

5 Q&A

Johanna Röstin
Head of Regulatory Affairs at Vivesto

1 Tell us about your work background and experience for your current job at Vivesto

I'm a chemical engineer and have a licentiate degree in biotechnology. I started off in the pharmaceutical space almost 30 years ago working in various development projects at Pharmacia and then Biovitrum, which eventually became Swedish Orphan Biovitrum or Sobi. At Sobi I spent 10 years where I had regulatory responsibilites for one of their major products on the market called Kineret. There were many activities going on globally with Kineret such as maintaining and expanding Kineret in regions, dealing with manufacturing issues that needed regulatory attention and managing the lifecycle of the product. It was a terrific learning period and an incredible experience to see how the different authorities operate.

2 What led you to take the job at Vivesto? What intrigued you about the position and company?

Before joining Vivesto, I worked at a small development company called OxThera. It was much different working in the smaller setting compared to the large global company. In the small company it is important to make the best use of everybody's competence, everybody has to pitch in and contribute also outside their roles. I like that environment. It is particularly motivating working for Vivesto where we are looking to tackle serious diseases with a high unmet medical need. Getting important drugs to the market is at the heart of what we do. And with Vivesto aiming to be a Nordic hub for oncology products for hard to treat cancers – it's exciting to be a part of that journey.

3 How do you see the process of drugs gaining EU approval such as Vivesto did with Apealea? It must be a tough process for companies to go through?

Anyone working in this business knows that it is a very long way to go from early preclinical and clinical phases to finally have the product approved for the market. We need to make smart and informed decisions throughout the development and keep track of risks. Being a small company it is imperative to bring in the best experts as needed to support us. When it comes to generating scientific data there are no shortcuts and we need to evaluate each step in the process carefully. Interactions with authorities to ascertain our plans are of outmost importance along the way.

4 Vivesto's CEO, Francois Martelet, has a clear string of pearls strategy to expand the company's pipeline through in-licensing and M&A. What is your view of that strategy from your position?

The vision to expand the pipeline with new products is exciting and one of the reasons why I joined the team. Our basis is the oncology knowledge platform which can evolve with new promising projects and provide opportunities for expanding the company. To find pearls you need the right oyster, right? Finding the next potential success requires careful assessment and is a challenge. We have a great team with a lot of experience in place to execute on this strategy. It will be a lot of work, but we're up to the challenge.

5 Vivesto is working hard with Kazia regarding the progress of Cantrixil. How are you supporting its future path toward approvals?

A major focus for us right now is preparing for scientific advice meetings with relevant authorities to align on the clinical development plan and upcoming clinical trial. When we eventually file the clinical trial applications, we should not have any unpleasant surprises such as major issues raised by the authorities. Once we get the authorities feedback, we can update our clinical trial plans and seek formal approval to start. It's a rigorous process, but we are working hard to get there.

Oncology market

Cancer is among the most frequent causes of death in the western world and the number of cases is rising in step with increasing life expectancies. Increased occurrences of cancer are the primary factor driving global growth in cancer treatments. Vivesto develops and sells drugs primarily within oncology and intends to expand the portfolio with additional development projects at the clinical-study phase within oncology.

With nearly 10 million fatalities in 2020 and more than 19 million new cases annually, cancer is among the most frequent causes of death globally. By 2040, the number of new cancer cases is expected to increase to more than 30 million annually, and cancer-related fatalities to more than 16 million annually despite ever-improving drug efficacy.[1]

The increase is due to factors such as longer life expectancy. An ageing population results in rising numbers of cancer cases, since ageing benefits two central processes in the development of cancer: acquisition of mutations and the formation of a molecular and cellular environment that is conducive to the growth of various cancer cells. According to the American Cancer Society, Inc., nearly nine out of ten cases of cancer are diagnosed among persons over 50 years-old. Increasing tobacco and alcohol consumption are also a contributing factor to the rising number of cancer cases, and the consumption of both together further worsens their effect. The growing number of cancer cases is expected to significantly drive the demand for cancer treatments in the next five years.

Market for cancer treatments

The global market for cancer treatments is estimated at more than USD 200 billion. Increased occurrence of cancer is the primary factor that is driving global growth in cancer treatments during the forecast period. Cancer is a disease where cells grow abnormally and form tumors, and the cells could potentially metastasize throughout the body through the blood and lymphatic systems, which damages parts of the body and in the worst case, results in death. The demand for cancer treatments is growing sharply across the world due to increasing occurrences of various forms of cancer. Furthermore, the continuous investments in research and the development of novel drugs are also expected to strengthen the market for oncological drugs, during and after the forecast period. Increasing healthcare costs are also a factor that is expected to improve the growth potential of pharmaceutical manufacturers in the next few years.[2]

The US and Europe are the largest markets and account for approximately two-thirds of overall global sales. China is ranked as the fastest growing market with a CAGR of 11 percent during the analysis period, supported by the enormous progress that the country has made in developing attractively priced next-generation therapies. Aggressive reforms of pharmaceutical regulations and approval mechanisms have helped China to develop the second largest pharmaceutical industry in the world.[3]

Cancer treatments

Cancer treatments are becoming increasingly individualized through improvements in cancer diagnoses and the development of targeted drug strategies. Subgroups of patients with various mutations receive agents targeted against the specific mutation. In most diagnoses, these therapies are only effective in the selected group of patients with a specific genetic mutation. In most cases, the therapies are combined with chemotherapy or provided after initial chemotherapy treatments. The cornerstones of cancer therapy remain: surgery – radiotherapy – chemotherapy.

Therapy options in cancer

Radiation therapy
Radiation therapy (also called radiotherapy) is a cancer treatment that uses high doses of radiation to kill cancer cells and shrink tumors.

Chemotherapy
Chemotherapy works by stopping or slowing the growth of cancer cells, which grow and divide quickly. Chemotherapy is used to:

- Treat cancer. Chemotherapy can be used to cure cancer, lessen the chance it will return, or stop or slow its growth.
- Ease cancer symptoms. Chemotherapy can be used to shrink tumors that are causing pain and other problems.

Hormone therapy
Hormone therapy blocks or lowers the amount of hormones in the body to stop or slow down the growth of cancer.

- Breast cancer (estrogen or progesterone blockers)
- Prostate cancer (testosterone blockers)

Immunotherapy
Immunotherapy uses our immune system to fight cancer. It is a standard treatment for some types of cancer and is in trials for other types.

- Monoclonal antibodies
- Checkpoint Inhibitors
- Cytokines
- Vaccines
- CAR-T

Targeted cancer therapies
Targeted cancer therapies are drugs or other substances that block the growth and spread of cancer by interfering with specific molecules (“molecular targets”) that are involved in the growth, progression, and spread of cancer.

- Monoclonal antibodies
- Cancer growth blockers
- Anti-angiogenetics
- PARP-inhibitors

Taxoid drugs in oncology

There are numerous cytotoxins available for chemotherapy. Taxoids are a common group of cytotoxins used for the treatment of cancer. The active ingredients, paclitaxel and docetaxel, belong to the taxoid class. Taxoids, by themselves, are insoluble in water.

Paclitaxel is used for the treatment of various forms of breast cancer, lung cancer and ovarian cancer. Docetaxel is used for the treatment of breast cancer and lung cancer, as well as prostate cancer, stomach cancer and also head and neck cancer.

Treatment with solvent-based taxoids can trigger acute anaphylactic reactions, which is why premedication with corticosteroids and antihistamines are required to reduce the risk of allergy. It is probable that the allergic reactions are not due to the taxoids themselves, but to the solvent used in the preparations to make the substances hydrophilic[4]. Despite mandatory corticosteroid premedication, the risk of an allergic reaction during treatments involving solvent-based paclitaxel or docetaxel can be up to 50 percent[5].

Furthermore, corticosteroids can cause their own side effects, depending on the dose administered and duration of treatment. Side effects such as osteoporosis, musculoskeletal effects, metabolic and endocrinal effects and the impact on other organ systems may occur.

Paclitaxel micellar – Apealea

Vivesto's Apealea, based on XR-17, is the first solvent-free paclitaxel drug to be approved by the European Medicines Agency (EMA), in combination with carboplatin as a treatment for adult patients suffering a first relapse of platinum-sensitive epithelial ovarian cancer, primary peritoneal cancer and fallopian tube cancer. Pretreatment with high doses of corticosteroids is not required with Apealea, in distinction to solvent-based taxoids.

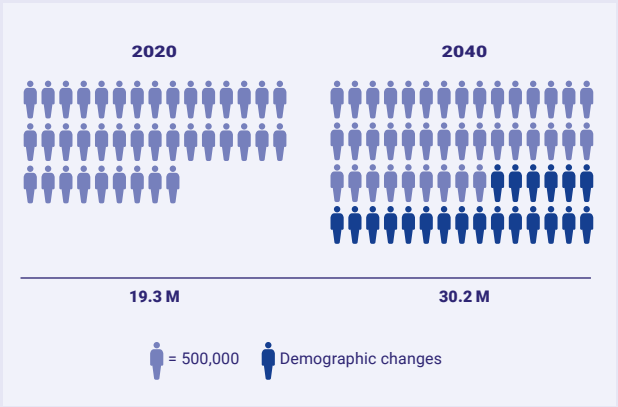
The opportunity to avoid premedication requirements and the side effects inherent with solvent-based paclitaxel is of value to patients and attending physicians.

Docetaxel micellar

Docetaxel is currently the first choice of chemotherapy for metastasized prostate cancer. However, the administration of docetaxel requires, as mentioned, premedication with high doses of corticosteroids. With Vivesto's Docetaxel micellar, the company aims to study whether the therapy can be provided without requiring high doses of corticosteroids as either a parallel treatment or as premedication. Steroid-free Docetaxel micellar therapy could potentially entail significant improvements to the care of patients with metastasized prostate cancer.

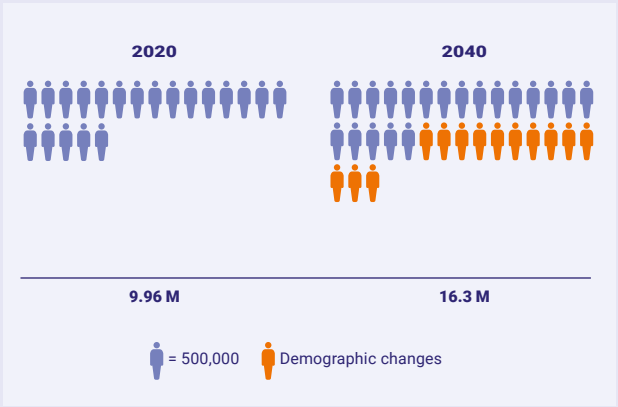
Cantrixil

Vivesto's drug candidate Cantrixil is being developed for the treatment of late-stage ovarian cancer Cantrixil targets a wide spectrum of cancer cells, including chemotherapy-resistant tumor-initiating cells that are thought to be responsible for disease relapse.



Estimated number of new cases from 2020 to 2040, both sexes, age 0–85+. All cancers. World.

Read more at IARC



Estimated number of deaths from 2020 to 2040, both sexes, age 0–85+. All cancers. World.

Read more at IARC

Source: The International Agency for Research on Cancer (IARC)

Incidence by cancer site

	New cases per year		
Cancer	Number	Rank	%
Breast	2,261,419	1	11.7
Lung	2,206,771	2	11.4
Prostate	1,414,259	3	7.3
Nonmelanoma of skin	1,198,073	4	6.2
Colon	1,148,515	5	6.0
Stomach	1,089,103	6	5.6
Liver	905,677	7	4.7
Rectum	732,210	8	3.8
Cervix uteri	604,127	9	3.1
Esophagus	604,100	10	3.1
Thyroid	586,202	11	3.0
Bladder	573,278	12	3.0
Non-Hodgkin lymphoma	544,352	13	2.8
Pancreas	495,773	14	2.6
Leukemia	474,519	15	2.5
Kidney	431,288	16	2.2
Corpus uteri	417,367	17	2.2
Lip, oral cavity	377,713	18	2.0
Melanoma of skin	324,635	19	1.7
Ovary	313,959	20	1.6
All cancers	**19,292,789**		

Source: Globocan 2020

Selected indications for currently approved taxoids

Female ovarian cancer

Ovarian or fallopian tube cancer are serious diseases that frequently result in the death of the patient if detected at a later stage of the disease and metastases has already occurred. Ovarian cancer is difficult to diagnose, mainly due to the diffuse range of symptoms. The prognosis of the disease is poor, and the five-year survival rate is less than 50 percent. The overall frequency of new cases globally is between 5–15 cases per 100,000 individuals[6]. In Western Europe and the US, the frequency is between 6–8 cases per 100,000[7]. Nearly 300,000 women are expected to develop the disease worldwide every year, of which approximately 700 in Sweden[8].

Surgery is the first and primary treatment for most women with ovarian cancer. Most patients will receive chemotherapy after their first operation. PARP inhibitors have recently been approved in the US and Europe for women with genetic mutations of BRCA1 and BRCA2. It is estimated that some 15 percent of women have inherited this mutation[9]. PARP inhibitors are currently indicated for patients who cannot receive chemotherapy or who have been diagnosed as having the above mutation.

The primary treatment of ovarian cancer consists of a combination of two cytotoxic drugs, carboplatin and paclitaxel. These two drugs are administered consecutively as an intravenous infusion and a normal dosage cycle is every third week. Apealea is the first solvent-free paclitaxel agent to be approved for the treatment of ovarian cancer, which allows for paclitaxel to be administered without requiring high-dosage corticosteroid pretreatments.

Prostate cancer

Prostate cancer is the second most frequent from of cancer worldwide and the fifth most frequent cause of cancer fatalities. In nearly all cases where a patient dies from prostate cancer, the patient was diagnosed with adenocarcinoma, a malignant tumor in the prostatic glandular tissue. Approximately 1.3 million new cases were recorded worldwide in 2018 and some 10,000 Swedish men develop the disease annually[10]. Prostate cancer is more prevalent in older males. In the US, 97 percent of all cases of prostate cancer are diagnosed in men aged 50 or older. The five- and ten-year survival rates are high in Europe and North America, but lower in some Asian and African countries.[11]

The occurrence of prostate cancer will increase with an ageing population. The number of diagnosed patients will also increase with the availability of PSA screening and better education. Even if the majority of patients were to be diagnosed with the disease at an early stage and receive a positive prognosis, the number of metastasized cases would still rise.

The treatment for prostate cancer differs for the different stages of the disease. Intervention is normally not required for cases of localized disease with low PSA levels. Since the disease is fueled by the male sex hormone testosterone (compared with estrogen for breast cancer), the first treatment option is chemical castration (antihormone treatment). In most cases this is sufficient, and the patient will not proceed to suffer metastasis beyond the prostate.

However, the prognoses are worsened in cases where the disease metastasizes beyond the prostate and the patient becomes incurable. Among patients with metastasis at stage IV, only 30 percent of them will survive beyond five years.

Chemotherapy is usually prescribed for patients with metastatic disease. The first chemotherapy treatment is with docetaxel, which makes Vivesto well positioned with Docetaxel micellar.

In image: Andrew and Samaneh. ©Vivesto

1) The International Agency for Research on Cancer (IARC) https://gco.iarc.fr/tomorrow/en/dataviz/isotype?types=0&single_unit=500000
2) businesswire.com
3) https://www.reportlinker.com
4) https://lakemedelsboken.se/kapitel/onkologi/farmakologisk_behandling_av_maligna_tumorer.html
5) Curr Oncol, Vol. 21, s. E630-641
6) Cancer Research Institute (2019).
7) World Cancer Research Fund (2019).
8) Cancerfonden (2019).
9) Ther Adv Med Oncol. 2017 Aug; 9 (8): 519–531
10) Prostate Cancer Report (2018), the World Cancer Research Fund och Cancerfonden (2019).
11) Prostate Cancer Report (2018), the World Cancer Research Fund.

Veterinary medicine

Vivesto's product candidates within veterinary medicine use the XR-17 technology platform to facilitate the administration of intravenously delivered solvent-free active pharmaceutical ingredients. Vivesto's development work focuses on the creation of new formulations of well-established chemotherapy drugs that may be usable for the treatment of cancer in pets. Vivesto currently has two product candidates within veterinary oncology: Doxophos Vet and Paccal Vet. Both product candidates are in the clinical phase and require additional investments before regulatory approval can be granted.

Paccal Vet

Paccal Vet utilizes Vivesto's formulation of paclitaxel with its XR-17 encapsulation technology for the treatment of canine mastocytoma. The development program for Paccal Vet is currently on hold, awaiting further strategic decisions.

Doxophos Vet

Doxophos Vet is a patented formulation of doxorubicin, one of the most efficacious and widely used chemotherapeutic substances for the treatment of cancer. Vivesto has developed Doxophos Vet for the treatment of lymphoma, one of the most frequent forms of canine cancer. Pre-clinical and earlier clinical studies have been conducted on dogs with cancer. In the first attempt, Doxophos Vet showed promising efficacy against hematological tumors. The development program is currently on hold, awaiting further strategic decisions.

The market for veterinary medicine

The market for pets as a whole is growing in both the US and Europe, with the ongoing Covid-19 pandemic acting as an extra driver in the last two years. The market for veterinary care is also growing in pace with an increased willingness to pay for the care of pets and increasing numbers of pets with animal insurance coverage. Vivesto deems that its product candidates within veterinary oncology, Doxophos Vet and Paccal Vet, will, upon their approval, address a significant market for the cancer treatments of pets in the US and Europe.

Product	Indication	Pre-clinical	Phase I	Phase II	Phase III	Registration/ approval	Commercial launch	Geography
Paccal vet (paclitaxel)	Juvercancer (Hundar)	→	→	→				USA
Doxophos vet (doxorubicin)	Lymfom (Hundar)	→	→	→				USA

1) Source: Grand View Research, Companion Animal Health Market Size, Share & Trends Analysis Report, Dec. 2020

Organization and employees

As part of a comprehensive cost-reduction program, several organizational changes were implemented with the aim of maximizing resources and enabling investment in areas that provide the greatest returns. With Vivesto's entry into the commercialization phase, the company has strengthened competencies within its Board, management and R&D department.

As a result of the 2020 strategic review of Vivesto's operations and the global partnership agreement with Elevar Therapeutics, the company has implemented organizational changes that have entailed reductions in staff, mainly within commercial manufacturing. Vivesto's core skills are mainly found within drug development and business development today, and the company is working proactively to strengthen its expertise within relevant areas. During 2021, the company's management was reinforced with several key positions.

As a part of the company's change of focus, its head office was moved from Uppsala to Stockholm after the close of the financial year. However, the laboratory operations have remained in Uppsala.

High education level

At the end of 2021, Vivesto had 22 employees, which is a reduction of 24 percent compared with the close of the preceding financial year. Of the company's total number of employees, 36 percent were women and 64 percent men. The company's management team comprised 20 percent women and 80 percent men. Of the company's other managers, 38 percent were women and 62 percent men.

Vivesto employees are highly educated. At the close of the financial year, 32 percent of Vivesto's employees had a Ph.D. and 54 percent a university degree. Vivesto's organization is characterized by diversity, with employees of various nationalities and backgrounds. This helps to create a dynamic workplace with a positive and stimulating work environment.

Healthy work environment and safe workplace

Vivesto strives to create a work environment that is conducive to health and well-being, with a low rate of sickness absence. The company works proactively to improve and ensure a healthy work environment with a high level of safety for employees. It is important for Vivesto to be a professional and attractive employer, where its employees are satisfied and have opportunities to develop.

In accordance with the Swedish Discrimination Act, Vivesto conducts an annual salary review aimed at determining whether salary differences between women and men are directly or indirectly linked to gender and, if so, acts to eliminate these differences. The company is keen to be a professional employer that is nondiscriminatory and which provides equal opportunity.

Vivesto has a committed team of employees who are passionate about its operations, whose goal is to continue developing and improving the organization to optimize its efficiency, particularly through short decision-making pathways.

Education
- Ph.D. 32%
- Other academic education 54%
- Other education 14%

Vivesto's employees
- Men 64%
- Women 36%

Vivesto's managers
- Men 60%
- Women 40%

Vivesto's management team
- Men 80%
- Women 20%

”It is important for Vivesto to be a professional and attractive employer, where its employees are satisfied and have opportunities to develop”

In image: Roger. ©Vivesto

Sustainable development

As a development company within the pharmaceutical industry, Vivesto is a significant part of society and proactive sustainability efforts are at the heart of the company. In 2021, Vivesto commenced a far-reaching project aimed at clarifying and structuring the company's sustainability agenda and thereby securing a long-term sustainable business model.

Vivesto's core operations primarily comprise research and development. Limited production is conducted by Vivesto now that the production process has been outsourced to selected specialist contract manufacturers. Furthermore, the company has management, financial, marketing & sales functions as well as other support functions.

Regulated activities

Drug development is subject to numerous regulatory frameworks, laws, guidelines, standards and industry standards applicable to everything from laboratory activities to production and the implementation of clinical studies. On the whole, this means that Vivesto operates within a stringently regulated environment.

Supervisory authorities in the respective markets verify that Vivesto lives up to the requirements on drug development and handling. These authorities mainly comprise the pharmaceutical authorities: the European Medicine Agency (EMA) and US Food and Drug Administration (FDA).

Vivesto's general data management framework is set up as privacy by default and privacy by design pursuant the Clinical Trial Regulation (EU) 536/2014 and the General Data Protection Regulation (EU) 679/2016. Vivesto's management team and company staff is advised and supported by a certified European Data Protection Officer.

Internal governance of sustainability initiatives

The Board's duties under the Swedish Corporate Governance Code include, inter alia, identifying how sustainability issues impact the company in terms of risks and business opportunities. The Board is responsible for sustainability initiatives being conducted by Vivesto that are appropriate for the company and for ensuring the requisite policies and procedures are in place. Vivesto's CEO has overriding responsibility for implementing the Group's sustainability initiatives.

Vivesto's regular sustainability efforts are based on a number of policies and instructions, for example:

- The Code of Conduct
- Data protection policies
- Whistle-blower policy
- Personnel manual
- Plans and instructions pertaining to a good work environment and increased equality.

Limited impact on the external environment

Even if the direct impact of the company's activities on the wider environment is minimal, Vivesto's ambition is to pursue active efforts to reduce direct and indirect environmental impact in various ways across all functions. Activities are subject to registration in accordance with the ordinance (1998:899) concerning Environmentally Hazardous Activities and the Protection of Public Health. The Environmental Administration of Uppsala Municipality has made the assessment that there are no objections to the activities, subject to the condition that the activities are conducted in accordance with the information disclosed in the registration.

Climate impact

Vivesto's operations lead to limited carbon emissions that are mainly attributable to the company's premises, business travel and transportation. The necessity to travel should be considered carefully and use of digital web-based meetings and phones prioritized. When necessary, journeys should be conducted with as little environmental impact as possible.

Handling chemicals and solvents

Handling pharmaceuticals entails an exposure risk to substances that are hazardous for the environment and for health. Chemicals and solvents used in the activities are handled pursuant to the established drug development regulations and do not seep into the surroundings from ventilation systems or via sewage. Laboratory ventilation is separate from the building's general ventilation system. Closed-circuit processes are used to a high degree, and chemical and solvent residues are handled by waste-management companies for final destruction and recycling. Most internal instructions are linked to safety and the environment. Furthermore, Vivesto strives to minimize resources used and waste.

Collaboration partners and suppliers

Vivesto's sustainability expectations encompass all parties linked to the company, such as suppliers, distributors and contract manufacturers. External partners must be selected based on environmental and ethical criteria, and Vivesto has a well-defined policy and procedure for supplier controls, through which suppliers are assessed and monitored, including on environmental and ethical aspects.

Attractive and safe workplace

Committed employees and good leadership are natural prerequisites for us to successfully live up to our vision. Vivesto strives to provide a safe workplace for all employees, regardless of their role or position. The work environment is to be safe and stimulating. Vivesto continuously pursues efforts to improve, in order to continue being an attractive employer, with thriving and satisfied employees.

Initiatives in 2021 and focus for 2022

In 2021, Vivesto commenced a project aimed at clarifying and structuring the company's sustainability agenda and thereby securing a long-term sustainable business model. Among other actions, the project encompasses identifying and mapping the company's key stakeholders and most material sustainability topics through an internal materiality analysis.

In 2022 the internal mapping will be verified and confirmed in the next stage through a stakeholder dialogue with selected representatives from Vivesto's stakeholder groups. Tangible action plans will then be developed to strengthen initiatives for each topic. The objective for Vivesto is to better be able to measure and report on ongoing sustainability initiatives and the impact the company and the business have on stakeholders and the community.

In image: Samaneh. ©Vivesto

The share and shareholders

The Vivesto share has been listed on Nasdaq Stockholm under the Mid-Cap segment since 2010. At the close of the financial year, Vivesto had a market value of approximately SEK 1.2 billion and more than 19,000 shareholders.

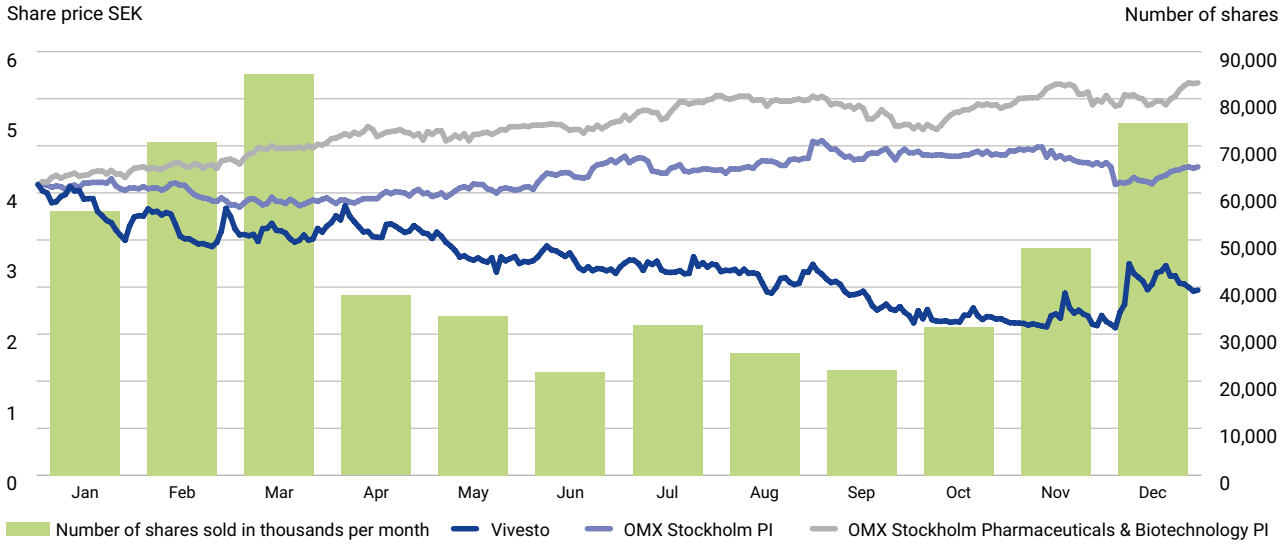
Share information

Vivesto's share has been listed on Nasdaq Stockholm since 2010, under the Mid-Cap segment. The share is traded under the ticker, OASM, with the ISIN code: SE0000722365. The number of shares at the end of the financial year was 448,369,546, with a quotient value of SEK 0.10 per share. The average number of shares under financial year was 448,369,546. The share capital at the close of the financial year totaled SEK 44,836,954.60.

Vivesto's share has also been listed on the Frankfurt Stock Exchange (OMAX.GR, ISIN SE0000722365) since 2011. No trading of the company's share is ongoing, and work is underway to delist the company from the Frankfurt Stock Exchange.

Share performance and turnover

During the financial year of January 1 to December 31, 2021, Vivesto's share price declined 36.7 percent from SEK 4.12 to SEK 2.61. At the end of the financial year, Vivesto's market value totaled MSEK 1,169, based on the closing price of SEK 2.61. During the period, 541 million shares were traded through Nasdaq Stockholm at a total value of MSEK 1,683. The diagram below shows the share's price trend on Nasdaq Stockholm during the financial year.



Ownership structure

On December 31, 2021, Vivesto had [22,303] shareholders. Per Arwidsson is the company's largest owner through his company Arwidsro Investment AB and, at the closing date, Per Arwidsson owned 24.8 percent of the company through private ownership, related entities and a company. The 10 largest owners of the company control approx. 42 percent of the capital and votes.

Dividend policy

Vivesto has never issued any dividends and the Board has no intentions to propose any dividends for the past financial year or to commit to any fixed dividend ratio.

The 10 largest shareholders as of December 31, 2021

Name	Number of shares	Capital (%)	Votes (%)
Per Arwidsson with related parties	111,371,238	24.84%	24.84%
Avanza Pension	25,194,180	5.62%	5.62%
Nordnet Pension Insurance	10,787,961	2.41%	2.41%
Mastan AB (Håkan Lagerberg)	8,550,000	1.91%	1.91%
Swedbank Insurance	7,359,378	1.64%	1.64%
Handelsbanken Funds	7,047,574	1.57%	1.57%
Johan Zetterstedt	6,300,000	1.41%	1.41%
Christer Ericson	3,861,289	0.86%	0.86%
Philip Du Rietz	3,251,000	0.73%	0.73%
SEB Funds	2,534,522	0.57%	0.57%
Total 10	**186,257,142**	**41.54%**	**41.54%**
Others	262,112,404	58.46%	58.46%
Total number of shares	448,369,546		

In image: Mattias and Khalil. ©Vivesto

Annual Report and Corporate Governance Report 2021

In image: Samaneh, Linda and Mattias. © Vivesto

Administration Report

The Group consists of the Parent Company Vivesto AB, the American subsidiary Oasmia Pharmaceutical, Inc., a subsidiary in Hong Kong, Oasmia Pharmaceutical Asia Pacific Ltd., and a subsidiary in Russia, Oasmia RUS LLC. During the fiscal year, the Swedish subsidiaries Oasmia Incentive AB and Qdoxx Pharma AB were merged with the Parent Company, while the American subsidiary AdvaVet Inc. was liquidated. The Parent Company develops, produces, markets and sells a new generation of drugs within human and veterinary oncology. The Parent company underwent a name change from Oasmia Pharmaceutical AB to Vivesto AB on March 28, 2022. All events and developments described below that took place before this date have thus taken place in Oasmia Pharmaceutical AB's name.

Shortened fiscal year in the preceding year

The Annual General Meeting on September 9, 2020 resolved to change the company's fiscal year to the calendar year, which entailed shortening the 2020 fiscal year to the eight-month period from May 1 to December 31, 2020. The comparative figures in this Annual Report refer to the shortened fiscal year. This means that balance-sheet-related comparative figures are presented as at December 31, 2020 and income- and cash-flow-related figures are presented for the 8-month period from May 1, 2020 to December 31, 2020. The above applies for comparative figures when presented in tables and when given in parentheses in the running text.

When expressions such as "during the year" or "in 2021," etc., are used in the Administration Report, the Corporate Governance Report and the financial reports, unless otherwise stated, they pertain to the 2021 calendar year.

Business activities

The Vivesto Group encompasses the Parent Company Vivesto AB together with one Russian, one Hong Kong based and one US subsidiary. All of the subsidiaries are dormant and the Group conducts all its operations through the Parent Company.

Vivesto is an oncology-focused specialty pharmaceutical company that develops new treatment options for patients suffering from difficult-to-treat cancer. The company has developed a new strategy to establish Vivesto as a leading European specialty pharmaceutical company within oncology and create favorable conditions for long-term value growth. This transformation will primarily be achieved through proprietary research and development, M&As and in-licensing of clinical projects.

Vivesto is developing a new generation of drugs, primarily within oncology. Our product development leverages the company's proprietary technology platforms to manufacture novel drug formulations that are intended to demonstrate improved properties in comparison with current alternatives, which can lead to a reduced side-effect profile and an expanded therapeutic area.

One element of Vivesto's growth strategy is to expand the company's project portfolio and Vivesto continuously searches for new in-licensing possibilities, primarily for oncology products in pre-clinical to late clinical phases. As the first step in a planned series of acquisitions and licensing agreements, in March 2021 Vivesto acquired the global development and commercialization rights for Cantrixil, a clinical-stage ovarian cancer program from Kazia Therapeutics, an Australian biotechnology company. Operations have been conducted during the year at Vivesto's premises in Stockholm and Uppsala.

Technology platforms

Vivesto has developed and patented the XR-17 technology platform, which increases solubility in pharmaceutical ingredients and on which Apealea is based. The company has an ongoing partnership with Karolinska Institutet to develop the full potential of XR-17. Vivesto is also working on expanding the XR-17 technology and creating the next generation of drug delivery platforms, XR-18, which the company believes will provide improved qualities compared to existing technology. In January 2022, Vivesto announced that progress had been made in the internal development of XR-18 and that the company had identified and synthesized a promising new candidate to use in conjunction with the technology platform. The company continuously develops its technology platforms, including new potential therapeutic areas.

In addition to expanding Vivesto's project portfolio with new drugs, Vivesto is investigating further enhancement and increased usage of the company's proprietary technology platforms.

Products and project portfolio

Vivesto leverages the company's proprietary technology platforms to manufacture novel drug formulations that are intended to demonstrate improved properties in comparison with current alternatives, which can lead to a reduced side-effect profile and an expanded therapeutic area. The first approved product that uses the company's technology is Apealea (paclitaxel micellar).

Apealea

Based on the XR-17 technology platform, Vivesto has developed Apealea (paclitaxel micellar), which is a patented solvent-free formulation of paclitaxel, a cornerstone API within chemotherapy for many different forms of cancer. Apealea, in combination with carboplatin, has been granted market approval in the EU as a treatment for adult patients suffering from the first relapse of platinum-sensitive epithelial ovarian cancer, or primary peritoneal cancer or fallopian tube cancer. Apealea has also received orphan designation in the US for the treatment of epithelial ovarian cancer, which includes benefits such as seven years of market exclusivity.

Vivesto has entered into commercial agreements for Apealea in all relevant markets and the company is working actively to support Elevar, Inceptua and FarmaMondo in the continued global development and commercialization of Apealea, see further under the heading Product development and sales within the framework of partnership agreements.

Docetaxel micellar

Docetaxel micellar is an early-phase drug candidate being developed for metastasized prostate cancer. The project is based on the well-established cytotoxin docetaxel in combination with the

XR-17 technology platform to increase solubility of the substance. In June 2021, the first patient was dosed in an instigator-initiated Phase Ib trial in patients with metastasized prostate cancer. The study was financed by the Swiss Group for Clinical Cancer Research, SAKK, a non-profit organization for clinical cancer research that aims to develop new cancer therapies and improve existing ones as well as to improve prognoses for cancer patients.

Cantrixil

Cantrixil is a clinical stage drug candidate developed for the treatment of ovarian cancer. Cantrixil consists of the active molecule TRXE-002-01, a potent and selective third generation benzopyran SMETI inhibitor, encapsulated in a cyclodextrin. Cantrixil targets a wide spectrum of cancer cells, including chemotherapy-resistant tumor-initiating cells that are thought to be responsible for disease relapse.

In December 2020, the results were presented of a Phase I open-label study (NCT02903771) conducted at clinics in the USA and Australia. The Phase I study met its primary endpoints, establishing clinical proof of concept, subject to further clinical evaluation and confirmation. The results of the Phase I trial were published in the peer-reviewed oncology journal Cancers. Preparations for a Phase II trial with Cantrixil are underway.

Vivesto acquired the global development and commercialization rights for Cantrixil in March 2021. Since the acquisition, Vivesto has continued to develop Cantrixil and a scientific advisory committee has been created to seek advice for the clinical development plan. Vivesto will also consult the regulatory authorities (the EMA and FDA). Vivesto has also started developing testing material for the coming clinical trials.

Veterinary medicine

Vivesto's product candidates within veterinary medicine also use the XR-17 technology platform to facilitate the administration of intravenously delivered solvent-free active pharmaceutical ingredients. Vivesto's original development and commercialization work focuses on the creation of new formulations of well-established chemotherapy drugs that are usable for the treatment of cancer in pets. Vivesto currently has two product candidates within veterinary oncology: Doxophos Vet and Paccal Vet. Both product candidates are in the clinical phase and require additional investments before regulatory approval can be granted.

Vivesto is currently evaluating strategic alternatives for the company's assets within veterinary medicine operations, with the aim of generating value for Vivesto's shareholders, such as through partnership agreements, out-licensing or divestments of the company's veterinary medicine assets.

Product development and sales within the framework of partnership agreements

Vivesto has signed a global strategic partnership deal with the US-based company Elevar Therapeutics, Inc. regarding commercialization of Apealea. Under the agreement, Vivesto grants Elevar an exclusive license to further develop, produce, market, sell and sub-license Apealea worldwide, except for in the Nordic countries, the Baltic States, Russia and some other CIS countries. Vivesto has also undertaken to deliver XR-17, an input product in the production of Apealea, to Elevar.

Elevar has a partnership with Tanner Pharma Group on a named patient program, which allows for Apealea to be made available to markets outside the US, where Apealea has not been previously commercially available. A named patient program is a program that enables physicians to legally prescribe approved and investigational drugs before they become commercially available.

Elevar also signed an exclusive partnership agreement with Taiba, through which Taiba will commercialize and distribute Apealea in the Middle East and North Africa (the MENA region).

In late 2020, Elevar entered into a licensing agreement with Inceptua for the commercialization of Apealea in Europe. In accordance with contractual terms and conditions, Inceptua will have exclusive rights to distribute and commercialize Apealea in Europe, excluding the Nordic countries, the Baltic States, Russia and CIS countries. Vivesto originally intended to launch Apealea in the Nordic and Baltic markets. However, Vivesto has since revised its strategy and in June 2021 the company chose to transfer the commercial rights for the Nordic and Baltic markets to Inceptua, who is now responsible for the launch of the drug in the entire European market except for Russia and CIS countries.

In September 2021, Vivesto entered into an agreement with the Swiss FarmaMondo for the commercialization of Apealea in Russia and CIS countries, where the drug is marketed under the name Paclical. In the agreement with FarmaMondo, Vivesto has out-licensed the rights for Apealea in all global markets. The company's assessment is that its partners, not including FarmaMondo, will begin launching Apealea in 2022, which is when the first royalty revenue is expected to be generated. Due to the conflict in Ukraine, all registration and pre-marketing activities in Russia have been put on hold.

Developments during the year

Cost-reduction program

The above partnership with Elevar means that Elevar took over several functions and, foremost among them, further development and production of Apealea. This enabled the implementation of an extensive cost-reduction program. The program included staff reductions and winding down large parts of Vivesto's production facilities. Leases for the office and production facilities in Uppsala were terminated in the beginning of the fiscal year and the head office was moved to new, more cost-effective premises in Stockholm. Research and development, however, remains located in Uppsala.

Other important events during the fiscal year

- In February, Heidi B. Ramstad was appointed as Chief Medical Officer.
- In March, Fredrik Järrsten took up the position as Chief Financial Officer. Robert Maiorana, who has been acting CFO since December 2020, continued as Head of Accounting for the company.
- In March, Vivesto signed an agreement with Kazia Therapeutics, an Australian oncology-focused biotechnology company, to acquire exclusive global development rights for Cantrixil, a

product candidate in development intended for the treatment of ovarian cancer.

- In March, Vivesto entered into a collaboration agreement with Karolinska Institutet in Stockholm. The collaboration will include a review of data and experimental methods to gain a deeper understanding of XR-17 and API formulations in various cancer indications with a focus on ovarian carcinoma.
- In March, an arbitral tribunal in Stockholm upheld Vivesto's right to record the company's patents and patent applications in its own name.
- In April, Vivesto's Docetaxel micellar was granted ethical committee approval for a Phase Ib clinical trial in patients with metastasized prostate cancer.
- In April, Reinhard Koenig was appointed Chief Scientific Officer.
- In April, Vivesto presented final Phase I data for Cantrixil at the 2021 American Association for Cancer Research (AACR) annual meeting.
- In April, Vivesto's Docetaxel micellar was granted ethical committee approval by Swissmedic for a Phase Ib clinical trial in patients with metastasized prostate cancer.
- Andrea Buscaglia was appointed as a new Board member at the Annual General Meeting in May.
- As a result of the ethical committee approval in April, the first patient in the Swiss Group for Clinical Cancer Research's (SAKK's) investigator-initiated Phase Ib trial of Docetaxel micellar to treat metastasized prostate cancer was recruited in June.
- Vivesto transferred the Nordic commercialization rights for Apealea to Inceptua Group in June, as a supplement to the commercialization rights for other parts of Europe that had already been transferred.
- In June, positive Phase I data for Cantrixil was published in the oncology journal Cancers.
- In August, Vivesto strengthened its internal capacity by naming Kia Bengtsson as Head of Clinical Development and Johanna Röstin as Head of Regulatory Affairs. Both took up their positions on October 1, 2021.
- In September, Vivesto signed a licensing agreement with the Swiss FarmaMondo Group for the commercialization of Paclical® (Apealea) in Russia and the Commonwealth of Independent States (CIS).
- In October, Vivesto reached a comprehensive settlement of all disputes with MGC Capital, Vivesto's previous board and its former management. At the time, Vivesto had a debt in the balance sheet of SEK 80 million (plus interest) and an asset in the form of a receivable amounting to SEK 40 million (plus interest). These balance sheet items were nullified with the settlement, which resulted in a positive impact on earnings of approximately SEK 33 million. The agreement, in which all parties involved finally settled their balances, included a net payment from Vivesto of approximately SEK 25 million, which had a negative effect on cash flow with the corresponding amount. In December, Vivesto announced that the transfer of marketing authorization for Apealea (paclitaxel micellar) to Inceptua AB had received approval from the European Commission and the UK Medicines and Healthcare products Regulatory Agency (MHRA).

Important events after the end of the fiscal year

- In order to finance the continued development of Vivesto and its projects according to the company's business plan and strategy, in January 2022 the Board resolved on a fully underwritten rights issue of MSEK 151, pending approval by the extraordinary general meeting.
- Vivesto also announced its intention in January 2022 to change name to Vivesto AB, pending approval by the extraordinary general meeting.
- In January 2022, Vivesto announced that progress had been made in the internal development of XR-18 and that the company had identified and synthesized a promising new candidate to use in conjunction with the technology platform.
- The extraordinary meeting on February 21, 2022 resolved to approve the Board's decision on January 19, 2022 regarding a new share issue with preferential rights for existing shareholders as well as an amendment to the Articles of Association changing the company name to Vivesto AB.
- In February 2022, Vivesto provided an update on SAKK's investigator-initiated Phase Ib trial of Docetaxel micellar to treat metastasized prostate cancer.
- In March 2022, Vivesto announced that Fredrik Järrsten would leave his role of Chief Financial Officer later in the year, following a notice period of six months, to pursue new opportunities.
- In March 2022, Vivesto announced that the intellectual property (IP) portfolio had been strengthened considerably in terms of XR-17, the company's primary drug delivery technology.
- In March 2022, Vivesto expanded its R&D ability with planned laboratory upgrade in Uppsala.
- In March 2022, Vivesto signed manufacturing agreement with Lonza for drug candidate Cantrixil. Under the agreement, Lonza will deliver cGMP-standard drug substance for clinical supply.
- On March 25 2022, Vivesto announced final results from the company's fully secured rights issue approved by the Extraordinary General Meeting held on 21 February 2022. 48,367,120 shares, corresponding to approximately 53.9 percent of the shares offered, were subscribed for by the exercise of subscription rights. 1,519,430 shares, corresponding to approximately 1.7 percent of the shares offered, were allotted to persons who have subscribed for shares without the use of subscription rights. The remaining 39,787,359 shares offered, corresponding to approximately 44.4 percent, were allotted to guarantors. Vivesto received approximately SEK 151 million through the rights issue before issue costs.
- On March 28 2022, the company announced the completion of its name change to Vivesto AB.
- In April 2022, Daniel Tesfa was appointed as Chief Medical Officer.

Operating profit/loss

The operating loss amounted to TSEK -128,647 (-131,493). The improved twelve-month operating profit compared with the preceding eight-month year is primarily due to the previously mentioned cost-reduction program.

As part of alignment with the partnership agreement contracted between Vivesto and Elevar Therapeutics ("Elevar") in March 2020, Elevar has taken over production and product development of Apealea, and a substantial share of the company's in-house production was therefore discontinued. This led to a substantial staff reduction and the number of employees at year end was 22 (29), compared with 61 at the end of April 2020. A decision was also taken to given notice of termination on the premises in Uppsala and to move to smaller, more appropriate premises in Stockholm in spring 2021. Development activities will remain in Uppsala.

Net financial items

Net financial items of TSEK -4,075 (-8,777) consisted of financial income amounting to TSEK 2,460 (4,138) and financial expenses of TSEK 6,534 (12,915). The financial income comprised capital gains on short-term investments of TSEK 1,213 (3,196), foreign exchange gains on cash and cash equivalents of TSEK 0 (2) and interest income from current financial receivables of TSEK 1,247 (940).

Financial expenses consisted of interest expenses attributable to other borrowings of TSEK 5,796 (4,564), exchange losses on cash and cash equivalents of TSEK 231 (5,940), interest expenses from leases of TSEK 507 (631) and other financing costs of TSEK 0 (79).

Profit/loss before tax

Profit/loss before tax amounted to TSEK -132,722 (-140,270).

Income tax

Reported income tax for the period amounted to TSEK 0 (0).

Profit/loss for the year

The net loss after tax was TSEK -132,722 (-140,270).

Cash flow and capital expenditure

Net cash flow for the year was TSEK -32,216 (-154,952) and consisted of cash flow from operating activities of TSEK -145,058 (-136,575), cash flow from investing activities of TSEK 118,651 (-14,366) and cash flow from financing activities of TSEK -5,809 (-4,010).

Cash flow from operating activities

Cash flow from operating activities for the period was TSEK -145,058 (-136,575). The improved twelve-month cash flow compared with the preceding eight-month year is primarily due to the previously mentioned cost-reduction program.

Cash flow from investing activities

Cash flow from investing activities for the year was TSEK 118,651 (-14,366).

Investments in property, plant and equipment and in intangible assets

Capital expenditure during the year consisted of investments in intangible assets of TSEK 33,236 (0) and investments in property, plant and equipment of TSEK 1,113 (4,366). Investments in intangible assets consisted of capitalized development costs of TSEK 0 (4,357) and of patents of TSEK 0 (101). Investments in intangible assets comprised license rights acquisitions of TSEK 33,236 (0). Investments in property, plant and equipment mainly consisted of capital expenditure for IT equipment in the period.

Short-term investments

During the year, TSEK 0 (100,000) was invested in short-term fixed-income funds and short-term fixed-income funds amounting to TSEK 153,000 (90,000) were divested. These flows are reported respectively in the cash flow statement as short-term investments and divestments of short-term investments.

Cash flow from financing activities

The cash flow from financing activities amounted to TSEK -5,809 (-4,010) and comprised amortization of lease liabilities of TSEK -5,809 (-4,010). These primarily comprised rental payments which were recognized as amortization pursuant to IFRS 16.

Financing and financial position

Cash and cash equivalents

The Group's cash and cash equivalents at the end of the year amounted to TSEK 7,912 (40,128).

Short-term investments

The company's liquidity surplus was invested in short-term fixed-income funds. The funds' rates are subject to low volatility and the fund units can be converted into cash within a few banking days. As of December 31, 2021, the value of the funds was TSEK 89,357 (247,277).

Other borrowings

In accordance with IFRS 16 Leases, the Group recognizes the present value of future lease payments as interest-bearing liabilities. At year end, the reported lease liabilities amounted to TSEK 10,428 (10,749), of which long-term liabilities were TSEK 5,141 (6,545).

Bank overdraft facility

The Parent Company has an unutilized bank overdraft facility amounting to TSEK 5,000 (5,000).

Equity

At the end of the quarter, equity amounted to TSEK 549,713 (680,196), the equity/assets ratio was 92% (79), and the debt/equity ratio was negative (negative). The reason that the debt/equity ratio is negative is that net debt is negative, meaning that the sum of cash and cash equivalents and short-term investments is greater than borrowing. During the financial year, the two subsidiaries Qdoxx Pharma AB and Oasmia Incentive AB were merged into the Parent company, which had a positive effect on equity of TSEK 1,400.

Options and other instruments outstanding that can increase the number of shares in Vivesto

As of December 31, 2021, the number of financial instruments outstanding was as follows:

	No. of options	Max. No. of shares	Subscription price, interval
Warrants which can be converted to three shares	1,280,250	3,840,750	4.06 USD
Employee stock options which can be converted to one share[1]	896,739	896,739	7.36 SEK
Employee stock options which can be converted to one share[2]	375,000	375,000	5.31–7.84 SEK
Employee stock options which can be converted to one share[3]	3,600,000	3,600,000	3.11 SEK
Max. No. of shares		**8,712,489**	

[1] Directed at the CEO
[2] Directed at other senior executives
[3] Directed at the CEO and other senior executives

Parent Company

The Parent Company's net sales for the financial year amounted to TSEK 26,192 (482) and income before tax was TSEK -136,755 (-139,949). On December 31, 2021, the Parent Company's cash and cash equivalents amounted to TSEK 7,898 (39,957) and short-term investments, which within a few banking days can be converted into cash, amounted to TSEK 89,357 (247,277).

Key metrics and other information

Tkr	Jan 1, 2021 – Dec 31, 2021	May 1, 2020 – Dec 31, 2021
Number of shares at end of period, before and after dilution, thousand[1]	448,370	448,370
Weighted average No. of shares, before and after dilution, thousand[1]	448,370	448,370
Earnings per share before and after dilution, SEK[1]	-0.30	-0.31
Equity per share, SEK	1.23	1.52
Equity/assets ratio, %	92	79
Net liability, TSEK	neg.	neg.
Debt/equity ratio, %	neg.	neg.
Return on total assets, %	neg.	neg.
Return on equity, %	neg.	neg.
Number of employees at year end	22	29

[1] Historical values have been recalculated taking into consideration bonus issue components in the rights issues carried out in the fiscal years 2017/18 and 2019/20 respectively.

Five-year highlights – Group

TSEK	2021	2020[1]	2019/20	2018/19	2017/18
Net sales	26,192	482	201,843	1,980	3,169
Operating loss	-128,647	-131,493	-30,086	-150,237	-113,984
Earnings after tax	-132,722	-140,270	-10,533	-201,300	-128,273
Earnings per share, SEK[2/3]	-0,30	-0,31	-0,03	-0,80	-0,59
Weighted average number of shares, thousand[2]	448,370	448,370	398,395	253,312	217,717
Equity per share, SEK[2/3]	1.23	1.52	1.83	1.30	1.45
Equity/assets ratio, % [3]	92	79	82	63	60
Net liability	neg.	neg.	neg.	23,296	171,680
Debt/equity ratio, %	neg.	neg.	neg.	6	51
Number of employees at year end	22	29	63	60	58

[1] The column for 2020 refers to the shortened financial year, the period May - December.
[2] Historical values have been recalculated taking into consideration bonus issue components in the rights issues carried out in the fiscal years 2017/18 and 2019/20 respectively.
[3] Adjusted for error 2017/2018, see Note 4 in the 2019/2020 Annual Report.

The share

Vivesto's shares are listed on Nasdaq Stockholm and the Frankfurt Stock Exchange. The share capital at the end of the fiscal year amounted to SEK 44,836,954.60, allocated across 448,369,546 shares with a quotient value of SEK 0.10 per share. Each share has one vote and all shares have equal rights to the company's assets and earnings. There are no restrictions on the transfer of shares, voting rights or the right to attend the Annual General Meeting. Neither are there any agreements to which the company is a party that would come into effect, be altered or be terminated if control of the company changes following a takeover bid. Otherwise, Vivesto has no knowledge of any agreements between shareholders which may restrict the right to transfer shares. Furthermore, there are no provisions in the Articles of Association concerning the appointment and dismissal of members of the Board of Directors, or agreements between the company and Board members or employees that entitle them to receive compensation if they resign from their positions, are given notice of termination without reasonable grounds, or their employment is terminated as a consequence of a public takeover bid.

As of December 31, 2021, the number of known shareholders amounted to 19,206. The largest shareholder in terms of number of votes on December 31, 2021 was Per Arwidsson together with related parties, with 24.8% of the votes and shares. No other single shareholder owns more than 10% of the votes in the company.

The Annual General Meeting (AGM) of May 27, 2021 authorized the Board to, on one or more occasions during the period up until the 2022 AGM, decide on issues of shares, warrants and/or convertible instruments with or without pre-emption rights for shareholders. Any decision to issue shares should reconcile with the provisions covering issues in kind, set-off and/or other conditions pursuant to Chapter 2, Section 5, second paragraph, points 1–3 and 5 of the Swedish Companies Act. In the event of deviation from the shareholders' pre-emption rights, the new shares, warrants and convertible instruments must be issued at a subscription price based on the share price (or in case of warrants or convertibles, with the share price as the basis for market valuation) at the time of the issue is conducted, decreased by any discount in line with market practice that the Board deems necessary. Other terms are decided by the Board, but must be aligned with market practice. A maximum of 89,673,909 shares, which corresponds to 20% of the total shares outstanding in the company at the date of the AGM, may be issued under the authorization (including any new shares added, following the exercise or conversion of warrants and convertible bonds issued under the authorization).

Legal issues

Legal proceedings

On October 21, 2021, Vivesto reached a several settlement agreements encompassing all disputes with MGC Capital Ltd. (MGC), former Board members of Vivesto and members of former management. The settlement had a negative impact on cash flow of MSEK 24.5 and a positive impact on earnings of approximately MSEK 32.5 for the fourth quarter of 2021.[1]

During audits for the 2017/2018 and 2018/2019 tax years, the Swedish Tax Agency checked the company's income tax returns. In a proposal for a decision dated June 26, 2020, the Swedish Tax Agency made the assessment that an amount of SEK 10,550,000 has been incorrectly withdrawn from the company as compensation for patents. The Swedish Tax Agency considers the amount to constitute a salary from the company, so the company must therefore pay social security contributions and tax surcharges. In addition, the Swedish Tax Agency considers that amortization on the said patent acquisition of SEK 527,500 per year (a total of SEK 1,055,000) should be returned to taxation. The effects of the Swedish Tax Agency's proposal for a decision are that the company's taxable profit for the tax year from May 1, 2017 to April 30, 2018 is reduced by SEK 13,337,310 at the same time as the company's taxable profit for the tax year from May 1, 2018 to April 30, 2019 is increased by SEK 527,500. This only affects the company's tax loss carryforwards. In addition, the Swedish Tax Agency's proposal for a decision entails that the company must pay social security contributions of SEK 3,314,810 and a tax surcharge of SEK 662,962.

The company does not agree with the Swedish Tax Agency's assessment and believes that there are reasons why no social security contributions or any tax surcharge should be imposed and has therefore presented this case to the Agency for final decision.

In a decision dated March 12, 2021, the Swedish Tax Agency has decided to reverse amortization totaling SEK 1,055,000 pursuant to the Agency's proposal for decision. However, the decision does not entail any charges for social security contributions and tax surcharges, and therefore, deviates from the Agency's proposal for decision. The effects of the Tax Agency's decision are that the company's taxable earnings increase by a total of SEK 1,055,000 corresponding reversed amortization. The changes only affect the company's tax loss carryforwards.

Remuneration[2]

Board fees

At the 2021 AGM, it was decided that remuneration to the Board is payable in the following annual amounts:

- SEK 500,000 to the Chairman of the Board and SEK 250,000 to each of the other AGM-elected Board members who are not employed in the company; and
- SEK 50,000 to the Chairman of the Audit Committee and SEK 25,000 to each of the other committee members, and SEK 50,000 to the Chairman of the Remuneration Committee and SEK 25,000 to each of the other committee members.

Management remuneration

The September 9, 2020, AGM resolved to adopt the following guidelines for the remuneration of senior executives.

These guidelines apply for remuneration to the CEO, other members of Vivesto's company management and, where applicable, renumeration to Board members in addition to Board fees.

The guidelines apply to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the AGM. These guidelines do not apply to remuneration decided by the general meeting.

[1] See also note on page 35 under the heading "Other important events during the financial year"
[2] Refer also to Note 10 "Employees and remuneration"

The guidelines' promotion of the company's business strategy, long-term interests and sustainability
Successful implementation of Vivesto's business strategy and safeguarding the company's long-term interests, including its sustainability, require the company to recruit and retain highly qualified employees. To this end, the company must offer competitive remuneration, which these guidelines enable.

Types of remuneration
The remuneration must be aligned with market conditions and competitive, and may consist of fixed salary, variable renumeration, other customary benefits and pension. The general meeting can also, irrespective of these guidelines, resolve on, inter alia, share-based and share-price-related remuneration.

The fixed salary consists of a fixed annual cash salary. The fixed salary must be on market terms and is determined in light of area of responsibility, expertise and performance.

Variable remuneration may be offered in addition to fixed salary. Variable remuneration is linked to predetermined and measurable criteria, which can be financial or non-financial, and are designed in such a way that they promote the company's business strategy, long-term interests and sustainability.

Any variable remuneration during one and the same fiscal year is subject to a ceiling of not more than 50% of the fixed annual salary for the CEO. For other members of Vivesto's company management, variable remuneration during one and the same fiscal year is subject to a ceiling of not more than 50% of the fixed annual salary. The fulfillment of criteria for payment of variable remuneration must be measurable over a period of one year.

The extent to which the criteria for awarding variable remuneration have been satisfied is evaluated when the measurement period has ended. The Remuneration Committee is responsible for the evaluation. The evaluation for financial targets is based on the latest financial information made public by the company. Furthermore, the Board has the right to reclaim any variable remuneration that has been paid on the basis of information later proven inaccurate and provided with a deceptive purpose.

Pension benefits, including health insurance, are premium defined and may not exceed 30% of the fixed annual salary. Variable remuneration does not qualify for pension benefits.

Other benefits may include, inter alia, medical insurance, company car and wellness allowance. Where such benefits are provided, they must be aligned with market conditions and only constitute a limited part of the total remuneration. Premiums and other costs due to such benefits may amount to a maximum of 30% of the fixed annual salary.

For employments governed by rules other than Swedish, the components of the total remuneration may be duly adjusted for compliance with mandatory rules or local practice, taking into account, to the extent possible, the overall objective of these guidelines.

Notice period and severance pay
In the event of termination of employment of the CEO, the mutual notice period is maximized at 12 months. In case of termination by the company, severance pay may be payable in an amount corresponding to a maximum of six months' salary. For other senior executives, the notice period is normally six months if notice is given by the company, and three months if notice of termination is initiated by the employee. No separate severance pay is payable.

Salary and terms of employment for employees
Salary and employment conditions for the company's employees were taken into account in the preparation of the Board's proposal for these remuneration guidelines. This was carried out by including information on the employees' total remuneration, the components of the remuneration and the remuneration's development over time in the Remuneration Committee's and the Board's decision data when evaluating the reasonableness of the guidelines and the limitations set out herein.

Board fees
If a Board member (including through a wholly-owned subsidiary) conducts services for Vivesto in addition to the Board assignment, separate fees for such services can be paid (consultancy fees), provided the services promote the implementation of Vivesto's business strategy and safeguard Vivesto's long-term interests, including its sustainability. The annual consultancy fee payable to a Board member is never permitted to exceed the member's annual Board fee. The fee must be in line with market practice.

Decision-making process to determine, review and implement the guidelines
The Board has established a Remuneration Committee. The committee's tasks include preparing the Board's decision on the proposed guidelines for remuneration to senior executives. The Board prepares a proposal for new guidelines at least every fourth year and submits it to the AGM for resolution. The guidelines apply until new guidelines are adopted by the general meeting. The Remuneration Committee also monitors and evaluates variable remuneration programs for the company management, the application of the guidelines for remuneration to senior executives, and the current remuneration structures and compensation levels in Vivesto. The members of the Remuneration Committee are independent of Vivesto and its management. The CEO and the other members of the company management do not participate in the Board's or Remuneration Committee's processing of and resolutions on remuneration-related matters in so far as they are affected by such matters.

Deviation from the guidelines
The Board may temporarily decide to deviate from the guidelines, in whole or in part, if in a specific case there is special cause for the deviation and such a deviation is necessary to serve Vivesto's long-term interests, including its sustainability, or to ensure Vivesto's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board's decisions on remuneration-related matters. This includes any decisions to deviate from the guidelines.

Incentive programs

- The Board has in connection with the employment agreement negotiations for CEO François Martelet offered 896,739 employee stock options, which can be converted into the same number of shares at a strike price of SEK 7.36 during the period from February 13, 2023 to February 13, 2024. The strike price corresponds to 150% of the share price when the employment was agreed and published on February 14, 2020. This allocation of employee stock options was approved by the Extraordinary General Meeting on May 14, 2020. The stock options were issued free of charge, and thus in addition to fixed base salary, short-term variable incentives and other usual employee benefits, with the purpose of creating a long-term incentive for the CEO in line with the interests of the shareholders.

  The company has not decided on any separate arrangements to ensure the delivery of the stock or regarding payments arising from exercise of the options, inter alia, since the program is not expected to have any material financial effect and only corresponds to dilution of approximately 0.2%.
- The AGM on September 9, 2020, resolved to adopt an incentive program for senior executives pursuant to the following.

  The program is limited to a maximum of 400,000 employee stock options that can be exercised, subject to vesting terms over a period of 36 months, from allotment of the employee stock options until 12 months thereafter. Each employee stock option entitles the holder to acquire one share in Oasmia at a price corresponding to 150% of the volume-weighted average price for the company's share on Nasdaq Stockholm over the two-week period prior to allotment. A total of 375,000 options were issued as of December 31, 2021. These can be converted into the same number of shares at strike prices of SEK 5.31, SEK 5.54 and SEK 7.84, respectively, over a 12-month period following a three-year vesting period subject to the senior executive's continued employment for three years.

  Costs for the company are accounted for on an ongoing basis pursuant to IFRS 2. No separate arrangements to ensure the delivery of the stock or regarding payments arising from exercise of the options is in place, inter alia, since the program is not expected to have any material financial effect and only corresponds to dilution of approximately 0.1%.
- The extraordinary general meeting on October 20, 2021 approved the implementation of a long-term incentive program in the form of employee stock options for senior executives in the company. The program consists of a maximum of 4,500,000 options that could be issued during October 2021. These employee stock options entitle, after vesting in accordance with the terms and conditions, the participant to acquire shares during the period from and including November 1, 2024 until and including January 31, 2025. Each employee stock option entitles the holder to acquire one share in the company at a price of SEK 3.11 per share, corresponding to 140% of the volume-weighted average price for the company's share on Nasdaq Stockholm over the 10 trading day period immediately ahead of October 20, 2021. The company has granted a total of 2,225,000 employee stock options to François Martelet and 1,350,000 options to Fredrik Järrsten. The options were issued free of charge. To ensure that shares are delivered to participants in the company's incentive program and to cover social security contributions upon the exercise of employee stock options, the company has granted warrants to Vivesto AB with the right subscribe for a total of 5,914,590 shares in Vivesto.

Environmental activities

Vivesto's business activities consist of research and development at the facility in Uppsala, where smaller quantities of chemicals are handled. Activities are subject to registration in accordance with the ordinance (1998:899) concerning Environmentally Hazardous Activities and the Protection of Public Health. The Environmental Office of Uppsala Municipality has made the assessment that there are no objections to the activities, subject to the condition that the activities are conducted in accordance with the information disclosed in the registration.

The impact of the company's activities on the wider environment is minimal. Chemicals and solvents used in the activities do not seep into the surroundings from ventilation systems or via sewage. Laboratory ventilation is not connected to the building's general ventilation system. Closed-circuit processes are used to a high degree, and chemical and solvent residues are handled by waste-management companies for final destruction and recycling. The company meets environmental standards and seeks to conduct its activities in a way that promotes sustainable development from the environmental perspective. In addition to complying with the norms, guidelines and regulations which govern the work, the company does its utmost to continuously improve the business, for example by offering internal training within quality and the environment.

Personnel

The average number of employees during the fiscal year was 25 (52). Of these, 8 (26) are women and 17 (26) are men. The number of employees at year end was 22 (29). Salaries, benefits and social security contributions totaled TSEK 44,826 (45,519). For more information, see Note 10 "Employees and remuneration." Regarding compensation paid to senior executives for the 2021 fiscal year, see Note 10 "Employees and remuneration" and Note 25 "Transactions with related parties."

Risks

All business involves risk and the risks entailed by Vivesto's activities can be divided into operational, financial and legal risks. The most significant operational and legal risks are described below. The financial risks are described in Note 17 "Financial instruments and financial risks."

Operational risks are assessed from the perspective of probability and impact. Not all risks have a high probability of occurrence, but the risks of outcomes described below could materially affect the company in terms of the timing of entering markets, the rate of expansion and therefore the financial position of the company.

Development and registration of drugs

There is a high rate of failure in drug candidates undergoing clinical trials. There is a risk the company, despite promising results in early trials, will encounter significant setbacks in clinical trials. The supervisory authorities can interpret the results of a clinical trial differently than the company, for one.

The pharmaceutical industry in which the company's operations is also subject to comprehensive authorization regulation. This includes official authorization for research, manufacturing, labeling, approval, sales, marketing and testing. Each authorization varies in terms of approval procedures and the time it takes to receive approval can vary between jurisdictions.

Risks related to the company's product candidate Cantrixil

The development and commercial success of Cantrixil will depend on several factors. A failure to obtain the requisite approval and to commercialize Cantrixil, or significant delays in doing so, can have a significant negative impact on the company.

Risks related to the development and commercialization of Apealea

The successful development and commercialization of Apealea is partially beyond the company's control at this point, since the company is dependent on its partners' success in their development and commercialization activities. The company's income beyond Apealea depends immediately on the results of Elevar's continued development and commercialization of Apealea in the US market.

Market risks

In addition to significant competition from companies who are often stronger financially and who have potential new products, the company expects to face competition from generic products, which have the potential to be developed and commercialized faster and more successfully than the company's products.

Key personnel and recruitment

The company's future growth and success in drug development depends in large part on the company's ability to continue attracting, retaining, training and motivating highly-qualified managerial and research staff who are often difficult to replace due to their highly specific technical and/or medical expertise. Since the company is expanding its development and commercial activities, the company will need to hire additional qualified employees, some with qualifications other than the company's existing staff, and the company might experience difficulties with attracting and retaining them.

Risks related to the company's or suppliers' manufacturing process

The company is responsible for the manufacture and supply of XR-17, including to Elevar for manufacturing of Apealea, and other product candidates for use in clinical trials. If the company or the company's suppliers cannot manufacture the company's products and product candidates, or cannot sign an agreement with a third party for the manufacture of such, or if there are disruptions in the manufacturing process, this can all have a negative impact on the company's ability to meet demand for the company's products, on the continued product development operations or on the company's ability to commercialize, either in a time- and cost-effective manner or at all.

The company depends on one supplier for manufacturing XR-17

The company currently has only one supplier for the underlying chemicals used to manufacture the XR-17 technology. As a result of this, the company risks being unable to acquire sufficient amounts of critical material and components in the future. The company's dependence on a single supplier exposes the company to several risks.

Insufficient IT systems and data processing procedures would seriously disrupt the company's operations

The company's ability to carry out a business plan and comply with regulatory data control and privacy requirements depends on the adequacy of the company's data processing procedures and systems as well as the continued operation of the company's IT systems without interruption.

Despite the precautionary measures the company has taken to prevent unforeseen problems that can affect the company's IT system, there is a risk of system break-ins and computer viruses as well as persistent or recurring system downtimes or problems related to upgrading the company's IT system that interfere with the company's ability to generate and retain data.

Intellectual property protection and patent risk

The company relies on a combination of patents, trade secrets and non-disclosure and licensing agreements to protect its intellectual properties pertaining to the company's products and current product candidates and development programs. A number of risks are associated with intellectual property and patents in the pharmaceutical industry.

Vivesto has reduced the risks by use of the technical platform XR-17 for each product candidate. XR-17 is patented in the form

of a so-called New Chemical Entity, which is the highest level of intellectual property protection for drugs.

There is also a risk that competitors will violate Vivesto's patent rights. So far Vivesto has not been involved in any patent or trademark dispute. This is a risk that Vivesto accepts because the company believes that its patents have full protection in all relevant markets.

Other

On 24 February 2022, Russia initiated a military attack on Ukraine. The situation in Eastern Europe has led to significant volatility in the global economy and global credit markets, which could have a negative impact on Vivesto both in the short and long term. Furthermore, all registration and pre-marketing activities for Paclical® (Apealea) in Russia have been put on hold due to the war conflict in Ukraine (for more information, see Other customer contracts on page 64). It is uncertain if, and in such case when, the process of commercialization of Paclical® (Apealea) can be resumed in these markets. There is also a risk that the situation in Eastern Europe will affect other markets in which Vivesto operates, especially if the conflict escalates further, becomes protracted or spreads to other countries. However, the business impact is very difficult to predict due to the uncertainty in market conditions.

Proposal for allocation of non-restricted equity

Till årsstämmans förfogande finns följande fritt eget kapital:The following non-restricted equity is available for distribution by the Annual General Meeting:

SEK	2021-12-31	2020-12-31
Share premium reserve	1,906,141,268	1,905,072,854
Retained earnings	-1,293,934,736	-1,156,888,019
Loss for the year	-136,963,847	-139,949,081
Total	**475,242,685**	**608,235,754**

The Board proposes that the 2022 Annual General Meeting resolves that the above amount available of SEK 475,242,685 (608,235,754) be carried forward.

Corporate governance report

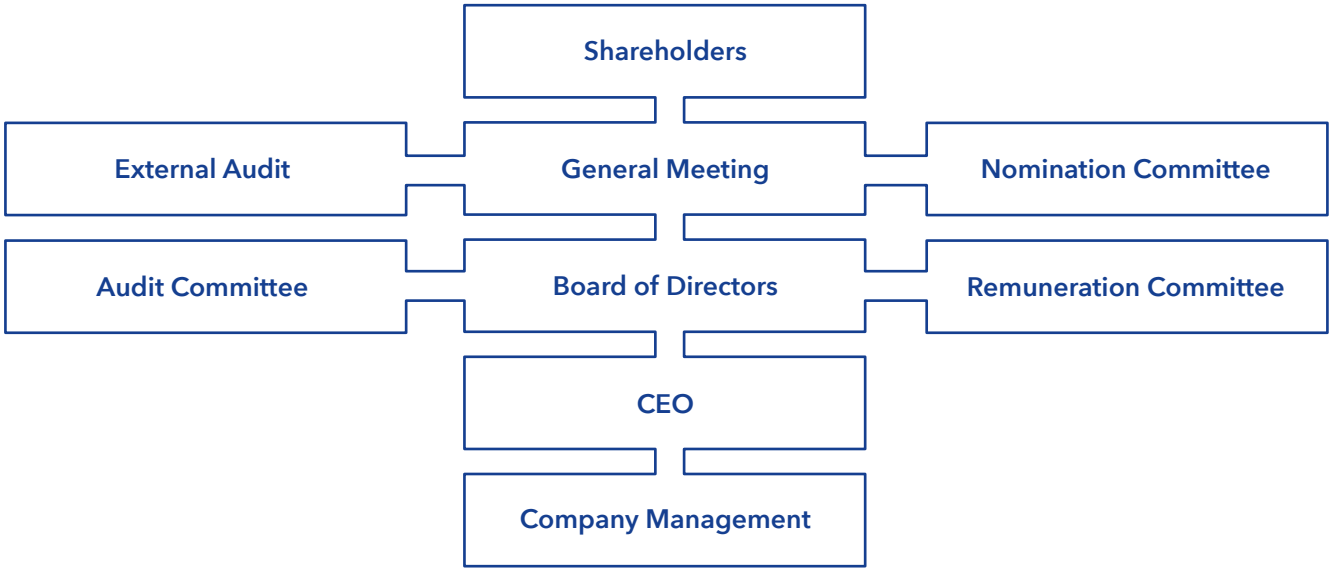
Fiscal year January to December 2021

Vivesto AB ("Vivesto" or the "company") is the Parent Company of the wholly-owned and dormant companies Oasmia Pharmaceutical Asia Pacific Limited, Oasmia RUS LLP and Oasmia Pharmaceutical Inc.

Vivesto is a public limited liability company listed on Nasdaq Stockholm and the Frankfurt Stock Exchange. Governance at Vivesto is based on the Swedish Companies Act, the Swedish Annual Accounts Act, Nasdaq Stockholm's Rule Book for Issuers, the Swedish Corporate Governance Code (the "Code") and other relevant laws, rules and regulations in Sweden and abroad.

Corporate governance at Vivesto is also regulated through policies in the internal regulations. The internal guidelines encompass the company's Articles of Association and the steering documents established by the company (primarily the Board's formal work plan as well as internal instructions, policies and guidelines).

This report has been drawn up in accordance with the Annual Accounts Act and the Code and comprises Vivesto's corporate governance report for the fiscal year of January 1 to December 31, 2021. The corporate governance report has been reviewed by Vivesto's auditor and the findings presented in the statement on pages 82–84 of this Annual Report.



Swedish Corporate Governance Code

Vivesto complies with the Code given that the company's shares are admitted to trading on Nasdaq Stockholm and, accordingly, the company must follow good securities market practices. The Code is available at www.bolagsstyrning.se. The Code is based on the principle of "comply or explain", which means that companies applying the Code may choose to deviate from individual rules, but must then report the deviation and the reason for so doing. Vivesto has not deviated from the Code in the 2021 fiscal year.

The share and shareholders

Vivesto's share has been listed on Nasdaq Stockholm since June 24, 2010 and on the Frankfurt Stock Exchange since January 24, 2011. On December 31, 2021, the total number of shares in Vivesto amounted to 448,369,546 and each share carries one vote at the general meeting of shareholders. As of December 31, 2021, the number of known shareholders amounted to 19,206. With 24.8% of the share capital and votes, the holding of Per Arwidsson (privately, through related parties and companies) represents at least 10% of all votes in Vivesto. The ten largest shareholders' holdings represent just over 42% of the total number of shares of the company. For additional information on the ownership structure, see "The Share" section on page 30.

General meeting of shareholders

The general meeting of shareholders is the highest decision-making body in a limited company. The shareholders can exercise their right to vote at the general meetings. Each Vivesto shareholder, who is entitled to vote, can vote for the full number of shares owned and represented. The General Meeting approves the income statement and balance sheet, the appropriation of the company's earnings, decides on discharge from liability, elects the Board of Directors and auditors, and approves fees, addresses other statutory matters as well as making decisions pertaining

to proposals from the Board and shareholders. In addition to that stipulated by law regarding the right to attend general meetings, Vivesto's Articles of Association require prior notification to the general meeting within the time limit specified in the notice and, where applicable, notice by shareholders of any assistants they intend to bring.

The Annual General Meeting is to be held within six months of the close of the fiscal year. Notice of the Annual General Meeting is published in Post- och Inrikes Tidningar and by a notice made available on the company's website. Announcement of the notice is to be advertised in Dagens Nyheter. The general meeting can be held in the municipality of Uppsala or in Stockholm.

2021 Annual General Meeting

The 2021 Annual General Meeting was held on May 27, 2021 through postal voting. The resolutions adopted included the following:

- Adoption of the income statement and balance sheet, and the consolidated income statement and the consolidated balance sheet for the 2020 fiscal year.
- No distribution of any dividend and disposable earnings to be carried forward.
- Discharge from liability for the Board and CEO for the 2020 fiscal year.
- The Board of Directors is to comprise five Board members with no deputies.
- Board fees are payable as follows:
  i. SEK 500,000 to the Chairman of the Board and SEK 250,000 to each of the other AGM-elected Board members who are not employed in the company; and
  ii. SEK 50,000 to the Chairman of the Audit Committee and SEK 25,000 to each of the other committee members, and SEK 50,000 to the Chairman of the Remuneration Committee and SEK 25,000 to each of the other committee members.
- Re-election of Board members Hege Hellström, Birgit Stattin Norinder and Peter Zonabend, and re-election of Anders Härfstrand as Chairman of the Board as well as the election of new Board member Andrea Buscaglia.
- Re-election of KPMG AB as auditor with Authorized Public Accountant Duane Swanson as auditor in charge.
- Principles for appointment of a Nomination Committee ahead of the 2022 AGM and the instruction for the Nomination Committee.
- To approve the Board's remuneration report.
- Authorization of the Board to, on one or several occasions during the period up until the next AGM, decide on issues of shares, warrants and/or convertible instruments with or without deviation from the shareholders' pre-emption rights. A maximum of 89,673,909 shares, which corresponds to 20% of the total shares outstanding in the company at the date of the AGM, may be issued under the authorization (including any new shares added, following the exercise or conversion of warrants and convertible bonds issued under the authorization).

2021 Extraordinary General Meeting

An extraordinary general meeting was held on October 20, 2021 through postal voting. The resolutions adopted included the following:

- To implement a long-term incentive program in the form of employee stock options for senior executives in the company. The program consists of a maximum of 4,500,000 employee stock options and has a vesting period of three years, after which holders have the right to exercise their options for shares in the company during a three-month period in accordance with the terms of the program. Each employee stock option entitles the holder to acquire one share in Vivesto at a price corresponding to 140% of the volume-weighted average price for the company's share on Nasdaq Stockholm over the 10 trading day period immediately ahead of October 20, 2021. Rights to be allotted employee stock options will accrue to the following senior executives: François Martelet (CEO), Fredrik Järrsten (CFO), Peter Selin (CBO) and Heidi Ramstad (CMO). The options are issued free of charge.
- To issue no more than 5,914,590 warrants, of which 4,500,000 warrants are to be issued to ensure the delivery of shares to participants in the employee stock option program in accordance with the terms of the program and 1,414,590 warrants are to be issued to cover the company's exposure to costs for social security contributions due to the exercising of employee stock options. Warrants were signed for according to the special subscription list by no later than October 31, 2021. Each warrant carries the right to subscribe for one share in the company at a price equivalent to the quota value of the share. Signing for shares based on the warrants begins on the date of registration of warrants at the Swedish Companies Registration Office and lasts until February 28, 2025. Warrants are to be issued free of charge.

2022 Annual General Meeting

The 2022 Annual General Meeting will be held on May 25, 2022.

Nomination Committee

The main task of the Nomination Committee is to draw up and make proposals for the election of Board members and the Chairman of the Board and to determine their fees. The Nomination Committee also presents proposals to the Annual General Meeting for the election of a chairman for the Meeting, the election of auditors, any remuneration for committee work and remuneration for the external auditor. The Nomination Committee's proposals are made public no later than in conjunction with the notice of the AGM.

The 2021 AGM resolved that the Nomination Committee ahead of the 2022 AGM would comprise three members, who were to be appointed as follows:

Not later than six months prior to the 2021 AGM, the Chairman of the Board is to contact the company's two largest shareholders in terms of voting rights, who should each then appoint a representative. Said representatives, together with the Chairman of the Board, thus constitute the Nomination Committee.

Should any of the two largest shareholders refrain from appointing a representative, the Chairman of the Board is to ask the next

largest shareholder to appoint a representative. The ownership analysis is based on Euroclear Sweden AB's list of registered shareholders on September 30, 2021 and on any other circumstances know to the Chairman of the Board at this time. When determining the largest owners in terms of votes, a group of shareholders are considered as a single owner if they (i) have been grouped as a single owner in Euroclear Sweden AB's register or (ii) announced and informed the company that they have come to a written agreement to take a long-term position in matters of the company's management by coordinating their votes. The majority of the Nomination Committee's members should not be members of the Board. The majority of the Nomination Committee's members should be independent in relation to the company and company management. Neither the CEO nor any other member of the company management is permitted to be a member of the Nomination Committee. At least one member of the Nomination Committee should be independent in relation to the company and the largest shareholder or coordinating group of shareholders in terms of votes.

The Nomination Committee ahead of the 2022 AGM comprises the following members:

- Per Arwidsson (Chairman of the Nomination Committee), appointed by Arwidsro Investment AB,
- Håkan Lagerberg, appointed by Mastan AB, and
- Anders Härfstrand, Chairman of Vivesto.

The Nomination Committee's full proposal for the 2022 AGM will be presented in the AGM notice.

Auditor

According to the Articles of Association, the company shall have one or two external auditors with not more than two deputies, or one or two accounting firms. The 2021 AGM re-elected the auditing firm KPMG AB as the company's auditor for the period until the close of the next AGM. Authorized Public Accountant Duane Swanson was appointed as auditor in charge for KPMG AB.

Board of Directors

Vivesto's Articles of Association stipulate that its Board of Directors consist of at least three and at the most eight members with not more than three deputy members. The AGM on May 27, 2021 resolved that Vivesto's Board comprise five members and no deputies. In accordance with the proposal of the Nomination Committee, the AGM resolved to re-elect Anders Härfstrand (as Chairman of the Board), and Birgit Stattin Norinder, Hege Hellström and Peter Zonabend as Board members as well as to elect new Board member Andrea Buscaglia.

The company's Articles of Association lack separate provisions regarding the appointment and dismissal of Board members, and amendments to the Articles of Association. Board assignments are for a fixed term in accordance with the Companies Act, which means that the mandate will last until the end of the first AGM held after the year the Board members were appointed. All Board members are independent of the company and its management in accordance with the definition under the Code. All of the Board members except Peter Zonabend are also independent in relation to major shareholders in the company.

Board duties and procedures

The Board has the overall task of managing the company's affairs on behalf of the shareholders. The Board has responsibility for ensuring that the company's organization is appropriate and that the operations are conducted in accordance with the Articles of Association, the Companies Act and other applicable laws and regulations as well as the Board's formal work plan. The Board continually assesses the Group's financial situation and the operational management. The Board is also, inter alia, responsible for ensuring that the company's internal control of financial conditions is satisfactory and that the information regarding financial and overall performance is communicated accurately in the company's financial reports.

In accordance with the Companies Act, Vivesto's Board of Directors has adopted written rules of procedure for its work and instructions, both for the allocation of duties between the Board and the CEO, and for the financial reporting to the Board. This formal work plan governs, inter alia, how the work should be distributed between the Board members and the frequency of Board meetings (at least five times a year in addition to the statutory Board meeting). The rules of procedure and instructions are established each year.

Chairman of the Board

The Chairman follows, by regular contact with the CEO, the company's development and is responsible for ensuring that Board members regularly receive the information needed to fulfill their duties. In addition, the Chairman leads the Board's work and ensures that the Board's decisions are implemented. The Chairman also ensures, inter alia, that the work of the Board is evaluated annually and that the Nomination Committee is informed about the evaluation results. The AGM re-elected Anders Härfstrand as Chairman of the Board on May 27, 2021.

Committees

The Board has appointed an Audit Committee and a Remuneration Committee. The committees' members are appointed for a period of one year at the statutory Board meeting and the committees' work is regulated by the annually adopted committee instructions. The committees are both preparatory and administrative bodies.

Audit Committee

The Audit Committee consisted of Peter Zonabend (Committee Chairman), Hege Hellström, Andrea Buscaglia and Anders Härfstrand. Without otherwise affecting the responsibility of the Board, the Audit Committee is tasked with, inter alia, monitoring the company's financial reporting, monitoring the efficiency of the company's internal controls and risk management, keeping itself informed about the audit of the annual report and the consolidated accounts, reviewing and monitoring the statutory auditor's impartiality and autonomy, particularly if the statutory auditor provides other services for the company than auditing, and assisting with preparation of the procurement of auditing services and in

conjunction with resolution by the general meeting regarding the choice of auditors.

Remuneration Committee

The Remuneration Committee comprises Anders Härfstrand (Committee Chairman) and Birgit Stattin Norinder. The Committee prepares the Board's decisions on matters pertaining to remuneration principles, remuneration and other terms of employment for the company management. Additionally, the Committee is tasked with monitoring and evaluating variable remuneration programs for the company's management, both ongoing and concluded during the year, and following and evaluating how the guidelines for remuneration of senior executives, as decided by the general meeting, are applied as well as the current remuneration structures and levels in the company.

Evaluation of the Board and CEO

The Board annually evaluates its work regarding its procedures and work climate, the focus of the Board's work, and access to and the need for special competence on the Board. The objective of the evaluation is to develop the Board's procedures and efficiency. The aim is also to gain an insight into what type of issues that the Board believe should be given more attention, and in which areas there may be a requirement for additional experience and competence on the Board. The results of the evaluation are reported to the Nomination Committee and form the basis of the Committee's work on evaluating the composition of the Board and its remuneration.

The 2021 evaluation has been carried out with each Board member and management giving responses to a digital questionnaire. In addition, the Chairman of the Board has taken individual contact with Board members regarding the Board's work during the year. The results of the evaluation have been reported within the Board and have been submitted to the Nomination Committee by the Chairman.

The Board evaluates the work of the CEO by monitoring the development of operations in terms of the set goals. A formal evaluation is conducted once each year.

The Board's work during the fiscal year

During the 2021 fiscal year, the Board held 14 minuted meetings. At these meetings, the Board mainly addressed issues relating to the continued funding of the Group's business operations, ongoing projects and partnership agreements, employee stock options, and updates regarding regulatory processes.

The Audit Committee held 5 meetings in the 2021 fiscal year. During the year, the Audit Committee has, inter alia, followed up audit reports from the auditors, evaluated the auditors' contribution and presented its findings to the Nomination Committee. The Audit Committee has also followed up the internal control of financial reporting.

The Remuneration Committee held five meetings in the 2021 fiscal year. Issues addressed at the meetings included the incentive program and remuneration levels to the CEO and other senior executives.

Attendance, 2021 fiscal year

	Independent[1]	Board meetings	Audit Committee	Remuneration Committee
Anders Härfstrand	Yes/Yes	14/14	5/5	5/5
Hege Hellström	Yes/Yes	14/14	5/5	–
Birgit Stattin Norinder	Yes/Yes	14/14	–	5/5
Peter Zonabend	Yes/No	14/14	5/5	–
Andrea Buscaglia[2]	Yes/Yes	10/10	2/2	–

[1] Independent of the company and its management and independent of major shareholders.
[2] Andrea Buscaglia was elected to the Board by the Annual General Meeting on May 27, 2021.

CEO and management

The CEO is appointed by the Board and is responsible for the company's daily operations in accordance with the Board's instructions and regulations. The allocation of responsibilities between the CEO and the Board is set out in the Board's formal work plan and in the CEO instruction prepared by the Board. In addition to François R. Martelet (CEO), the management group in 2021 comprised of Fredrik Järrsten (CFO), Heidi B. Ramstad (CMO), Reinhard Koenig (CSO) and Peter Selin (CBO).

Internal control over financial reporting

Vivesto's process for internal control is designed to manage and minimize the risk of errors in financial reporting as well as to ensure compliance with the applicable accounting requirements and other requirements that apply to Vivesto as a listed company.

The Board annually evaluates the need for an internal audit function and has determined that the company's current size and risk exposure do not justify a separate internal audit function. The following description explains how internal controls are organized. The description is limited to internal controls over financial reporting.

Control environment

The basis of the internal controls concerning financial reporting is the overall control environment. The control environment requires that the organizational structure, decision-making processes and authorities are clearly defined and communicated in the form of internal steering documents such as policies, guidelines, manuals and codes. The control environment also includes laws and external regulations.

The Board has ultimate responsibility for internal controls over financial reporting. Effective Board work is therefore the basis for sound internal control. Vivesto's Board has established a formal work plan and clear instructions for its work, including the work of the Audit Committee. The Audit Committee's primary task is

assisting the Board in overseeing the accounting and financial reporting processes and ensuring the quality of these reports and processes.

The Audit Committee's duties are supervisory. Responsibility for maintaining an effective control environment and the ongoing work regarding risk management and internal control over financial reporting is delegated to the CEO. Managers at various levels of the company are in turn responsible for their respective areas. Responsibility and authority are defined in the CEO instructions, instructions for authorization, manuals, other policies, procedures and codes.

The Board determines the company's major policies on information/communication, financing and risk management. Company management establishes instructions and the responsible managers issue guidelines and monitor implementation of all policies and instructions. The company's accounting and reporting instructions are defined in an accounting manual which is available to all financial staff. Along with laws and other external regulations, the organizational structure and the internal guidelines constitute the control environment.

Risk assessment

The goal of risk assessment is to identify areas of high risk within the business and to define the controls needed to manage these risks. Balance sheet and income statement items that are based on estimates or generated by complex processes are relatively more prone to error than other items.

The Board initiates an annual risk identification process and the results of the risk identification are evaluated by the Board in order to make an assessment of what steps need to be taken. The Board believes that the company has effective internal controls over financial reporting.

Control activities

Control activities are designed to prevent, detect and correct errors and deviations. The controls are integrated into the company's processes for payments, accounting and financial reporting and include authorization and approval procedures, reconciliation, performance analysis, division of administrative control and performance functions, and controls embedded in IT systems.

Information and communication

To ensure that external information is accurate, complete and submitted in a timely manner, Vivesto has in place, inter alia, a communication policy adopted by the Board of Directors. Moreover, internal instructions cover the communication of financial information between the Board, management and other employees.

Follow-up

Internal rules regarding internal control and risk management are updated at least annually and in between if necessary. Follow-up of compliance of these rules take place continuously at a detailed level. The Audit Committee meets in connection with the board meetings that handle it the quarterly reports. The auditor participates in the audit committee meetings, and meets annually with the members of the Board without someone from the company management being present.

Board

1. Anders Härfstrand

Chairman of the Board since 2020 and Board member since 2019.

Born: 1956

Education: MD and Ph.D from Karolinska Institutet in Stockholm.; SSE Executive Education, USA Exec Program, Harvard University. Director of Karolinska Development AB from 2017 to 2019 and as Chief Executive Officer of BBB Therapeutics BV from 2014 to 2015. Prior to that, he was President and Chief Executive Officer Europe of Makhteshim Agan Industries Ltd. (now ADAMA); President and Chief Executive Officer of Humabs BioMed SA; and Chief Executive Officer of Nitec Pharma AG (now Horizon Pharmaceuticals). He has also served in various executive roles at Serono, Pfizer and Pharmacia. He has a significant operational global experience of the pharmaceutical industry especially from the US, Japan and Europe.

Other important assignments: Chairman of Härfstrand Consulting AG and Diurnal Group PLC. Board member of Prothena Inc.

Holdings in Vivesto*: 150,000 shares.

Independent in relation to Vivesto, the company management and to major shareholders of the company.

2. Andrea Buscaglia

Board member since 2021.

Born: 1964

Education: Degree in Business Administration from the University of Bocconi in Milan, Italy and a Diploma in Accountancy from the University of Genoa, Italy. Andrea Buscaglia has extensive financial experience from over 30 years working in senior roles in the biopharmaceutical, medtech, investment banking and accounting sectors. He was CFO of the medical device and biopharmaceutical companies Endosense (now Abbott Laboratories) from 2009 until 2012 and Nitec Pharma (now Horizon Therapeutics) from 2007 until 2009, and was Vice President Corporate Development at Serono (now Merck KGaA) from 2000 until 2007. Prior to that, he worked for three investments banks, namely S.G Warburg & Co. Ltd. (now UBS), Deutsche Bank and Salomon Smith Barney (Citigroup).

Other important assignments: CFO for Medicines for Malaria Venture (MMV).

Holdings in Vivesto*: -

Independent in relation to Vivesto, the company management and to major shareholders of the company.

3. Hege Hellström

Board member since 2019.

Born: 1965

Education: Bachelor's Degree, Medical Laboratory Scientist, Ullevaal School of Bioengineering. Executive Board Program at INSEAD, 2019. Hege Hellström worked at the biotechnology company Sobi from 2013 until 2018 and was President at EMENAR (Europe, Middle East, North Africa and Russia). Prior to that, she was globally responsible for the Cardiovascular business area within Sanofi, VP Renal Europe; Head of Regional Liaisons at Sanofi and VP Renal and Endocrine Europe, and General Manager Benelux at Genzyme. Before Genzyme, she worked at Baxter for 13 years.

Other important assignments: Founder and manager of Belnor BVBA, a consultancy and investment company, and Board member of Camurus AB. CCO and Board member of Advicenne.

Holdings in Vivesto*: -

Independent in relation to Vivesto, the company management and to major shareholders of the company.

4. Birgit Stattin Norinder

Board member since 2020.

Born: 1948

Education: Master of Pharmaceutical Sciences and Bachelor's Degree in Art History, Uppsala University. Birgit has extensive experience from international pharmaceutical and biotechnology companies in Sweden, the US and UK. Amongst many positions she has served as CEO and Chairman of Profilix Ltd., Senior VP Worldwide Product Development at Pharmacia & Upjohn and as Director of the International Regulatory Affairs Division at Glaxo Group Research Ltd. Norinder has also held several Board and Chairman positions at European biotechnology companies.

Other important assignments: Member of the Board of AddLife AB, Nanexa AB and Jettesta AB.

Holdings in Vivesto*: 35,000 shares.

Independent in relation to Vivesto, the company management and to major shareholders of the company.

5. Peter Zonabend

Board member since 2019.

Born: 1980

Education: LL.M from Stockholm University, EMLE from Université Paul Cézanne Aix-Marseille III, France. Business and Economics from Stockholm University and Diploma in the Economic Analysis of Law from Université Paul Cézanne Aix-Marseille III, France. CEO of Victoria Investments Holding Ltd., 2010–2017, the Fylgia law firm and Björn Rosengren law firm. Board assignments including Hövding Sverige AB (publ), HQ AB, TCER AB, CBD Solutions AB.

Other important assignments: CEO of Arwidsro Fastighets AB and Arwidsro Fastigheter AB. Board Member of Arwidsro Investment AB and Hoist Finance AB (publ).

Holdings in Vivesto*: 600,000 shares. Manages 79,917 shares by proxy.

Independent in relation to Vivesto and company management, not independent of major shareholders in the company.

Auditor in charge

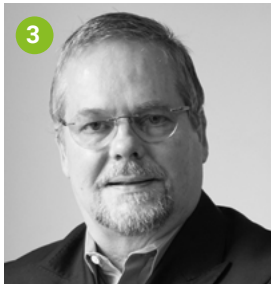
Duane Swanson

Authorized Public Accountant

KPMG AB

* As of December 31, 2021

Group management



1. Francois Martelet

Chief Executive Officer since 2020.

Born: 1960

Education: Advanced General Management Program (AMP) at INSEAD, France. Master's Degree in Business, Pharmaceutical Marketing at Burgundy Business School, France. Degree in Legal Medicine at R. Descartes University of Medicine, Paris, France. Doctor of Medicine with distinction, Université de Bourgogne, France. François Martelet is an experienced medicine and biotechnology executive. He has held three CEO positions in the last 12 years. He has spent most of his career in the oncology field, as CEO of Avax and Topotarget, as well as in executive roles at senior level at Roche, Eli Lilly, Novartis and MSD. Throughout his various assignments he has been based in six countries in Europe (including Sweden) and in the US. He is also a military reserve officer holding the rank of Brigadier (OF-6) and has received the Legion of Honor on military grounds that is the highest decoration in France.

Other important assignments: Board member of Novigenix SA.

Holdings in Vivesto*: 61,000 shares and 3,146,739 employee stock options.

2. Fredrik Järrsten[1]

Chief Financial Officer since 2020.

Born: 1967

Education: Degree in Accounting and Finance from the Stockholm School of Economics and Degree in International Business from the School of Business Administration, University of Michigan. Fredrik has over 25 years of experience across the financial, medical technology and life sciences sectors in the Nordic region and internationally. Previous positions include CFO and deputy CEO at Karolinska Development, as well as CFO and Business Development Manager at Bactiguard. He has also served as a Director of Business Development, including M&A, at the Nordic healthcare provider, Aleris, for more than eight years, where he carried out some 30 acquisitions. Fredrik has also worked as an Investment Manager at the venture capital company Litorina Kapital and at the investment banks SEB Enskilda and Lazard with advice in areas such as M&A, capital raises and IPOs.

Other important assignments: CEO and Board member, Fredrik Järrsten Konsult AB. Chairman of Terroir Suisse AB.

Holdings in Vivesto*: 56,500 shares and 1,350,000 employee stock options.

3. Reinhard Koenig

Chief Scientific Officer since 2021.

Born: 1960

Education: Medical Doctor and Doctorate in Medicine, Philipps University Marburg, Germany. Reinhard is a medical scientist, advisor and executive with successful track record in obtaining product approvals and driving commercialization in Europe and the United States in biotech, pharmaceuticals and medical devices. His experience of more than 25 years spans start-up and early stage companies as well as large, multi-national enterprises. He has held senior and executive positions in privately held and publicly traded companies, among them Genentech, Inc., Piramal Critical Care, Inc., Boehringer Mannheim Therapeutics, Inc., Questcor Pharmaceuticals, Inc., Collagen Aesthetics, Inc., and others. He has published on various scientific topics and is inventor and co-inventor of several patents and pending applications and held an appointment as Adjunct Professor at Temple University's College of Engineering, Department of Bioengineering, Philadelphia.

Other important assignments: -

Holdings in Vivesto*: -

4. Johanna Röstin

Head of Regulatory Affairs since 2022.

Born: 1967

Education: Master of Science in Biotechnology/Chemical Engineering and Licentiate degree in Biotechnology from KTH Royal Institute of Technology. Johanna Röstin was previously Director of CMC, Program Management and Regulatory at OxTheraAB. Before that Johanna spent ten years at Swedish Orphan Biovitrum AB (Sobi), where she was Global Senior Regulatory Affairs Manager and had regulatory responsibility for one of Sobi's leading biological products in the EU and US. She was also Regulatory CMC expert for several biological products at Sobi, both commercialized and under development. She has also worked for Pharmacia and Biovitrum.

Other important assignments: -

Holdings in Vivesto*: -

5. Kai Wilkinson

Chief Technical Officer since 2022.

Born: 1981

Education: PhD in Inorganic Chemistry, Swedish University of Agricultural Sciences; Master's Degree in Chemical Engineering and Biotechnology with a focus on Biotechnology, Surface Science and Medical Science, Mälardalen University. Kai Wilkinson was previously Head of Research, Development and Manufacturing at Oasmia. Before joining Oasmia in 2021 he spent eight years in different positions at Fresenius Kabi AB including Formulation Scientist and CMC Lead, Parenteral emulsions product specialist, and Pilot Plant production process development.

Other important assignments: -

Holdings in Vivesto*: -

[1] The company announced on March 3, 2022 that Fredrik Järrsten will resign as CFO later in 2022.

* As of December 31, 2021

Consolidated accounts

Consolidated income statement

TSEK	Note	Jan 1, 2021 Dec 31, 2021	May 1, 2020 Dec 31, 2020
Net sales	4	26,192	482
Other operating income	6, 13	42,481	2,489
Change in inventories of products in progress and finished goods	7	-42,258	21,672
Raw materials and consumables	7	-1,864	-4,062
Other external expenses	8, 9, 13	-79,438	-77,627
Employee benefit expenses	10	-44,883	-45,519
Depreciation, amortization and impairment	5, 11, 12	-28,877	-28,930
Operating income/loss		**-128,647**	**-131,493**
Financial income		2,460	4,138
Financial expenses		-6,534	-12,915
Financial income and expenses – net	13.14	**-4,075**	**-8,777**
Income before taxes		**-132,722**	**-140,270**
Income tax	15	0	0
Income for the year		**-132,722**	**-140,269**
Income for the year attributable to:			
Parent Company shareholders		-132,722	-140,270
Non-controlling interests		0	0
Earnings per share before and after dilution, SEK	16	-0.30	-0.31

Consolidated statement of comprehensive income

TSEK	Jan 1, 2021 Dec 31, 2021	May 1, 2020 Dec 31, 2020
Income for the year	**-132,722**	**-140,269**
Other comprehensive income		
Items that may subsequently be transferred to the income statement:		
Translation differences	1,170	468
Total other comprehensive income	**1,170**	**468**
Comprehensive income for the year	**-131,552**	**-139,801**
Comprehensive income for the year attributable to:		
Parent Company shareholders	-131,552	-139,802
Non-controlling interests	0	0

Consolidated statement of financial position

TSEK	Note	Dec 31, 2021	Dec 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	11	17,108	17,630
Capitalized development costs	5	400,799	420,334
Other intangible assets	12	39,605	9,197
Financial non-current assets		301	302
Total non-current assets		**457,813**	**447,462**
Current assets			
Inventories	7	9,897	51,496
Accounts receivable	17	10,101	1,489
Other current receivables	17, 19	8,680	43,063
Prepaid expenses and accrued income	17, 18	10,549	32,628
Short-term investments	17	89,357	247,277
Cash and cash equivalents	17	7,912	40,128
Total current assets		**136,495**	**416,079**
TOTAL ASSETS		**594,308**	**863,542**

TSEK	Note	Dec 31, 2021	Dec 31, 2020
EQUITY			
Equity and reserves attributable to Parent Company shareholders			
Share capital	20	44,837	44,837
Other capital provided		1,905,828	1,904,760
Reserves		-	-743
Retained earnings, including income for the year		-1,401,379	-1,268,657
Equity attributable to Parent Company shareholders		**549,713**	**680,196**
Equity attributable to non-controlling interests		0	0
Total equity		**549,713**	**680,196**
LIABILITIES			
Long-term liabilities			
Lease liabilities, long-term	9	5,141	6,545
Total long-term liabilities		**5,141**	**6,545**
Current liabilities			
Other borrowings	17	-	80,000
Accounts payable	17	13,590	10,678
Lease liabilities, short-term	9	5,287	4,204
Other current liabilities	17, 21	3,307	4,660
Accrued expenses and deferred income	17, 22	17,270	77,259
Total current liabilities		**39,454**	**176,800**
Total liabilities		**44,595**	**183,345**
TOTAL EQUITY AND LIABILITIES		**594,308**	**863,541**

Consolidated statement of changes in equity

		Attributable to Parent Company shareholders						
TSEK	**Note**	**Share capital**	**Other capital provided**	**Reserves[1]**	**Retained earnings**	**Total equity attributable to Parent Company shareholders**	**Non-controlling interests**	**Total equity**
Opening balance, May 1, 2020		**44,837**	**1,904,150**	**-1,211**	**-1,128,386**	**819,389**	**0**	**819,389**
Income for the year					-140,270	-140,270	0	-140,270
Other comprehensive income				468	-	468		468
Comprehensive income for the year		**0**	**0**	**468**	**-140,270**	**-139,802**	**0**	**-139,802**
Employee stock options		-	610	-	-	610	-	610
Closing balance, December 31, 2020		**44,837**	**1,904,760**	**-743**	**-1,268,657**	**680,197**	**0**	**680,197**
Opening balance, January 1, 2021		**44,837**	**1,904,760**	**-743**	**-1,268,655**	**680,197**	**0**	**680,197**
Income for the year		-	-	-	-132,722	-132,722	0	-132,722
Other comprehensive income		-	-	1,107	-	1,170	0	1,170
Comprehensive income for the year		**0**	**-**	**1,107**	**-132,722**	**-131,552**	**0**	**-131,552**
Employee stock options		-	1,068	-	-	1,068	-	1,068
Closing balance, December 31, 2021		**44,837**	**1,905,828**	**427**	**-1,401,379**	**549,713**	**0**	**549,713**

[1] Translation differences

Consolidated statement of cash flows[1]

TSEK	Note	Jan 1, 2021 Dec 31, 2021	May 1, 2020 Dec 31, 2020
Operating activities			
Operating loss		-128,647	-131,493
Adjustments for non-cash items	24	28,877	29,413
Interest received	14	0	3
Interest paid	14	-552	-680
Cash flow from operating activities before changes in working capital		**-100,332**	**-102,758**
Changes in working capital			
Change in inventories	7	41,599	-22,658
Change in accounts receivable	17	-8,612	-1,430
Change in other current receivables	17, 18, 19	57,462	-6,563
Change in accounts payable	17	2,874	-11,846
Change in other current liabilities	17, 21, 22, 24	-138,566	8,680
Cash flow from operating activities		**-145,565**	**-136,575**
Investing activities			
Investments in intangible assets	4, 11	-33,236	0
Investments in property, plant and equipment	12	-1,113	-4,366
Short-term investments	17	-	-100,000
Divestment of short-term investments	17	153,000	90,000
Cash flow from investing activities		**118,651**	**-14,366**

TSEK	Note	Jan 1, 2021 Dec 31, 2021	May 1, 2020 Dec 31, 2020
Financing activities			
Amortization of lease liability	9, 24	-5,809	-4,010
Cash flow from financing activities		**-5,809**	**-4,010**
Cash flow for the year		**-32,723**	**-154,952**
Translation differences		**507**	**-5,938**
Cash and cash equivalents at beginning of the year		**40,128**	**201,018**
Cash and cash equivalents at end of the year	17	**7,912**	**40,128**

[1] Item "paid interest" and "translation differences" differ compared with the previous released year-end report

Parent Company financial statements

Parent Company income statement

TSEK	Note	Jan 1, 2021 Dec 31, 2021	May 1, 2020 Dec 31, 2020
Net sales	4	26,192	482
Change in inventories of products in progress and finished goods	7	-42,258	21,672
Other operating income	6,13	37,930	2,489
Raw materials and consumables	7	-1,864	-4,062
Other external expenses	8,9,13	-83,770	-85,381
Employee benefit expenses	10	-44,826	-45,519
Depreciation, amortization and impairment of PPE and intangible assets	5,11,12	-24,800	-21,163
Operating income/loss		**-133,396**	**-131,482**
Profit/loss from participations in Group companies	25	0	-738
Other interest income and similar income	13, 14	2,460	4,555
Impairment of financial non-current assets	14	-	-1,700
Interest expenses and similar expenses	13, 14	-6,027	-10,584
Financial income and expenses – net		**-3,567**	**-8,467**
Income before taxes		**-136,963**	**-139,949**
Income tax	15	-	-
Income for the year		**-136,963**	**-139,949**

Parent Company statement of comprehensive income

TSEK	Jan 1, 2021 Dec 31, 2021	May 1, 2020 Dec 31, 2020
Income for the year	-136,963	-139,949
Comprehensive income for the year	**-136,963**	**-139,949**

Parent Company balance sheet

TSEK	Note	Dec 31, 2021	Dec 31, 2020
ASSETS			
Non-current assets			
Intangible non-current assets			
Capitalized development costs	5	400,799	420,334
Concessions, patents, licenses, trademarks and similar rights	12	39,605	9,197
Property, plant and equipment			
Equipment, tools and fixtures and fittings	11	7,890	9,310
Construction in progress and advance payments for property, plant and equipment	11	648	654
Financial non-current assets			
Participations in Group companies	26	0	60
Other securities held as non-current assets		301	301
Total non-current assets		**449,243**	**439,856**
Current assets			
Inventories			
Raw materials and consumables	7	7,848	7,414
Products in progress	7	2,049	10,811
Finished goods	7	0	33,271
		9,897	**51,496**
Current receivables			
Accounts receivable	17	10,101	1,489
Other current receivables	17, 19	8,680	43,061
Prepaid expenses and accrued income	17, 18	10,920	33,969
		29,701	**78,519**
Short-term investments	17	89,357	247,277
Cash and bank balances	17	7,898	39,957
Total current assets		**136,853**	**417,249**
TOTAL ASSETS		**586,096**	**857,105**

TSEK	Note	Dec 31, 2021	Dec 31, 2020
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	20	44,837	44,837
Statutory reserve		4,620	4,620
Reserve for development costs		25,394	27,096
		74,851	**76,553**
Non-restricted equity			
Share premium reserve		1,906,141	1,905,073
Retained earnings		-1,293,735	-1,156,888
Income for the year		-136,964	-139,949
		475,442	608,236
Total equity		**550,293**	**684,789**
Current liabilities			
Other borrowings	17	0	80,000
Accounts payable	17	13,590	9,093
Liabilities to Group companies	25	0	2,784
Other current liabilities	17, 21	3,307	3,177
Accrued expenses and deferred income	17, 21	18,906	77,262
Total current liabilities		**35,803**	**172,316**
TOTAL EQUITY AND LIABILITIES		**586,096**	**857,105**

Parent Company statement of changes in equity

		Restricted equity			Non-restricted equity		
TSEK	**Note**	**Share capital**	**Statutory reserve**	**Reserve for development costs**	**Share premium reserve**	**Retained earnings**	**Total equity**
Opening balance, May 1, 2020		**44,837**	**4,620**	**28,231**	**1,904,463**	**-1,158,023**	**824,128**
Income for the year		-	-	-		-139,949	-139,949
Reversal of Reserve for development costs		-	-	-1,135	-	1,135	0
Employee stock options		-	-	-	610	-	610
Closing balance, December 31, 2020		**44,837**	**4,620**	**27,096**	**1,905,073**	**-1,296,837**	**684,789**
Opening balance, January 1, 2021		**44,837**	**4,620**	**27,096**	**1,905,073**	**-1,296,837**	**684,789**
Income for the year		-	-	-	-	-136,963	-136,963
Reversal of Reserve for development costs		-	-	-1,702	-	1,702	0
Result from merger						1,400	1,400
Employee stock options	20	-	-	-	1,068	-	1,068
Closing balance, December 31, 2021		**44,837**	**4,620**	**25,394**	**1,906,141**	**-1,430,699**	**550,293**

Parent Company statement of cash flows

TSEK	Note	Jan 1, 2021 Dec 31, 2021	May 1, 2020 Dec 31, 2020
Operating activities			
Operating loss		-133,396	-131,482
Adjustments for non-cash items	24	24,780	21,758
Interest received	14	0	3
Interest paid	14	-45	-354
Cash flow from operating activities before changes in working capital		**-108,661**	**-110,075**
Changes in working capital			
Change in inventories	7	41,599	-22,658
Change in accounts receivable	17	-8,612	-1,430
Change in other current receivables	17,18,19	55,249	-6,878
Change in accounts payable	17	4,497	-11,648
Change in other current liabilities	21,22,24	-135,762	12,133
Cash flow from operating activities		**-151,690**	**-140,557**
Investing activities			
Investments in intangible assets	5,12	-33,236	0
Investments in property, plant and equipment	11	-1,113	-4,366
Short-term investments	17	0	-100,000
Divestment of short-term investments	17	153,000	90,000
Cash flow from investing activities		**118,651**	**-14,366**
Cash flow for the year		**-33,039**	**-154,923**
Effects of exchange rate changes on cash and cash equivalents		**982**	**-5,938**
Cash and cash equivalents at beginning of the year		**39,957**	**200,819**
Cash and cash equivalents at end of the year	17	**7,898**	**39,957**

Notes

Note 1 General information

Vivesto AB (Reg. No. 556332-6676 and the Parent Company of the Vivesto Group) is a limited company domiciled in Stockholm, Sweden. The address of the company is Vallongatan 1, Uppsala, where the Parent Company has its office and research facilities. The company's shares are listed on NASDAQ Stockholm and on the Frankfurt Stock Exchange. The Group's operations are described in the Administration Report on pages 33–42. The Annual Report for Vivesto AB for the fiscal year ending December 31, 2021 was approved for publication by the Board on April 27, 2022. The Group and Parent Company financial statements will be submitted to the Annual General Meeting on May 25, 2022 for adoption.

Shortened fiscal year in the preceding year

The Annual General Meeting on September 9, 2020 resolved to change the company's fiscal year to the calendar year, which entailed shortening the 2020 fiscal year to the eight-month period from May 1 to December 31, 2020. This means that comparative figures for the income statement and cash flow are presented for the eight month period of May 1 – December 31, 2020. The above applies for comparative figures when presented in tables and when given in parentheses in the running text. When expressions such as "during the preceding year" or "in 2020," etc., are used in these financial reports, unless otherwise stated, they pertain to the 2020 fiscal year, that is the period from May 1 – December 31, 2020.

Note 2 Accounting policies

The principal accounting policies applied in this Annual Report are set out below.

Basis of preparation

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU. Furthermore, the recommendation RFR 1, Supplementary accounting regulations for Groups, issued by the Swedish Financial Reporting Board, has been applied. The Parent Company applies the same accounting policies as the Group except in the cases listed below under "Parent Company accounting policies." The differences between the Parent Company and the Group are a result of limitations in the application of IFRS in the Parent Company as a result of the Swedish Annual Accounts Act. The preparation of financial statements in conformity with IFRS requires the use of certain critical estimates for accounting purposes. It also requires management to exercise its judgment in applying the Group's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated accounts are disclosed in Note 3.

The Group's accounting policies

2.1 New accounting policies

The accounting policies applied in 2021 are the same as those applied in the preceding fiscal year. No new or amended IFRSs, including statements that have been adopted by the IASB, are deemed to have any material impact on the Group's accounts. New or changed IFRSs, including statements that have been adopted by the IASB for application in 2022 or later, are not deemed to have any material impact on the Group's accounts.

2.2 Classification

Non-current assets comprise amounts that are expected to be recovered or paid more than 12 months after the closing day. Long-term liabilities comprise amounts due for payment more than 12 months after the closing day and other amounts for which the company has an unconditional right to defer settlement of the liability for at least 12 months after the closing day. Other assets and liabilities are recognized as current assets and current liabilities, respectively.

2.3 Subsidiaries

Subsidiaries are companies where the Parent Company has a controlling interest. The Parent Company has a controlling interest in a company when it is exposed to or is entitled to variable return from its holding in the company and is able to affect the return through its controlling interest in the company. Subsidiaries are included in the consolidated accounts as from the day on which the controlling interest is transferred to the Group. They are excluded from the consolidated accounts as from the day on which the controlling interest ends.

The acquisition method is applied to the recognition of acquisitions of subsidiaries. This means that acquired assets and liabilities are initially measured at fair value. If a deviation then arises against the acquisition cost, this is recognized as goodwill in the consolidated balance sheet when the deviation is positive and in the income statement if it is negative. Eliminations are made for intra-Group transactions and balance-sheet items, and for unrealized gains on transactions between Group companies.

2.4 Translation of foreign currencies

The Parent Company uses SEK as its functional currency and reporting currency. Transactions in foreign currency are translated to the functional currency according to the exchange rates on the transaction date. Foreign exchange gains or losses arising from payments for such transactions and from translation of monetary assets and liabilities in foreign currency at the closing day rate of exchange are recognized in operations. Foreign exchange gains and losses arising from the translation of bank accounts in foreign currencies are recognized under Net financial items. Individual subsidiaries have another functional currency than SEK. In the presentation of the consolidated accounts, the current rate method is used, whereby assets and liabilities are translated to the closing day rate of exchange while revenues and expenses are translated using the average exchange rate for the year. The translation differences that thus arise are recognized in other comprehensive income.

2.5 Segment reporting

An operating segment is a part of a company that conducts business activities from which revenues can be generated and costs can be incurred, and for which independent financial information is available. Furthermore, the operating income of the segment are reviewed on a regular basis by the company's chief operating decision maker as the basis for the decision on allocation of resources to the segment and the evaluation of its result. The Group management has been identified as

the chief operating decision maker. Group management assesses the business as a whole, that is as one segment, and therefore does not include information by segment in the accounts. Note 4 reports the division of revenues into product groups and geographic markets as well as the value of non-current assets in Sweden and in other countries. Information is also provided about the customer structure in the same note.

2.6 Property, plant and equipment

Property, plant and equipment are recognized at cost, with deductions for depreciation and impairment. Cost includes the purchase price and costs directly attributable to the asset for bringing it to the location and condition necessary for its intended us. Property, plant and equipment also include right-of-use assets for lease assets, see section 2.16 below. Additional expenses are added to the carrying amount of the asset or are recognized as a separate asset, depending on what is most suitable, only when it is probable that the future economic benefits connected with the asset will accrue to the Group and the acquisition cost of the asset can be measured in a reliable way. The carrying amount of the replaced part is removed from the balance sheet. All other types of repairs and maintenance are recognized as expenses in the income statement in the period in which they arise. Depreciation is based on the original cost less the estimated residual value. Depreciation takes place straight-line over the estimated useful life of the assets as follows:

- Vehicles 3–5 years
- Equipment and production equipment 5–15 years
- Right-of-use assets 2–5 years
- Leasehold improvements 5–20 years

At each reporting date, an assessment is made as to whether there is any indication that an asset may have decreased in value. If there is such an indication, the recoverable amount is estimated and if it is lower than the carrying amount the asset is written down to the recoverable amount. Gains or losses arising on divestment or disposal of an asset comprise the difference between the sales price and the carrying amount of the asset less direct selling expenses. Gains and losses on divestment or disposal are recognized in Other operating income and Other external expenses, respectively.

2.7 Intangible assets

2.7.1 Capitalized development costs

Expenditures for research are expensed immediately. Development costs which are attributable to production and tests of novel or improved products are capitalized to the extent that they are expected to generate future economic benefits. Vivesto capitalizes development costs consisting of the company's work on clinical trials in Phase III for the product candidate Paccal Vet and for which all the preconditions for capitalization pursuant to IAS 38 have been met. Costs for Apealea/Paclical were also capitalized up until March 2020 but in connection with the launch in the Nordic countries and the commercialization partnership agreement in large parts of the rest of the world, which was signed in March 2020 and is described elsewhere in this Annual Report, capitalization ended and amortization of the capitalized costs attributable to Apealea/Paclical began. The portions of the capitalized development costs for Apealea/Paclical that are attributable to the Russian market have been amortized since the 2018/2019 fiscal year. It is the assessment of the company that it is technically possible to complete Paccal Vet and make it available for sale. The products are based on a well-known and well-documented active ingredient, paclitaxel, and Vivesto's own excipient XR-17. The oncology markets for pets are large and growing, which means that the company assesses that there are good possibilities that this product will be able to generate considerable economic benefits in the future. Other development costs are recognized as an expense as and when they arise. Development costs previously recognized as an expense are not capitalized as an asset in subsequent periods. Straight-line amortization is applied to capitalized development costs over the period in which the expected benefits are expected to accrue to the company, and is begun at the earlier of when the product has obtained all necessary approvals for sales in a market or has otherwise stared to generate revenues for Vivesto.

2.7.2 Acquired research projects

The Group has acquired a research project that is still in a pre-clinical phase. This has been capitalized at cost minus any impairment.

2.7.3 Other intangible assets

The Group capitalizes fees to authorities for patents to the extent they are expected to generate future economic benefits. They are recognized at cost, reduced by the accumulated amortization. Amortization is performed on a straight-line basis in order to distribute the cost over the estimated useful life. The estimated useful life for patents is a maximum of 20 years. The capitalized patent expenses comprise registration costs such as initial expenses for authorities and legal fees for example. The gain or loss arising when an intangible non-current asset is divested or disposed of is determined as the difference between the settlements received and the carrying amount and is recognized in Other operating income or Other external expenses.

2.8 Inventories

Inventories are recognized at the lowest of acquisition cost and net realizable value.

The acquisition cost is established by using the first in, first out method (FIFO).

The cost for Raw materials and consumables consists of the purchase price invoiced by the supplier. The acquisition cost for Products in progress and for Finished goods consists of the costs for the constituent raw materials, with a mark-up for manufacturing costs and quality control costs. The net realizable value is the estimated sales price in the operating activities, with deductions for applicable variable selling expenses.

2.9 Impairment of non-financial assets

The capitalized development costs and the capitalized research projects which are not yet current are not amortized, but are instead tested annually for impairment. Group management performs an estimation of the expected useful lives of the assets at each reporting date. If there are indications that an asset's value has diminished, the recoverable amount of the asset is determined. This amount is either the net realizable value of the asset, with deductions for selling expenses, or its value in use, whichever is the higher. The asset is amortized down to the recoverable amount via the income statement. In order to establish the impairment requirement, the assets are grouped into cash generating units, which is the smallest group of assets that enables positive cash flows that are essentially independent of the cash flow from other assets or groups of assets.

2.10 Financial instruments

Financial instruments are agreements that give rise to a financial asset or liability. Financial assets are cash, equity instruments in other companies and such agreements that give entitlement to cash or other financial assets. Financial liabilities are agreements that oblige the company to pay cash or other financial assets to another company.

This means that there are several receivables and liabilities that are not financial instruments. For example, receivables or liabilities that can be expected to be settled other than in cash or through other financial assets are not dealt with in accordance with the accounting policies that apply to financial instruments. The same applies to receivables or liabilities that are not based on agreements. Financial instruments are recognized in the statement of financial position when Vivesto is one of the parties in the conditions of the agreement governing the instrument. Accounts receivable are recognized when they are issued. A financial asset is derecognized from the statement of financial position when the contractual rights expire, are realized or Vivesto loses control of the asset. A financial liability is derecognized from the statement of financial position when the obligation in the contract is met or extinguished in another manner. Vivesto's financial instruments are measured at fair value or at amortized cost:

- Fair value is the price that would be obtained if an asset were sold or paid to transfer a liability in an orderly transaction between knowledgeable and independent parties.
- Amortized cost is initially the fair value plus or minus transaction costs. Subsequent measurement is according to the effective interest method and includes any provisions for expected credit losses.

Measurement of financial instruments
On initial recognition, a financial asset is classified as subsequently measured at: amortized cost; fair value through other comprehensive income; or fair value through profit or loss.

Vivesto's financial assets are measured at amortized cost unless they have been identified as financial investments and shareholdings. Financial investments in fixed-income funds generate cash flows that are not payments of principal and interest payments, and are therefore measured at fair value through profit or loss. Financial liabilities are classified as measured at amortized cost. Financial assets are not reclassified after initial recognition except when the Group amends the purpose and the model for managing the financial assets. Vivesto does not hold any derivative instruments and does not apply hedge accounting.

- **Financial assets and liabilities measured at fair value through profit or loss**
  Changes in fair value are recognized in profit or loss.
  This category includes:
  - Short-term investments in fixed-income funds. The individual securities included in these funds have a remaining term of more than 3 months and may be exposed to more than insignificant fluctuations in value. Accordingly, they are recognized as Short-term investments and not as Cash and cash equivalents. The funds are traded in an active financial market and an official market price is published every trading day that comprises the fair value of the funds and at which they are valued.
  - Shareholding. This comprises a minor shareholding in a smaller limited company in which Vivesto has neither control nor significant influence

- **Financial assets measured at amortized cost**
  Financial assets measured at amortized cost encompass debt instruments that are managed with the aim of realizing the instruments' cash flows through receiving contractual cash flows comprised solely of payments of principal and interest on the principal outstanding.
  This category includes:
  - Cash and cash equivalents consist of bank balances in Swedish and foreign commercial banks. Where they are denominated in a currency other than SEK, they are translated at the closing day rate of exchange.
  - Accounts receivable, other current receivables and accrued income.

- **Financial liabilities measured at amortized cost**
  This category includes:
  - Borrowings.
  - Accounts payable, prepaid expenses and accrued expenses.

Impairment of financial assets
An assessment is made on initial recognition and on an ongoing basis of any expected credit losses pertaining to financial assets at amortized cost. The loss allowance is measured and recognized initially at 12-month expected credit losses (ECLs). On each reporting date an assessment is made as to whether the ECLs for a financial instrument have significantly increased since initial recognition and if this is the case then a loss allowance is recognized based on lifetime ECL. The loss allowance for accounts receivable, which do not contain significant financing components, is always measured at an amount corresponding to ECLs for the remaining lifetime of the receivable. Changes in loss allowances are recognized in profit or loss. The recognized gross carrying amount of a financial asset is written off when the Group has no reasonable expectation of recovering the financial asset in its entirety or in part.

Offsetting
Financial assets and financial liabilities are offset and the net amount recognized in the statement of financial position only where the Group currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

For further disclosures on Vivesto's financial instruments, see Note 17 Financial instruments and financial risks.

2.11 Equity
Common shares are classified as equity. Transaction costs which can be attributed directly to new share issues or warrants are recognized, net after tax, in equity as a deduction from the funds generated by the issue.

2.12 Income taxes
Tax revenues and expenses are constituted by current and deferred tax. Current tax is the tax calculated on the taxable income of each legal entity in the Group for the current or a previous period. Deferred tax is tax on temporary differences between the carrying amount and tax base of assets and liabilities. A deferred tax revenue also arises to the extent that the tax effect of loss carryforwards is entered as a deferred tax asset. However, a deferred tax asset is only recognized to the extent that there are convincing reasons that a future taxable surplus will be available, against which the deferred tax asset can be offset. As it is not yet possible to reliably calculate when Vivesto will achieve such a surplus, no deferred tax assets have been recognized.

2.14 Employee benefits
2.14.1 Short-term employee benefits
Short-term employee benefits are calculated without discounting and are recognized as an expense when the services concerned are obtained.

2.14.2 Employee stock options
Vivesto classifies its share-related incentive programs as transactions settled by equity instruments. The cost of the instruments' fair value on the allotment date is distributed over the vesting period by reporting the value of the estimated number of earned employee stock options as an employee benefit expense with a corresponding increase in equity. Each closing day, Vivesto revises the calculations of the number of expected earned instruments. When the original estimates are changed, Vivesto reports the change in the income statement. Equity is adjusted accordingly. In addition, employers' contributions are expected to be paid attributable to the share-based compensation programs. They are expensed in the income statement over the vesting period and are calculated on the fair value of the earned instruments at the closing day. When the options are exercised, the company issues new shares. When the options are exercised, payments received, after deduction of any directly attributable transaction costs, are recognized as an increase in equity.

2.14.3 Pension obligations
The Group has defined-contribution pension plans. A defined-contribution plan is a pension plan under which the Group pays fixed contributions to a separate legal entity. The Group has no legal or constructive obligations to pay further contributions if this legal entity does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Defined-contribution pension plan obligations are recognized as employee benefit expenses as and when they are earned by employees carrying out services for the company in any given period. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available to the Group.

2.14.4 Severance pay
Severance pay is awarded when notice is given to an employee by Vivesto before the normal pension date, or when an employee accepts voluntary resignation in exchange for such payments. The Group recognizes severance pay when it is obliged either to give notice to the employee according to a detailed formal plan without the possibility of recall, or to pay remuneration when notice is given as a result of an offer made to encourage voluntary resignation. Benefits which are due more than 12 months after closing day are discounted to the present value.

2.15 Revenue recognition

Operating income is recognized when the control of the rights, goods and services and their benefits has been passed to the customers. Revenue is measured at the fair value of what was received or will be received, excluding amounts collected for third parties, discounts and value-added tax, and after eliminating intra-Group sales. Vivesto's revenue comprises license rights, sold goods and services. More detailed disclosures about revenue recognition are provided in Note 4.

Vivesto's contracts with customers are analyzed in terms of performance obligation, that is what Vivesto has undertaken to carry out under the agreement, and in terms of the transaction price, that is what the customer undertakes to pay as well as the carrying out of the performance obligation.

Performance obligations

Vivesto undertakes the obligation to provide the customer with license rights in certain defined markets to market and sell Vivesto's products. Vivesto also undertakes, based on contract combined with purchase orders from customers to deliver goods of a certain quality to a certain destination within a certain period of time.

If a contract contains more than one performance obligation, these are analyzed to determine if these obligations are distinct. Each distinct performance obligation is recognized as revenue separately. If a performance obligation of an agreement is not distinct, such an obligation is grouped together with other performance obligations that together comprise a single joint and distinct performance obligation.

Transaction price

The transaction price comprises the consideration that Vivesto receives for satisfying its performance obligations under each contract with a customer. The transaction price is allocated to each performance obligation based on the price and the performance commanded in a stand-alone transaction. This allocation includes a certain level of assessment for cases in which no past stand-alone transactions are available for comparison. Sales prices must be estimated when market prices for stand-alone performance obligations are not available. Three methods are used to estimate stand-alone sales prices for each distinct performance obligation:

i. Adjusted market assessment approach – estimated expected price in the intended market, estimate based on prices from competitors for similar goods/services plus adjustments for Vivesto's costs and margins.
ii. Expected cost plus a margin approach
iii. Residual approach – the amount remaining of the total contracted sales price after allocation to other performance obligations.

For customer contracts including both the obligation to provide license rights and other performance obligations, the transaction price is allocated to the licensing obligation based on the residual approach. This is because license rights are generally unique, which is why it is difficult to identify a separate market-based price. When the performance obligation carried out and payment from the customer deviate from each other, an assessment is made as to whether the payment contains a significant financing component.

If this is assessed to be the case, the value of the financing component is separated from the actual transaction price and recognized in the financial results, while the transaction price is recognized as operating income. The purpose of taking into account the financing component is to adjust the transaction price so that this represents the sales price for a cash sale on the date that the performance obligation is satisfied. An advance payment means that interest expense is recognized during the period that the advance payment (contract liability) exists. Payment received a significant time after satisfying the performance obligation entails that interest income is recognized.

The contra item for the interest component is attributed to the transaction price which, according, is adjusted upward or downward in an amount corresponding to the interest expenses and interest income. This is because the total of the adjusted transaction price and interest are to correspond to the invoiced amount.

The adjustment of the transaction price of the financing component is recognized as deferred income and recognized in profit or loss as income when the performance obligation is satisfied.

Certain contracts include variable remuneration that is dependent on future events occurring or not occurring. This primarily applies to sales of licenses for intellectual property (IP) for which the contractual terms may include sales-based royalties and milestones.

Milestones may be based on approval of products in certain markets and achieving certain threshold levels of sales volumes. Sales of goods components in licensing agreements are usually measured at cost incurred plus market-based margins.

Satisfying the performance obligation

Revenue is recognized when Vivesto has satisfied its performance obligation. For sales of licenses, this means that control of the right has passed to the customer and Vivesto has completed delivery and does not have any further obligations regarding the license rights in question.

For licensing Vivesto's IP to customers, which comprises separate, distinct performance obligations, a distinction is made between two types of granting a license that affect whether revenue is to be recognized at a point in time or over time.

a) Right to access IP – the contract requires, or the customer can reasonably expect, that Vivesto will carry out activities that will significantly affect the rights to which the customer has access. These activities directly impact the customer and the activities do not entail that the goods/services are passed to the customer while the activities are carried out. The performance obligation and thus revenue are recognized over time, usually on a straight-line basis.
b) Right to use IP – the customer only has the right to use IP in its existing condition at the time that the customer is given the right. The performance obligation is initially satisfied, at a point in time.

For deliveries of goods, the performance obligation is satisfied when control of the goods has passed to the customer, which usually takes place when the customer receives the goods.

Variable consideration is not recognized as revenue until it is highly probable that Vivesto will collect such consideration and it is highly probable that a significant reversal of accumulated revenue will not need to be made when the uncertainty is resolved. For sales-based royalty revenue from licensing agreements comprising a distinct performance obligation, Vivesto applies that exemption rule entailing that royalties are recognized in revenue at the later of when the underlying sales take place and when the associated performance obligation is satisfied. Revenue is recognized at the royalty amount that Vivesto is entitled to collect at this point in time based on actual sales achieved. Milestone payments from licensing agreements that are paid on a sales basis are recognized in accordance with the exemption rule at the point in time when the milestone has been achieved. Other milestone payments that are based on receiving approval for sales in certain markets are recognized in accordance with the main rule, taking into account the risk of revenue reversal. Accordingly, such milestones are first recognized when approval has been received.

Cost of obtaining a contract

Vivesto has engaged an external advisor to identify suitable global partners. The advisor is entitled to received variable consideration based on the revenue accruing to Vivesto from the licensing agreement with the partner. The fees for the advisor comprise a specific cost for securing the customer contract. Vivesto recognizes the expenses for fees for the advisor at the point of time that Vivesto is entitled to receive payment for licensing revenues from the partner since it is not until this point in time that mutual rights and obligations exist for Vivesto and the advisor. Vivesto's expenses for fees for the advisor are expensed when Vivesto's performance obligation is satisfied.

2.16 Leases

Vivesto applies IFRS 16 Leases for the Group but not in the Parent Company. This means that, at the start of a lease, Vivesto recognizes the right to use the leased assets in the statement of financial position and concurrently recognizes a lease liability. Exceptions are made for low-value leases and leases with a term of less than 12 months.

Leased assets (right-of-use assets) are initially recognized at cost, which comprises the present value of future lease payments, direct costs for signing the lease and lease payments made at or before the commencement date when the underlying assets became available for use. The right-of-use assets may also be revalued during the lease term depending on whether the lease liability is remeasured. Right-of-use

assets are depreciated straight line to the earlier of the end of the useful life of the asset or the end of the lease term. Leased assets are tested for impairment.

Lease liabilities are initially valued at the present value of future lease payments. Each lease payment is recognized divided between repayment of the lease liability and interest expenses in profit or loss. The lease liability may be revalued during the lease term depending on whether certain circumstances, such as new lease terms and conditions, are introduced.

2.17 Financial income and expenses
Financial income and expenses comprise interest income on bank funds and receivables, interest expenses on liabilities and changes in fair value of financial investments. Interest income on receivables and interest expenses on liabilities are calculated by applying the effective interest method. The effective interest is the interest rate that exactly discounts the estimated future inward and outward payments over the expected term of the financial instruments to the recognized gross value of a financial assets or the accrued cost of a financial liabilities. Interest income and interest expenses include allocated amounts of the transaction costs and any discounts and premiums. Dividend revenue is recognized when the right to receive payment is judged to be safe. Earnings from sales of financial investments are recognized on the trade date.

Interest expenses are charged to earnings in the period to which they are attributable except to the extent that they are included in the cost of an asset. Am asset for which interest is included in costs is an asset that necessarily takes a significant amount of time to complete for its intended use or sale.

2.18 Dividends paid
Dividends paid to the Parent Company's shareholders are recognized as liabilities in the consolidated accounts in the period in which the dividends are approved by Parent Company shareholders.

2.19 Cash flow
Cash flow statements are prepared using the indirect method.

2.20 Parent Company accounting policies
The Parent Company's accounts are presented in accordance with the Annual Accounts Act (1995:1554) and recommendation RFR 2, Accounting for Legal Entities, issued by the Swedish Financial Reporting Board. RFR 2 states that in the annual report for the legal entity the Parent Company shall apply all IFRS and announcements adopted by the EU as far as possible within the framework of the Annual Accounts Act, and with regard to the connection between accounting and taxation. The recommendation lists which exceptions and additions are to be made from IFRS.

The differences between the accounting policies of the Group and the Parent Company are described below. The accounting policies stated below for the Parent Company have been applied consistently to all periods presented in the Parent Company's financial statements, unless otherwise stated.

(a) Leases
IFRS 16 Leases is applied in the Group but, pursuant to RFR 2, the Parent Company has elected not to apply IFRS 16 Leases. Instead, the Parent Company recognizes leases pursuant to RFR 2, sections 2–12, which for Vivesto means that lease payments are recognized on a straight-line basis over the lease period.

(b) Classification and forms of presentation
The Parent Company uses the term Cash flow statement for the report that in the Consolidated Accounts is named Statement of Cash Flows. The form of presentation of the Parent Company's income statement and balance sheet is based on the table presented in the Annual Accounts Act, which entails differences compared to the consolidated accounts, where the presentations are based on IAS 1 Presentation of Financial Statements, in particular with regard to the classification of equity and the naming of certain items.

(c) Group and shareholder contributions for legal entities
Shareholder contributions are accounted for as equity by the recipient and as an increase in participations in Group companies by the donor. Group contributions made by the Parent Company to a subsidiary are reported as an increase in participations in Group companies in the Parent Company accounts.

Group contributions from a subsidiary to the Parent Company are accounted for as financial income in the Parent Company.

(d) Reserve for development costs
According to the Annual Accounts Act companies shall form a reserve under restricted equity corresponding to the value that has been recognized in the balance sheet as Capitalized development costs. This does not apply to Capitalized development costs as of April 30, 2016 and earlier but only to development costs capitalized after May 1, 2016.

(e) Financial instruments
The Parent Company has chosen to not apply IFRS 9 Financial Instruments. However, some of the policies in IFRS 9 are still applicable, such as the ones pertaining to impairment, entry in and removal from the accounts, criteria for hedge accounting and the effective interest method for interest income and interest expenses.

The Parent Company measures financial non-current assets at cost, less any impairment and financial current assets according to the lowest value principle. Impairment rules from IFRS 9 are applied for financial assets recognized at amortized cost. Unlisted holdings that are not holdings in subsidiaries, associated companies or partnerships are recognized as impaired if the current value of the expected future cash flows is lower than the carrying amount. The Parent Company has no holdings in listed companies.

Note 3 Significant estimates and judgments for accounting purposes

Estimates and judgments 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 current circumstances.

Significant estimates and assumptions for accounting purposes
Group management makes estimates and assessments about the future. The resulting estimates for accounting purposes will by definition seldom correspond to the actual outcome. The estimates and assessments that entail a considerable risk of significant adjustments in the carrying amounts for assets and liabilities in the coming fiscal year are listed below.

(a) Impairment tests for intangible assets
The Group HAS capitalized development costs for two pharmaceutical candidates, Paclical/Apealea and Paccal Vet. The Group's capitalized development costs, as of December 31, 2021, amounted to TSEK 400,799 (420,334), of which TSEK 291,391 (310,926) was attributable to Paclical/Apealea and TSEK 109,408 (109,408) to Paccal Vet.
The capitalized development costs for Paclical/Apealea have in previous fiscal years been utilized or are ready to be utilized and ongoing amortization therefore commenced. These are to be reviewed for impairment to determine if there is an indication of decline in value. As of December 31, 2021, no such indications exist.

Capitalized development costs that have not yet been utilized for Paccal Vet are subject to an annual assessment of whether there is an impairment requirement, regardless of any indication of a decline in value. Vivesto's impairment tests show that there is no need for impairment as of December 31, 2021.

Impairment testing takes place by discounting expected future cash flows at a present value, which comprises the recoverable amount of the capitalized development costs. If this is lower than the carrying amount, it is to be written down to the recoverable amount in profit or loss.

Such a procedure includes estimates and assessments of a large number of parameters, such as a discount rate, market size and Paccal Vet's potential share of this market, the sales price of the products, production costs, the probability of securing the necessary approvals, etc. It may well prove to be the case at a later date that these assessments were insufficient or that the parameters developed in a negative manner

for Paccal Vet that could not be predicted when the impairment test took place. This may lead to all or some of the capitalized development costs having to be written down. As of December 31, 2021 capitalized development costs amounted to 73% (62) of equity on the same date.

(b) Assessments in connection with revenue recognition
In the 2019/2020 fiscal year, Vivesto signed a global strategic agreement with Elevar Therapeutics, Inc., which is described in Note 4. In addition to the upfront payment received and recognized in revenue in 2019/2020, the agreement also includes the possibility of several different future revenue flows of significant amounts. These flows will be recognized in revenue when the terms and conditions contingent on the revenue under the agreement have been deemed to be fulfilled at such a level of certainty that the probability that the revenue will need to be reserved for deemed to be very low.

(c) Income taxes
The Group is required to pay tax in Sweden. The Group's companies have so far showed negative taxable income, and as a result significant taxable deficits exist in the Group. There are at present no sufficiently convincing indications as to when loss carryforwards will be able to be utilized against future profits, and thus no deferred tax asset has been taken into consideration in the balance sheet. Accumulated taxable deficits in the Group are described in Note 15.

(d) Contingent liabilities
A contingent liability is a possible liability whose occurrence will possibly be confirmed by future events which wholly or partly, are beyond Vivesto's control and whose probability of occurring is low or difficult to estimate. It may also be an existing liability, the size of which cannot be calculated or the settlement of which is unlikely to result in any outflow of resources. It is obviously in the nature of contingent liabilities that their occurrence and size are particularly uncertain and therefore they are not recognized in the balance sheet. Instead, information is provided in Note 23. If it is at all possible to state any amounts for these contingent liabilities, they are, as can be seen above, largely dependent on management's assessments.

(e) Leases
When the lease term is established, available information is considered that provides an incentive to exercise an extension option or not exercise a termination option. The option to extend a lease is included only if it is reasonably certain that the lease will be extended. This assessment is reconsidered if any event or change occurs that impacts the assessment. Assumptions for determining the discount rate are required to calculate the present value of future lease payments. This rate is based on Vivesto's estimation of the borrowing rate that Vivesto would have obtained when borrowing from financial institutes for corresponding durations.

Note 4 Revenue from contracts with customers

Global agreement with Elevar Therapeutics, Inc.
On March 25, 2020, Vivesto signed a global strategic partnership deal with the US-based company Elevar Therapeutics, Inc. regarding commercialization of Apealea. The signing of this agreement meant that Vivesto received an upfront one-time payment for the license rights of MUSD 20, which was paid in April 2020. This agreement did not generate any royalty revenue or milestone payments in 2021. In accordance with this agreement, Vivesto sold most of its remaining inventory to Elevar during the financial year, a certain part of this sales of goods totalling TSEK 25,647, is attributable to Elevar's clinical studies in the USA.

Vivesto's contractual obligations
Under the agreement, Vivesto grants Elevar an exclusive license to further develop, produce, market, sell and sub-license Apealea worldwide, except for in the Nordic countries, the Baltic States, Russia and some other CIS countries. Vivesto has also under this agreement undertaken to deliver XR-17, an input product in the production of Apealea, to Elevar.

Future revenue flows from the agreement
In addition to the previously mentioned initial upfront payment in the previous fiscal year, Vivesto may receive three forms of revenue in the future:
- Sales revenue from the sales of XR-17 to Elevar.
- Royalty revenue based on Elevar's revenue from sales or sub-licensing.
- Milestone payments depending on certain performance criteria.

Sales revenue from XR-17
Under the agreement, Elevar has been granted the exclusive right to produce Apealea. XR-17, Vivesto's proprietary and patented excipient, is required to be able to produce Apealea and Vivesto has thus undertaken to deliver this to Elevar. The price has been agreed as being Vivesto's manufacturing cost plus a certain mark-up.

The purpose of this part of the agreement is to enable Elevar to produce and sell Apealea and, accordingly, the price of XR-17 agreed between the parties is intended to cover Vivesto's manufacturing costs plus a certain portion of expenses. This means that the agreed price is less than the estimated market price of XR-17. In order to correctly present the fair value of the sale of XR-17 to Elevar, revenue from the sale will be recognized at the estimated market price and not at the invoiced lower price. Reallocation takes place to revenues attributable to the license rights. Vivesto's revenue from the sale of XR-17 to Elevar is deemed to comprise a very small portion of the total revenue that the agreement is expected to generate for Vivesto.

Royalty revenue
Elevar has been granted the exclusive right to sell Apealea in the above-mentioned markets and also has the right to sub-license the product. Vivesto will receive a double-digit royalty percentage on Elevar's sales revenue. The royalty percentage depends on Elevar's annual sales – the higher the sales, the higher Vivesto's royalty percentage. If Elevar's revenue comprises royalty revenue from sub-licensing, Vivesto will receive a share of this revenue. This share may vary depending on the market and time of sub-licensing.

Royalty revenue will be recognized at the contractual amount when the terms and conditions for the royalties have been met, that is to say when Elevar has realized the royalty-based sales and the sales under the sub-licensing framework.

Milestone payments
Elevar has assumed responsibility for further developing Apealea under this agreement. In addition to simply product development, it also involves carrying out certain clinical studies and regulatory activities. The aim of this is to make the product usable and approved for several diagnoses in more markets than at present. Some of the milestone payments contracted in this agreement that may accrue to Vivesto in the future are dependent on a certain level of success in these development activities, for example, sales approval in certain markets or approval for new diagnoses. These development-based milestone payments will be recognized in revenue when each condition is met.

In addition to the abovementioned development-based milestone payments, the agreement also contains a number of milestone payments that are triggered when Elevar achieves certain sales targets. These will be recognized in revenue when each condition is met.
The sum of all of the potential development-based and sales-based milestone payments amounts to MUSD 678.

Costs for the agreement
During the process of finding a suitable partner, Vivesto engaged the help of advisors. Their remuneration is paid in the form of a revenue-dependent, single-digit percentage, which is calculated on Vivesto's revenue from the agreement. These expenses will be recognized when the corresponding revenue recognition takes place.

Risks inherent in the agreement
No sales of Apealea take or have taken place in any of the markets encompassed by the agreement. Of these markets, Apealea is approved for sale only in Europe, but Apealea is not an established product there.

In order to realize the potential future revenue described here, the following must take place:
- Elevar must successfully market and sell Apealea in the, to date, unprocessed European market.

- Elevar must successfully carry out the necessary clinical studies and regulatory processes in other countries to obtain sales approval there and then successfully market and sell Apealea in these equally unprocessed markets.

For a more detailed description of the risks associated with these processes, refer to the risk section of the Administration Report.

Other customer contracts

Agreement with Inceptua

In late 2020, Elevar entered into a licensing agreement with Inceptua for the commercialization of Apealea in Europe. In accordance with contractual terms and conditions, Inceptua will have exclusive rights to distribute and commercialize Apealea in Europe, excluding the Nordic countries, the Baltic States, Russia and CIS countries. Vivesto originally intended to launch Apealea in the Nordic and Baltic markets. However, Vivesto has since revised its strategy and in June 2021 the company chose to transfer the commercial rights for the Nordic and Baltic markets to Inceptua, who is now responsible for the launch of the drug in the entire European market except for Russia and CIS countries.

Agreement with Russian distributor

During the year, Vivesto terminated a supply and distribution agreement with a partner for the Russian market, Hetero Labs Ltd, which encompassed three of Vivesto's products. In a press release on September 17, 2021, the company announced that a licensing agreement had been signed with the Swiss FarmaMondo Group for the commercialization of Paclical® (Apealea) in Russia and the Commonwealth of Independent States (CIS). In accordance with the terms of the agreement, the market authorization Vivesto holds in Russia and Kazakhstan will be transferred to FarmaMondo. FarmaMondo will also be responsible for all future development and commercialization in Russia and CIS countries, including Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan and Uzbekistan. Vivesto will supply FarmaMondo with Paclical® and receive product revenue. Due to the war conflict in Ukraine, all registration and pre-marketing activities in Russia have been put on hold.

One-time payments (entrance fees)

Under the previous agreement, Hetero was to pay a one-time fee of TUSD 100 for each of the products that the agreement covered when each product was ready for commercialization. In the 2017/2018 fiscal year, TUSD 100 was paid for Apealea/Paclical, which was the only one of the three entrance fees be paid.

For this entrance fee, Hetero obtained the exclusive right to market and sell Apealea/Paclical for the duration of the agreement in the markets stipulated in the agreement. Vivesto undertook to carry out all necessary regulatory work and to further develop the product and its manufacturing process. The licensing agreement was assessed as a Right to access intellectual property (IP), whereby Vivesto undertook to conduct future activities that materially impacted the rights the customer was entitled to and which entailed the transfer of services to the customer when these activities were carried out. The performance obligation and, therefore, the revenue were recognized in a straight line over the assessed contractual period of seven years. As this amount can thus be considered to be an advance payment for future performance obligations, it was assessed that it contained a considerable financing component, which meant that the amount was adjusted up to include interest and was recognized as licensing revenues (transaction price) over the contractual period in conjunction with an interest expense being recognized as a financial expense calculated using the effective interest method over the assessed contractual period of seven years. In conjunction with the agreement signed in 2021, the entire remaining amount was recognized at once instead of over time.

The impact of the financing component on the income statement and balance sheet:

Deferred income

TSEK	Jan 1, 2021 Dec 31, 2021	May 1, 2020 Dec 31, 2020
Opening balance	-545	-644
Deferred income for the year	0	0
Recognized as revenue during the year	545	99
Adjustments for the year resulting from customer loss	0	0
Closing balance	**0**	**-545**

Prepaid interest expenses

TSEK	Jan 1, 2021 Dec 31, 2021	May 1, 2020 Dec 31, 2020
Opening balance	90	123
Prepaid expense for the year	0	0
Recognized as financial expense during the year	-90	-33
Adjustments for the year resulting from customer loss	0	0
Closing balance	**0**	**90**

Sales of goods and profit sharing

The agreement also included provisions covering the sale of goods and profit sharing between the parties. However, no such transaction took place and no such revenues were recognized in 2021 or in the preceding 2020 fiscal year.

Sales of supplies

Vivesto has had its own production facility in Uppsala where limited commercial production was possible in addition to production for the company's own research and development. For technical reasons a surplus of certain supplies was produced. This surplus was sold to a small number of Swedish customers. Revenue was recognized upon delivery to the customer and issued invoices, which fell due for payment after 30 days. Revenue during the year and outstanding accounts receivable from sales of supplies are presented in the following table:

	Group	
TSEK	Jan 1, 2021 Dec 31, 2021	May 1, 2020 Dec 31, 2020
Sales of supplies	0	288
Accounts receivable	0	0

During the preceding year, Vivesto closed this production facility in Uppsala and sales of supplies ceased.

Net sales per type of revenue

Summary of the revenue presented above:

	Group		Parent Company	
TSEK	Jan 1, 2021 Dec 31, 2021	May 1, 2020 Dec 31, 2020	Jan 1, 2021 Dec 31, 2021	May 1, 2020 Dec 31, 2020
Licensing revenues	545	99	545	99
Supplies	-	288	-	288
Sales of goods	25,647	95	25,647	95
Total	**26,192**	**482**	**26,192**	**482**

Net sales per geographic area

The division into geographic areas below is based on where the customer is domiciled:

	Group		Parent Company	
TSEK	Jan 1, 2021 Dec 31, 2021	May 1, 2020 Dec 31, 2020	Jan 1, 2021 Dec 31, 2021	May 1, 2020 Dec 31, 2020
USA	25,647	-	25,647	-
Russia	545	99	545	99
Sweden	-	288	-	288
Other countries	-	95	-	95
Total	**26,192**	**482**	**26,192**	**482**

Non-current assets located in Sweden amounted to TSEK 455,744 (444,444) and non-current assets located in Germany amounted to TSEK 2,069 (3,018).

Note 5 Capitalized development costs

Group	Jan 1, 2021 – Dec 31, 2021			May 1, 2020 – Dec 31, 2020		
TSEK	Apealea/Paclical	Paccal Vet	Total	Apealea/Paclical I	Paccal Vet	Total
Opening cost	329,458	109,408	438,866	329,458	109,408	438,866
Capitalized expenditure for the year	0	-	0	0	-	0
Closing accumulated cost	**329,458**	**109,408**	**438,866**	**329,458**	**109,408**	**438,866**
Opening accumulated amortization	-18,532	-	-18,532	-5,509	-	-5,509
Amortization for the year	-19,535	-	-19,535	-13,023	-	-13,023
Closing accumulated amortization	**-38,067**	**0**	**-38,067**	**-18,532**	**0**	**-18,532**
Closing carrying amount	**291,391**	**109,408**	**400,799**	**310,926**	**109,408**	**420,334**

Parent Company	Jan 1, 2021 – Dec 31, 2021			May 1, 2020 – Dec 31, 2020		
TSEK	Apealea/Paclical	Paccal Vet	Total	Apealea/Paclical I	Paccal Vet	Total
Opening cost	329,458	109,408	438,866	329,458	109,408	438,866
Divestments for the year	-	-	0	-	-	0
Capitalized expenditure for the year	-	-	0	-	-	0
Closing accumulated cost	**329,458**	**109,408**	**438,866**	**329,458**	**109,408**	**438,866**
Opening accumulated amortization	-18,532	-	-18,532	-5,509	-	-5,509
Amortization for the year	-19,535	-	-19,535	-13,023	-	-13,023
Closing accumulated amortization	**-38,067**	**0**	**-38,067**	**-18,532**	**0**	**-18,532**
Closing carrying amount	**291,391**	**109,408**	**400,799**	**310,925**	**109,408**	**420,334**

There were no capitalized development costs in the previous and preceding fiscal years. Research and development costs which were not capitalized amounted to TSEK 9,300 (46,035).

Note 6 Other operating income

	Group		Parent Company	
TSEK	Jan 1, 2021 Dec 31, 2021	May 1, 2020 Dec 31, 2020	Jan 1, 2021 Dec 31, 2021	May 1, 2020 Dec 31, 2020
Revenue attributable to partnerships	2,676	2,166	2,676	2,166
Exchange differences	197	211	197	211
Other	39,608	113	35,057	113
Total	**42,481**	**2,490**	**37,930**	**2,490**

Note 7 Inventories

	Group		Parent Company	
TSEK	2021-12-31	2020-12-31	2020-12-31	2020-12-31
Raw materials and consumables	7,848	7,414	7,848	7,414
Products in progress	2,049	10,811	2,049	10,811
Finished goods	0	33,271	0	33,271
Total	**9,897**	**51,496**	**9,897**	**51,496**

During the year, goods of TSEK 24,263 (134) were recognized as an expense and goods valued at TSEK 17,995 (5,404) were written down.

The change in the items "Products in progress" and "Finished goods" during the year is recognized in the income statement in "Change in inventories of products in progress and finished goods."

Note 8 Remuneration to auditors

	Group and Parent Company	
TSEK	Jan 1, 2021 Dec 31, 2021	May 1, 2020 Dec 31, 2020
	KPMG	KPMG
Audit engagement	1,792	2,822
Audit activities other than audit engagement	55	400
Tax consulting	-	-
Other services	173	-
Total	**2,020**	**3,222**

Auditing involves reviews of the Annual Report, of the accounting records, and of the management of the Board of Directors and CEO, and other tasks that the company's auditors are required to undertake. Auditing activities in addition to auditing include the review of interim reports and quality assurance services.

Note 9 Leases

Recognition of leases for which Vivesto is the lessee

The Group has leases for premises, vehicles and equipment for which the Group is lessee. Leases are normally signed for terms of three years. Most of the leases include an extension option. Leases can include both lease and non-lease components. Vivesto separates lease components from non-lease components for rent for premises and vehicles. Vivesto has decided to apply the exemption for short-term leases and low-value leases. Vivesto did not have any low-value leases during the fiscal year.

The Group did not accrue any revenue for sub-leasing of right-of-use assets or for any sale and leaseback transactions.

Impairment of right-of-use assets

Vivesto moved substantial parts of its operations to new premises in 2021. Some of the present premises will therefore not be used for the entire term of the lease. A provision for these future lease payments has been made in the Parent Company of TSEK 0 (4,570) reserved together with a corresponding write down of right-of-use assets of TSEK 0 (4,057).

Amounts for leases recognized in balance sheet

TSEK	Dec 31, 2021	Dec 31, 2020
Right-of-use assets		
Land and buildings[1]	8,038	7,185
Equipment and vehicles[2]	532	480
Total	**8,570**	**7,665**

[1] Additional right-of-use assets in the fiscal year amounted to TSEK 4,708 (594).
[2] Additional right-of-use assets in the fiscal year amounted to TSEK 626 (0).

TSEK	Dec 31, 2021	Dec 31, 2020
Lease liabilities		
Short-term	5,287	4,204
Long-term	5,141	6,545
Total	**10,428**	**10,749**

Amounts recognized in income statement

TSEK	Jan 1, 2021 Dec 31, 2021	May 1, 2020 Dec 31, 2020
Depreciation of right-of-use assets, Land and buildings	4,049	3,529
Depreciation of right-of-use assets, Equipment and vehicles	60	179
Impairment of right-of-use assets, Land and buildings	0	4,057
Interest expense on lease liabilities	507	631
Expenses for variable lease payments not included in the measurement of lease liabilities	-	156

The total cash flow for leases for the fiscal year was TSEK 5,809 (4,748).

The Parent Company's lease expenses were TSEK 4,969 (8,817) for the fiscal year. These consisted of minimum lease payments of TSEK 3,224 (4,161) and variable payments of TSEK 111 (86) as well as a provision of TSEK 1,634 (4,570) for future lease fees for terminated premises leases. Future minimum lease payments for operating leases are allocated as follows:

	Parent Company	
TSEK	Jan 1, 2021 Dec 31, 2021	May 1, 2020 Dec 31, 2020
The nominal value of future minimum lease payments is allocated as follows:		
Due for payment within one year	5,287	6,141
Due for payment later than one year but within five years	5,598	6,876
Due for payment later than five years	0	0
Total	**10,885**	**13,017**

See Note 17 with regard to lease liability maturity structure.

Note 10 Employees and remuneration

Average number of employees

	Group		Parent Company	
TSEK	Jan 1, 2021 Dec 31, 2021	May 1, 2020 Dec 31, 2020	Jan 1, 2021 Dec 31, 2021	May 1, 2020 Dec 31, 2020
Sweden				
Women	8	26	8	26
Men	17	26	17	26
Total Sweden	**25**	**52**	**25**	**52**
USA				
Total average number of employees	**25**	**52**	**25**	**52**

Salaries and benefits

Employee benefit expenses recognized in the income statement are specified as follows:

	Group		Parent Company	
TSEK	Jan 1, 2021 Dec 31, 2021	May 1, 2020 Dec 31, 2020	Jan 1, 2021 Dec 31, 2021	May 1, 2020 Dec 31, 2020
Salaries and other benefits	29,095	30,382	29,095	30,382
Share-based remuneration	1,068	610	1,068	610
Defined-contribution pension plans	3,019	2,904	3,019	2,904
Defined medical benefits	296	272	296	272
Social security contributions by law and agreement	8,454	8,538	8,454	8,538
Special employer's contribution on pension expenses and medical insurance	797	767	797	767
Other employee benefit expenses	2,097	2,046	2,097	2,046
Recognized employee benefit expenses	**44,826**	**45,519**	**44,826**	**45,519**

Salaries and other benefits
Salaries and other benefits include base salary, bonus, severance pay, fees and other benefits, such as company car, housing and similar. The amounts in the table pertain to expenses recognized and thus include changes in provisions for expenses for redundancies, vacation liability and similar items. This item also includes estimated bonuses for the fiscal year, which remained undecided at the end of the fiscal year.

Share-based remuneration
Costs for share-based remuneration refer to the cost for services rendered excluding estimated social security contributions that impact income for the year.

Defined-contribution pension plans
The Group has only defined-contribution pension plans.

Defined medical benefits
Vivesto offers its employees free medical care up to the cost ceiling and free medicines up to the cost ceiling. Vivesto has taken out health insurance and certain employees also have medical insurance.

Other employee benefit expenses
Other employee benefit expenses include costs for recruitment, preventive health care, training, internal representation and similar employee benefit expenses.

Benefits for senior executives
Board of Directors and Board committees
Remuneration of the Chairman of the Board of Directors and Board members is decided by the Annual General Meeting. The Board members receive their Board fees as salary that comprise a basis for employers' contributions in Vivesto. Some members of the Vivesto's Board have received consultancy fees for assignments over and above their work on the Board, which are presented in Note 25 Transactions with related parties.

Chief Executive Officer
François R. Martelet took office as CEO in March 2020. Under his employment contract, he is entitled to base salary, variable remuneration that primarily comprises the possibility of a discretionary bonus of a maximum of 50% of his annual base salary, share-based remuneration, other benefits such as company car and housing, a pension corresponding to 10% of his base salary including vacation pay and medical insurance. He is also entitled to a resettlement allowance. The mutual period of notice is 12 months. On termination of employment, the CEO may receive severance pay of a maximum of six monthly salaries.

Terms of employment for other senior executives
"Other senior executives" refers to the individuals who together with the CEO comprise Vivesto's Group management. Reinhard Koenig joined Vivesto's management group during the fiscal year, Reinhard Koenig and Robert Maiorana were members of Vivesto's management group in the previous fiscal year, but are or were not employed by the company and invoiced for their fees, see Note 25 Transactions with related parties. Recognized remuneration to Vivesto's other senior executives for the fiscal year consisted of base salary, bonus and redundancy compensation. Salaries are reviewed annually. According to their employment contracts other senior executives are entitled to pension insurance corresponding to the ITP scale or the like as well as individual health insurance. Some are also entitled to share-based remuneration, a discretionary bonus and/or medical insurance under their employment contract.

Remuneration to the Board and senior executives
Jan 1, 2021 – Dec 31, 2021

TSEK	Base salary/ Board fees	Social security contributions incl. special employer's contribution	Pension/ Pension/ Health benefits	Share-based remuneration	Bonus	Variable remuneration and other benefits
Chairman of the Board, Anders Härfstrand[1]	565	178	-	-	0	1
Board Member, Hege Hellström	275	86	-	-	0	0
Board member, Peter Zonabend	300	94	-	-	0	0
Board Member, Birgit Stattin Norinder	285	90	-	-	0	0
Board Member, Andrea Buscaglia[2]	164	52	-	-	0	0
CEO François R. Martelet	3,300	1,851	458	909	1,237[4]	360
Other senior executives (3 individuals at end of year, 3.46 individuals on average during the fiscal year)[3]	7,160	2,593	932	159	1,831	99
Total Parent Company and Group	**12,049**	**4,292**	**1,390**	**1,068**	**3,068**	**460**

[1] A certain portion of which is accrued Board fees attributable to the fiscal year. See Note 25 Transactions with related parties for other transactions with Board members.
[2] Took up position in May 2021.
[3] Reported remuneration to other senior executives is only for employed personnel. See also Note 25 Transactions with related parties.
[4] TSEK 1,237 refers to the actual outcome, which differs from the reserved amount as of December 31, 2021 of TSEK 1,650.

Remuneration to the Board and senior executives, cont.

May 1, 2020 – Dec 31, 2020

TSEK	Base salary/ Board fees	Severance pay	Social security contributions incl. special employer's contribution	Pension/ Pension/Health benefits	Share-based remuneration	Bonus, variable remuneration and other benefits
Chairman of the Board, Anders Härfstrand[1,2]	353	-	113	-	-	8
Chairman of the Board, Jörgen Olsson[1,3]	10	-	3	-	-	0
Board Member, Hege Hellström[1]	179	-	56	-	-	0
Board Member, Gunilla Öhman[1,3]	5	-	2	-	-	0
Board Member, Sven Rohmann[1,4]	-168	-	-53	-	-	0
Board Member, Peter Zonabend[1]	195	-	61	-	-	0
Board Member, Birgit Stattin Norinder[5]	190	-	60			0
CEO Francois R.Martelet	2,328	-	1,122	271	607	1,546
Other senior executives (3 individuals at end of year, 3.75 individuals on average during the fiscal year)[6]	2,175	1,983	1,558	677	2	277
Total Parent Company and Group	**5,267**	**1,983**	**2,923**	**949**	**610**	**1,831**

[1] A certain portion of which is accrued Board fees attributable to the fiscal year. See Note 25 Transactions with related parties for other transactions with Board members.
[2] Took up the position as Chairman of the Board in May 2020, previously a Board member.
[3] Stepped down May 2020.
[4] Stepped down September 2020. Has waived his Board fees.
[5] Took up position in May 2020.
[6] Reported remuneration to other senior executives is only for employed personnel. See also Note 25 Transactions with related parties.

Gender distribution on the Board and in management

	Dec 31, 2021		Dec 31, 2020	
TSEK	No. on closing day	Of whom, men	No. on closing day	Of whom, men
Group				
Board Members	7	4	11	8
CEO and other senior executives	5	4	5	4
Parent Company				
Board Members	5	3	4	2
CEO and other senior executives	5	4	5	4

The information on gender distribution for Board members in the Group shows all Board positions. Where the same person is on several company Boards in the Oasmia Group, this person is included for each Board position.

Share-based remuneration

Share-based remuneration Share-based remuneration pertains to employee stock options outstanding. The objective of the program is to create a long-term incentive for the CEO and other senior executives in line with the shareholders' interests. The options are issued free of charge and in addition to fixed base salary, short-term variable incentives and other customary employment benefits. If employment were to be terminated before the end of the vesting period, the reason for the termination of employment will determine how previously earned options are to be handled.

The Extraordinary General Meeting on May 14, 2020, approved an employee stock option program directed to the company's CEO, which entailed the issue of 896,739 four-year employee stock options subject to vesting terms and conditions. The program gives the CEO options with terms of service during the vesting period that extend until February 12, 2023. The employee stock options can be exercised between February 13, 2023 and February 13, 2024 at a strike price of SEK 7.36 per share, which corresponds to approximately 150% of the share price when the employment was agreed and published. The Black-Scholes model was used to estimate fair value on the allotment date (May 14, 2020), which was SEK 2.75 per option. A total of 562,982 options were vested with the CEO at the end of the fiscal year and the recognized cost for vested options for the services rendered during the fiscal year amounted to TSEK 822 and TSEK 20 in estimated social security contributions.

The AGM on September 9, 2020 adopted an employee stock option program for other senior executives recruited in 2020 that encompassed not more than 400,000 four-year options subject to vesting terms and conditions. Three senior executives received 375,000 options through the program. Following employment for three years, during a 12-month period these employee stock options can be converted into the same number of shares at strike prices of SEK 5.31, SEK 5.54 and SEK 7.84, respectively, corresponding to approximately 150% of the prevailing share price at the beginning of each executive's employment. The Black-Scholes model was used to estimate fair value on the allotment date (September 9, 2020) for each executive, which was SEK 1.13, SEK 1.06 and SEK 0.55 per option, respectively. A total of 109,290 options had vested with the three senior executives at the end of the fiscal year and the recognized cost for vested options for the services rendered during the fiscal year amounted to TSEK 106 and TSEK 15 in estimated social security contributions.

The Extraordinary General Meeting on October 20, 2021 approved the implementation of a long-term incentive program in the form of employee stock options for senior executives in the company. The program consists of a maximum of 4,500,000 options. These employee stock options entitle, after vesting in accordance with the terms and conditions, the participant to acquire shares during the period from and including November 1, 2024 until and including January 31, 2025. Each employee stock option entitles the holder to acquire one share in the company at a price of SEK 3.11 per share, corresponding to approximately 140% of the volume-weighted average price for the company's share on Nasdaq Stockholm over the 10 trading day period immediately ahead of October 20, 2021. The company has granted a total of 3,600,000 employee stock options to the CEO and CFO. The options were issued free of charge.

The Black-Scholes model was used to estimate fair value on the allotment date, which was SEK 0.60 per option. Other inputs for the model were:

- Allotment date: December 16, 2021
- Term: 3.2 years. Calculated from the allotment date until an average of the first date for possible subscription for shares and the final date for subscription for shares.
- Share price on allotment date: SEK 2.27 corresponding to the volume-weighted average price on the trading day closest to the valuation date.
- Volatility: 52.6% The measure is based on the share's development over the past 30 days which precedes the valuation and measures the price's standard deviation from the average value during that period.
- Expected dividend: None
- Risk-free interest rate: -0.04%

A total of 234,461 options had vested with the CEO and CFO at the end of the fiscal year and the recognized cost for vested options for the services rendered during the fiscal year amounted to TSEK 140, of which to the CEO TSEK 87 and TSEK 102 in estimated social security contributions.

Note 11 Property, plant and equipment

Property, plant and equipment consists of inventory and production equipment, leasehold improvements, and construction in progress and advance payments for machinery and equipment. The Group also has right-of-use assets for buildings, land and equipment.

As part of alignment with the partnership agreement contracted between Vivesto and Elevar Therapeutics, Inc. in March 2020, a substantial share of the company's in-house production was closed down in the latter part of 2020. This was due to Elevar taking over the production and product development of Apealea under the terms of the contract. Moreover, staff reductions within the framework of the cost-reduction program implemented during the preceding fiscal year enabled Vivesto to contract more appropriate premises for its operations. The agreement for the previous premises was terminated in early 2021 and Vivesto moved to its new premises. This situation means that production equipment and previous capitalized leasehold improvements were written down by TSEK 5,700 by the Parent Company in the preceding year, while no impairment was carried out for the current year. Right-of-use assets for the premises on Vallongatan in Uppsala that Vivesto used were also written down by TSEK 4,057, while no impairment was carried out for the current year.

Group Jan 1, 2021 – Dec 31, 2021

TSEK	Vehicles	Equipment and Production equipment	Leasehold improvements	Land and buildings, right-of-use assets	Equipment and vehicles, right-of-use assets	Construction in progress and advance payments for machinery and equipment	Total
Opening cost	225	51,741	8,549	20,065	869	7,035	88,484
Investments for the year	-	1,166	-	4,708	626	-	6,500
Reclassifications	-	0	-	-	-	-	0
Sales/disposals	-225	-36,732	-8,377	-4,122	-514	-	-49,970
Closing accumulated cost	**0**	**16,175**	**172**	**20,651**	**981**	**7,035**	**45,014**
Opening depreciation	-225	-40,318	-4,961	-8,823	-389	0	-54,716
Depreciation for the year	0	-2,437	-33	-4,049	-60	-6	-6,585
Sales/disposals	225	34,388	4,903	4,316	-	-	43,832
Closing accumulated depreciation	**0**	**-8,367**	**-91**	**-8,556**	**-449**	**-6**	**-17,469**
Opening accumulated impairment	0	-2,227	-3,473	-4,057	0	-6,380	-16,137
Sales/disposals	-	2,227	3,473	-	-	-	5,700
Closing accumulated impairment	**0**	**0**	**0**	**-4,057**	**0**	**-6,380**	**-10,437**
Closing carrying amount	**0**	**7,808**	**81**	**8,038**	**532**	**648**	**17,108**

Parent Company Jan 1, 2021 – Dec 31, 2021

TSEK	Vehicles	Equipment and Production equipment	Leasehold improvements	Construction in progress and advance payments for machinery and equipment	Total
Opening cost	225	51,741	8,549	7,035	67,550
Investments for the year		1,166	-	-	1,166
Reclassifications	-		-	-	0
Sales/disposals	-225	-36,732	-8,377	-	-45,334
Closing accumulated cost	**0**	**16,175**	**172**	**7,035**	**23,382**
Opening depreciation	-225	-40,318	-4,961	0	-45,504
Depreciation for the year	-	-2,437	-33	-6	-2,476
Sales/disposals	225	34,388	4,903	-	39,516
Closing accumulated depreciation	**0**	**-8,367**	**-91**	**-6**	**-8,464**
Opening accumulated impairment	0	-2,227	-3,473	-6,380	-12,080
Sales/disposals	-	2,227	3,473	-	5,700
Closing accumulated impairment	**0**	**0**	**0**	**-6,380**	**-6,380**
Closing carrying amount	**0**	**7,808**	**81**	**648**	**8,538**

Group May 1, 2020 – Dec 31, 2020

TSEK	Vehicles	Equipment and Production equipment	Leasehold improvements	Land and buildings, right-of-use assets	Equipment and vehicles, right-of-use assets	Construction in progress and advance payments for machinery and equipment	Total
Opening cost	225	45,687	8,437	19,471	869	8,836	83,525
Investments for the year	-	4,247	112	594	-	6	4,960
Reclassifications	-	1,807	-	-	-	-1,807	0
Sales/disposals	-	-	-	-	-	-	0
Closing accumulated cost	**225**	**51,741**	**8,549**	**20,065**	**869**	**7,035**	**88,485**
Opening depreciation	-225	-38,744	-4,657	-5,294	-210	0	-49,131
Depreciation for the year	0	-1,574	-305	-3,529	-179	-	-5,587
Sales/disposals	-	-	-	-	-	-	0
Closing accumulated depreciation	**-225**	**-40,318**	**-4,962**	**-8,823**	**-389**	**0**	**-54,718**
Opening accumulated impairment	0	0	0	0	0	-6,380	-6,380
Impairment for the year	-	-2,227	-3,473	-4,057	-	0	-9,757
Closing accumulated impairment	**0**	**-2,227**	**-3,473**	**-4,057**	**0**	**-6,380**	**-16,137**
Closing carrying amount	**0**	**9,195**	**114**	**7,185**	**480**	**655**	**17,630**

Sales/disposals of property, plant and equipment resulted in a capital loss of TSEK 25 (0) arising.

Parent Company May 1, 2020 – Dec 31, 2020

TSEK	Vehicles	Equipment and Production equipment	Leasehold improvements	Construction in progress and advance payments for machinery and equipment	Total
Opening cost	225	45,687	8,437	8,836	63,185
Investments for the year		4,247	112	6	4,366
Reclassifications	-	1,807	-	-1,807	0
Sales/disposals	-	-	-	-	0
Closing accumulated cost	**225**	**51,741**	**8,549**	**7,035**	**67,551**
Opening depreciation	-225	-38,744	-4,657	-	-43,627
Depreciation for the year	-	-1,574	-305	-	-1,879
Sales/disposals	-	-	-	-	0
Closing accumulated depreciation	**-225**	**-40,318**	**-4,962**	**0**	**-45,506**
Opening accumulated impairment	0	0	0	-6,380	-6,380
Impairment for the year	-	-2,227	-3,473	-	-5,700
Closing accumulated impairment	**0**	**-2,227**	**-3,473**	**-6,380**	**-12,080**
Closing carrying amount	**0**	**9,196**	**114**	**654**	**9,964**

Note 12 Other intangible assets

Other intangible assets consist of the costs of patents and of acquired research projects.

	Group and Parent Company Jan 1, 2021 – Dec 31, 2021			Group and Parent Company May 1, 2020 – Dec 31, 2020		
TSEK	**Patents**	**Research projects**	**Total**	**Patents**	**Research projects**	**Total**
Opening cost	25,681	25,000	50,681	25,681	25,000	50,681
Purchases for the year	33,236	-	33,236	-	-	0
Closing accumulated cost	**58,917**	**25,000**	**83,917**	**25,681**	**25,000**	**50,681**
Opening accumulated amortization	-16,484	0	-16,484	-15,922	0	-15,922
Amortization for the year	-2,828	-	-2,828	-562	-	-562
Closing accumulated amortization	**-19,312**	**0**	**-19,312**	**-16,484**	**0**	**-16,484**
Opening accumulated impairment	0	-25,000	-25,000	0	-25,000	-25,000
Impairment for the year	0	0	0	0	0	0
Closing accumulated impairment	**0**	**-25,000**	**-25,000**	**0**	**-25,000**	**-25,000**
Closing carrying amount	**39,605**	**0**	**39,605**	**9,197**	**0**	**9,197**

Note 13 Exchange differences, net

Exchange differences are recognized in the income statement as follows:

	Group		Parent Company	
TSEK	**Jan 1, 2021 Dec 31, 2021**	**May 1, 2020 Dec 31, 2020**	**Jan 1, 2021 Dec 31, 2021**	**May 1, 2020 Dec 31, 2020**
Other operating income	-197	211	-197	211
Other external expenses	1,890	662	1,890	662
Financial income and expenses – net	-981	-5,938	-981	-5,938
Total	**712**	**-5,065**	**712**	**-5,065**

Note 14 Financial income and expenses

Group

TSEK	Category	Earnings impact	Jan 1, 2021 Dec 31, 2021	May 1, 2020 Dec 31, 2020
Financial income				
Bank accounts	Financial assets measured at amortized cost	Exchange-rate effects	1,213	2
Loan receivables	Financial assets measured at amortized cost	Interest income	1,167	940
Short-term investments	Financial assets measured at fair value	Restatement at fair value	80	3,196
Total financial income		**2,460**	**4,138**	**4 138**
Interest expenses				
Liabilities to credit institutions	Financial liabilities measured at amortized cost	Interest expenses	-38	-41
Convertible debt instruments	Financial liabilities measured at amortized cost	Interest expenses	-	-
Other borrowings	Financial liabilities measured at amortized cost	Interest expenses	-5,664	-4,564
Accounts payable	Financial liabilities measured at amortized cost	Interest expenses	-4	-6
Lease liabilities	–	Interest expenses	-507	-631
Other	–	Interest expenses	-90	-33
			-6 303	**-5 275**
Other financial expenses and exchange differences				
Short-term investments	Financial assets measured at fair value	Restatement at fair value	-	-
Shareholdings	Financial assets measured at fair value	Restatement at fair value	-	-1,700
Bank accounts	Financial assets measured at a mortized cost	Exchange-rate effects	-231	-5,940
Convertible debt instruments	Financial liabilities measured at amortized cost	Issue expenses	-	-
			-231	**-7,640**
Total financial expenses		**-6,534**	**-12,915**	**-12 915**

Parent Company

TSEK	Category	Earnings impact	Jan 1, 2021 Dec 31, 2021	May 1, 2020 Dec 31, 2020
Financial income				
Bank accounts	Loans and accounts receivable	Exchange-rate effects	1,213	2
Loans to Group companies	Loans and accounts receivable	Interest income	0	417
Loan receivables	Loans and accounts receivable	Interest income	1,167	940
Short-term investments	Financial assets measured at fair value	Restatement at fair value	80	3,196
Total financial income			**2,460**	**4,555**
Interest expenses				
Liabilities to credit institutions	Financial liabilities measured at amortized cost	Interest expenses	-38	-41
Other borrowings	Financial liabilities measured at amortized cost	Interest expenses	-5,664	-4,564
Accounts payable	Financial liabilities measured at amortized cost	Interest expenses	-4	-6
Other	-	Interest expenses	-90	-33
			-5,796	**-4,644**
Other financial expenses and exchange differences				
Short-term investments	Financial assets measured at fair value	Restatement at fair value	-	-
Shareholdings	Financial assets measured at amortized cost	Impairment	-	-1,700
Bank accounts	Financial assets measured at amortized cost	Exchange-rate effects	-231	-5,940
			-231	
Summa finansiella kostnader			**-6,027**	**-12,284**

Note 15 Income taxes

The Parent Company has its fiscal domicile in Sweden, where the tax rate for the 2021 fiscal year is 20.6% (21.4). In addition, one subsidiary has its fiscal domicile in the USA, one in Russia and one in Hong Kong. The possibility of tax deduction for interest expenses has been limited to a maximum of 30% of operating income adjusted for certain items. If the adjusted operating income was negative, a simplification rule comes into effect under which interest expenses of TSEK 5,000 may be deducted. Vivesto has applied this simplification rule in 2021, as it did for the previous fiscal year.

	Group		Parent Company	
TSEK	Jan 1, 2021 Dec 31, 2021	May 1, 2020 Dec 31, 2020	Jan 1, 2021 Dec 31, 2021	May 1, 2020 Dec 31, 2020
Loss before tax	-132,722	-140,270	-136,963	-139,949
Tax at applicable tax rate, 20.6% (21.4)	27,341	30,018	28,214	29,949
Tax effect of non-deductible interest expenses	-212	-1,195	-212	-1,195
Non-deductible expenses	-14	-114	-14	-8
Impairment of participations in and receivables from subsidiaries	-	-	-	-158
Taxable deficits for which no deferred tax asset is recognized	-27,115	-28,708	-27,989	-28,589
Recognized effective tax	**0**	**0**	**0**	**0**

As of December 31, 2021, the Group had accumulated loss carryforwards from previous years and from the fiscal year amounting to TSEK 1,511,003 (1,379,374) and the Parent Company had such loss carryforwards of TSEK 1,486,135 (1,350,265). There are at present no sufficiently convincing reasons to assume that the loss carryforwards will be able to be utilized against future profits, and thus no deferred tax asset has been recognized in the balance sheet.

Note 16 Earnings per share

Earnings per share are calculated by dividing earnings attributable to Parent Company shareholders by the weighted average number of common shares outstanding during the period.

	Group	
TSEK	Jan 1, 2021 Dec 31, 2021	May 1, 2020 Dec 31, 2020
Earnings attributable to Parent Company shareholders (TSEK)	-132,722	-140,270
Weighted average number of common shares outstanding (thousand)	448,370	448,370
Earnings per share (SEK per share)	-0.30	-0.31

The following instruments outstanding at December 31, 2021 have not given rise to any dilution effect, but could do so in the future:

TSEK	No. of options	Max. No. of shares	Subscription price, interval
Warrants which can be converted to three shares	1,280,250	3,840,750	4.06 USD
Employee stock options which can be converted to one share[1]	896,739	896,739	7.36 SEK
Employee stock options which can be converted to one share[2]	375,000	375,000	5.31–7.84 SEK
Employee stock options which can be converted to one share[3]	3,600,000	3,600,000	3.11 SEK
Max. No. of shares		**8,712,489**	

[1] Directed at the CEO
[2] Directed at other senior executives
[3] Directed at the CEO and other senior executives

Warrants that can be converted to three shares are warrants issued in 2015 and which expire on October 28, 2025. One warrant entitles the holder to subscribe for three shares at a subscription price of USD 4.06.

The employee stock option programs are directed at the company's CEO and other senior executives. A total of 896,739 options have been issued to the CEO, which can be converted into the same number of shares at a price of SEK 7.36 during the period from February 13, 2023 to April 13, 2024 subject to the CEO's continued employment for three years. A total of 375,000 options were issued to senior executives, which can be converted into the same number of shares at strike prices of SEK 5.31, SEK 5.54 and SEK 7.84, respectively, over a 12-month period following a three-year vesting period subject to the senior executive's continued employment for three years. A total of 3,600,000 options have been issued to the company's CEO and CFO, which can be converted into the same number of shares at a price of SEK 3.11 during the period from November 1, 2024 to January 31, 2025 subject to the CEO's and CFO's continued employment for three years. For further information on employee stock options, refer to Note 10 "Employees and remuneration."

Note 17 Financial instruments and financial risks

Financial risks
Vivesto's business, like all business activities, is subjected to a large number of risks. In general, these may be divided into such risks that directly affect the Group's financial situation (financial risks) and such risks that only affect the financial situation indirectly (operational risks). What operational risks Vivesto is subjected to and how these are managed is described in the Administration Report.

The financial risks that Vivesto's financial instruments are to varying extents subjected to are primarily:

Credit risk, meaning the risk that a debtor does not pay its liability to Vivesto.

Liquidity risk, meaning the risk that Vivesto does not have sufficient funds to pay a liability when it falls due for payment or that a lack of liquidity significantly limits Vivesto in its business operations. The company works continuously with liquidity forecasts and has recently completed a rights issue of SEK 150 million.

Market risk, meaning the risk that values that are dependent on the development of the financial markets affect the value of Vivesto's financial instruments negatively.

The market risks that affect Vivesto's financial instruments are primarily:

- *Market price risk,* meaning the risk that the market price of fixed-income funds (short-term investments) in which Vivesto has invested its surplus liquidity will perform negatively.
- *Currency risk:* the risk that the exchange rates for the currencies that Vivesto's financial instruments are denominated in develop unfavorably. The Vivesto Group includes two companies that report in currencies other than SEK. This means that translation differences can arise when they are included in the consolidated accounts, which is reported in total comprehensive income. However, since all of these Group companies are dormant, this translation risk is limited.
- *Interest-rate risk:* the risk that Vivesto's cash flow or the fair value of financial instruments vary unfavorably due to changes in market interest rates. Interest-rate risk can lead to changes in fair value and changes in cash flow.

See Note 9 with regard to lease liabilities.

The following sensitivity analysis shows how the market price risk in TSEK would affect the result if the market price of Vivesto's fixed-income funds were to change by 1%:

Market price risk

Financial instrument	Currency	Dec 31, 2021	Dec 31, 2020
Short-term investments (fixed-income funds)	SEK	894	2,473

The following sensitivity analysis shows how the currency risk in TSEK would affect the result if exchange rates were to change by 10%:

Valutarisk

		Currency risk	
Financial instrument	**Currency**	**Dec 31, 2021**	**Dec 31, 2020**
Accounts receivable, accrued income and cash and cash equivalents	USD	39	1,945
	EUR	1,450	640
Total currency risk		**1,489**	**2,585**

Currency risk

		Currency risk	
Financial instrument	**Currency**	**Dec 31, 2021**	**Dec 31, 2020**
Accounts payable and other current liabilities	EUR	250	456
	USD	205	184
	GBP	43	15
	DKK	4	34
Total currency risk		**501**	**688**

These risks, how they are managed and what financial instruments are affected by them are discussed further below in the sections "Financial risk management" and "Financial instruments".

Financial risk management

The Group financial policy determined by the Board regulates how management should identify financial risks and, when possible and necessary, take measures to limit risk. Risk consists of two components:

- The risk that a negative event occurs
- The risk that there are substantial consequences if a negative event were to occur.

A correct assessment of risk, and thus a decision on appropriate risk management measures, is based on a true assessment of both these components. Obviously, there can be situations where it is not profitable to actively take measures to prevent a negative event even if there is a risk that it may occur, if at the same time the consequences of such a negative event are small. In such a case it is probably best to accept the risk.

In other cases, where the consequences of a negative event may be more extensive, risk management can consist of taking appropriate measures to try to minimize both components. Depending on the nature of the risk, these measures can be directed more at one or the other of them. In certain cases, above all where market risk is concerned, the individual company can often not influence the risk parameters at all. In those cases, risk management is directed entirely at reducing the consequences of negative events.

Credit and liquidity risks are mainly largely governed by events that can be managed through active preventive work.

Historically, the dominant financial risks for Vivesto have been financing and consequently liquidity risks, as described above. This has meant that most of the financial risk management work has been directed at these two risks. In practice, this has meant that Group management has focused intensely on finding and developing different financing opportunities, through both creditors and owners.

The credit risk inherent in both cash and cash equivalents and short-term investments is handled by having only accounts with large, well-reputed banks with a high credit rating.

The carrying amount of financial assets presents the maximum credit exposure.

Capital management

The company is still only at the start of a commercialization and launch phase and does not generate any profits or positive cash flow yet, which means that the company's capital management focuses exclusively on the external raising of capital. For the same reason, no dividend policy has been formulated yet.

The overarching objective of the company's capital management is to provide the business with capital and liquidity until such a time as profitability and a positive operating cash flow have been achieved. This is done by issuing new shares and convertible debt instruments, supplemented by external loans. This management and this objective have not changed compared to the previous year and there are no external capital requirements that have to be taken into consideration.

Financial instruments

Vivesto's financial instruments can be divided into the following categories:

- Financial assets measured at fair value
- Financial assets measured at amortized cost
- Financial liabilities measured at amortized cost

Financial assets measured at fair value

Financial instruments' fair value can be calculated according to different measurement techniques, which in turn are based on different inputs. These inputs may be observable to varying degrees. The calculated fair values are divided into three different levels, primarily depending on how observable these inputs are.

Level 1: Listed prices in an active market for identical assets or liabilities constitute the fair value of financial instruments at level 1.
Level 2: Inputs for fair value calculations at level 2 are constituted by other directly or indirectly observable inputs than listed prices.
Level 3: When calculating fair value at level 3, inputs are not observable but are based, for example, on reasonable estimates.

Financial instruments by category

Group, December 31, 2021

TSEK	Financial assets measured at fair value	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Total
Financial assets				
Financial non-current assets	301	-	-	301
Accounts receivable	-	10,101	-	10,101
Other current receivables	-	4,980	-	4,980
Accrued income	-	652	-	652
Short-term investments	89,357	-	-	89,357
Cash and cash equivalents		7,912	-	7,912
Total financial assets	**89,658**	**23,645**	**0**	**113,303**
Financial liabilities				
Other borrowings	-	-	-	0
Accounts payable	-	-	13,590	13,590
Other current liabilities	-	-	-	0
Accrued expenses	-	-	10,598	10,598
Total financial liabilities	**0**	**0**	**24,188**	**24,188**

Financial instruments by category

Group, December 31, 2020

TSEK	Financial assets measured at fair value	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Total
Financial assets				
Financial non-current assets	2,002	-	-	2,002
Accounts receivable	-	59	-	59
Other current receivables	-	40,251	-	40,251
Accrued income	-	22,339	-	22,339
Short-term investments	234,080		-	234,080
Cash and cash equivalents		201,018	-	201,018
Total financial assets	**236,082**	**263,667**	**0**	**499,749**
Financial liabilities				
Other borrowings	-	-	80,000	80,000
Accounts payable	-	-	22,524	22,524
Other current liabilities	-	-	110	110
Accrued expenses	-	-	50,413	50,413
Total financial liabilities	**0**	**0**	**153,047**	**153,047**

- Vivesto holds financial instruments measured at fair value comprised of fixed-income funds, TSEK 89,357 (247,277) that invest in secure interest-bearing securities and other fixed-income instruments. Most of the securities included in these funds have a remaining term of more than 3 months and may be exposed to more than insignificant fluctuations in value. Accordingly, they were recognized in the balance sheet as Short-term investments.

  The fixed-income funds are traded in an active finance market and can be realized in one to two banking days. An official market price is published every trading day that comprises the fair value of the funds. They are thus measured in accordance with level 1 above. Changes in value for the year amounted to TSEK 80 (3,196) and these were recognized in profit or loss as financial income.

  These fixed-income funds encompass a market price risk entailing the risk of the market value declining. However, since these funds invest in short-term securities from blue-chip issuers, the market risk is deemed to be low.
- Vivesto has a shareholding in a smaller unlisted Swedish limited company. As these shares are not listed there is no active market for the share and, accordingly, no observable input data available. The shareholding is therefore valued pursuant to level 3 and recognized in the balance sheet at TSEK 302 (302).

  On restatement at fair value in the preceding year, a restatement loss of TSEK 1,700 arose, which was recognized in the Group as a financial expense and in the Parent Company as impairment of financial non-current assets, refer also to Note 14.

  This shareholding is primarily affected by the operational risks in the company in question, but is also subject to some interest-rate risk since its fair value is interest-rate dependent. However, the low value of the item means the risk is negligible.

Financial assets measured at amortized cost

The carrying amount of cash and cash equivalents, accounts receivable, other current receivables and accrued income comprises a reasonable approximation of fair value.

- Cash and cash equivalents of TSEK 7,912 (40,128) consist of bank balances of TSEK 7,899 (40,111) in Swedish commercial banks and of bank balances of TSEK 14 (17) in foreign commercial banks.

  Of cash and cash equivalents, TSEK 5,442 (25,123) is balances in foreign currency. These have been translated using the Swedish Riksbank's end-of-month quotation at closing day. Cash and cash equivalents have an underlying credit risk. However, this risk is deemed to be very low since cash and cash equivalents are deposited in bank accounts with large, well-reputed commercial banks and therefore no credit loss reserve has been reported. That part of the liquid assets which are in other currencies than SEK has an underlying currency risk, which means that there is a risk that the exchange rates for these currencies develop negatively. As far as possible, the company strives to minimize risk by matching these assets against expenses in corresponding currencies.

Accounts receivable by currency

	Dec 31, 2021		Dec 31, 2020	
Valuta	Value in currency	Recognized in SEK	Value in currency	Recognized in SEK
EUR	924	9 453	64	641
USD	-	0	11	87
SEK	648	648	761	761
Total		**10,101**		**1,489**

Age of accounts receivable relative to due date

TSEK	Dec 31, 2021	Dec 31, 2020
Not yet due	10,079	1,402
Past due date:		
1–30 days	-	87
31–60 days	22	-
Total	**10,101**	**1,489**

- Accounts receivable of TSEK 10,101 (1,489).

  Accounts receivable are recognized at the value at which it is estimated they will be received. Accounts receivable in foreign currency are translated at the closing day rate of exchange.

  Accounts receivable include a credit risk and a currency risk. Accounts receivable are individually assessed and a loss allowance is created for their remaining lifetimes for expected credit losses. No loss allowance has been made as the amounts are not material and the amounts due are expected to be received shortly.
- Other current receivables of TSEK 0 (40,251).

  In July 2019, Vivesto acquired a claim on MGC Capital Ltd. from Arwidsro Investment AB as part of the settlement agreement between Arwidsro and Vivesto. The nominal value of the receivable on the acquisition date amounted to TSEK 60,251, but when the receivable was acquired for TSEK 40,251, it was entered as an asset in the balance sheet at this value, since this was assessed to comprise the fair value at the transaction date. The intention was to use this claim at its nominal value as part of settling Vivesto's debt to MGC of TSEK 80,000. On October 21, 2021, Vivesto reached a settlement encompassing all disputes with MGC Capital, former Board members of Vivesto and members of former management. The financial effects of this settlement were of a non-recurring nature and have been reported in the fourth quarter of 2021. A debt in the balance sheet to MGC Capital of SEK 80 million and the aforementioned asset of approximately SEK 40 million were nullified as part of the settlement.
- Accrued income of TSEK 652 (23,278). This comprises accrued insurance payments of TSEK 0 (21,188), accrued interest income of TSEK 0 (1,151) and other accrued income of TSEK 652 (0).

Financial liabilities measured at amortized cost

The carrying amount of borrowings, accounts payable, other short-term and accrued expenses comprise a reasonable approximation of fair value.

- Borrowings of TSEK 0 (80,000) comprised a loan from MGC Capital Ltd in the preceding year.

  The loan plus accrued interest amounted to TSEK 94,233, which comprised a reasonable approximation of its fair value at the time. On October 21, 2021, Vivesto reached a settlement encompassing all disputes with MGC Capital, former Board members of Vivesto and members of former management. The financial effects of this settlement were of a non-recurring nature and have been reported in the fourth quarter of 2021. The aforementioned debt in the balance sheet to MGC Capital of SEK 80 million and the above asset of approximately SEK 40 million were nullified as part of the settlement.
- Accounts payable of TSEK 13,590 (10,678), Accrued expenses TSEK 10,678 (48,890) and Other current liabilities TSEK 0 (86), in total TSEK 24,188 (59,654), comprise minor liabilities to a large number of suppliers. Amortized cost corresponds to fair value. Of these amounts, TSEK 5,211 (7,206) comprises liabilities in a currency other than SEK. These involve a currency risk. In addition to this currency risk, there is also a liquidity risk attached to these liabilities.

  Accrued expenses in the preceding year also includes a reserve for expenses in connection with the legal dispute with a group of investors that is described under the heading Other current receivables above and in the Administration Report.

Remaining time until maturity of financial liabilities

Group, December 31, 2021

TSEK	<3 months	3–6 months	6–12 months	More than 1 year
Lease liabilities	1,334	1,318	2,635	5,598
Other borrowings, including interest	-	-	0	-
Accounts payable	13,590	-	-	-
Other current liabilities	-	-	-	-
Accrued expenses	**10,598**	**-**	**-**	**-**
Total	**25,522**	**1,318**	**2,635**	**5,598**

Group, December 31, 2020

TSEK	<3 months	3–6 months	6–12 months	More than 1 year
Lease liabilities	1,549	1,531	3,061	6,876
Other borrowings, including interest[1]	-	-	94,233	-
Accounts payable	10,678	-	-	-
Other current liabilities	86	-	-	-
Accrued expenses	34,657	-	-	-
Total	**46,970**	**1,531**	**97,294**	**6,876**

[1] This liability, including interest, was subject to legal proceedings and thus its exact maturity date could not be given.

Note 18 Prepaid expenses and accrued income

	Group		Parent Company	
TSEK	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Other prepaid expenses	399	2,040	399	1,896
Prepaid insurance premiums	3,674	5,673	3,674	5,673
Prepaid interest expenses		90		90
Prepaid expenses for legal dispute		1,500		1,500
Prepaid rent	1,349	47	1,720	1,531
Accrued insurance payments		21,188		21,188
Accrued interest income		2,090		2,090
Accrued income	652		652	
Other interim receivables	4,475		4,475	
Total	**10,549**	**32,628**	**10,920**	**33,969**

Rent and lease payments are recognized in the Group but not in the Parent Company in accordance with IFRS 16, which means that prepaid rent differs between the Group and the Parent Company.

Note 19 Other current receivables

	Group		Parent Company	
TSEK	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Current financial receivables	4,980	40,251	4,980	40,251
VAT receivable	2,675	2,628	2,675	2,628
Other current receivables	1,025	184	1,025	182
Total	**8,680**	**43,063**	**8,680**	**43,061**

Note 20 Share capital

Specifications of changes in equity are presented in this report for the Group immediately after the consolidated statement of financial position and in the Parent Company immediately after the balance sheet. The total number of shares as of December 31, 2021 was 448,369,546 type A (448,369,546) with a quota value of SEK 0.10 per share. All issued shares are fully paid-up. The development of the number of shares since January 1, 2020 is shown below.

	No. of shares	Share capital, SEK
OB Jan 1, 2021	**448,369,546**	**44,836,955**
There were no changes in the number of shares or share capital in 2021.		
CB Dec 31, 2021	**448,369,546**	**44,836,955**

Note 21 Other current liabilities

	Group		Parent Company	
TSEK	**Dec 31, 2021**	**Dec 31, 2020**	**Dec 31, 2021**	**Dec 31, 2020**
Cash payments for warrants that proved to be invalid	1,480	1,480	1,480	-
Employee withholding taxes/social security contributions	1,560	3,091	1,560	3,091
Other	267	89	267	86
Total	**3,307**	**4,660**	**3,307**	**3,177**

Note 22 Accrued expenses and deferred income

	Group		Parent Company	
TSEK	**Dec 31, 2021**	**Dec 31, 2020**	**Dec 31, 2021**	**Dec 31, 2020**
Accrued expenses for disputes and business negotiations		27,202		27,202
Accrued employee benefit expenses	8,120	15,698	8,120	12,342
Accrued interest expenses		14,233		14,233
Accrued expenses for premises	1,500	1632	1,500	5,570
Accrued expenses for clinical trials		794		794
Other accrued expenses	7,650	5,185	9,286	4,606
Deferred income from sales of goods		11,970		11,970
Other deferred income	0	545		545
Total	**17,270**	**77,259**	**18,906**	**77,262**

Note 23 Contingent liabilities, pledged assets and contingent assets

Balance with MGC Capital LTD. (MGC)
In October, Vivesto reached a settlement in all disputes with MGC. Under the heading "Other short-term borrowings" in the balance sheet for the 2021 Q2 interim report, Vivesto noted a liability to MGC of SEK 80 million plus interest and an asset in the form of a claim of SEK 40 million plus interest. These items were extinguished as part of the settlement.

Pledged assets
The Parent Company has taken out a chattel mortgage of TSEK 8,000 (8,000) with a bank as collateral for an overdraft facility of TSEK 5,000 (5,000) and as the limit for a foreign currency derivative of TSEK 3,000 (3,000).

Note 24 Cash flow statements

Adjustments for non-cash items

		Group		Parent Company	
TSEK	**Note**	**Dec 31, 2021**	**Dec 31, 2020**	**Dec 31, 2021**	**Dec 31, 2020**
Depreciation, amortization, impairment and disposals: non-current assets	5,10, 11	28,877	28,930	24,780	21,163
Employee stock options	10	-	610	-	610
Impairment of receivables	4,17	-	-	-	-
Impairment of inventories	8	-	-	-	-
Unrealized exchange differences		-	-127	-	-15
Total		**28,877**	**29,413**	**24,780**	**21,758**

Reconciliation of liabilities from financing activities

Group 2021	Opening balance	Cash flows	Changes that do not affect cash flow	Closing balance
TSEK	Jan 1, 2021	2021	Transfer between balance-sheet items	Dec 31, 2021
Lease liabilities	10,749	-5,809	5,488	10,428
Other borrowings	80,000	-80,000	-	0

Parent Company 2021	Opening balance	Cash flows	Changes that do not affect cash flow	Closing balance
TSEK	Jan 1, 2021	2021	Transfer between balance-sheet items	Closing balance
Other borrowings	80,000	-80,000	-	0

Group 2020	Opening balance	Cash flows	Changes that do not affect cash flow	Closing balance
TSEK	May 1, 2020	2020	Transfer between balance-sheet items	Dec 31, 2020
Lease liabilities	14,165	-4,010	594	10,749
Other borrowings	80,000	-	-	80,000

Parent Company 2020	Opening balance	Cash flows	Changes that do not affect cash flow	Closing balance
TSEK	May 1, 2020	2020	Transfer between balance-sheet items	Closing balance
Other borrowings	80,000	-	-	80,000

Note 25 Transactions with related parties

Group companies
The Group consists of the Parent Company Vivesto AB, Oasmia Pharmaceutical, Inc. in the US, Oasmia Pharmaceutical Asia Pacific, Ltd. based in Hong Kong, and Oasmia RUS LLC. in Russia. During the fiscal year, the previous Swedish companies Qdoxx Pharma AB and Oasmia Incentive AB were merged with the Parent Company, while the American subsidiary AdvaVet, Inc. was liquidated. The subsidiaries are 100% owned. The subsidiaries are thus under the control of the Parent Company. For further information on the Group, see Note 26 Participations in Group companies.

Transactions between Parent Company and subsidiaries
There have been no sales of goods between the Parent Company and the subsidiaries, either during this year or the previous year.

Transactions between Parent Company and Swedish subsidiaries
The following table shows the loan transactions during the year between the Parent Company and the Swedish subsidiaries and the opening and closing liabilities:

	Qdoxx Pharma		Oasmia Incentive	
TSEK	2021	2020	2021	2020
Parent Company's opening liability	42	42	2,741	2,741
Transactions during the year	-42	-	-2,741	-
Parent Company's closing liability	**0**	**42**	**0**	**2,741**

Transactions between the Parent Company and AdvaVet, Inc., USA
The Board decided prior to the close of the previous fiscal year to liquidate AdvaVet. AdvaVet was liquidated during the year, meaning that operating income of TSEK 4,551 (0) was recognized in the Group.

Transactions between the Parent Company and Oasmia, Inc., USA
A new US subsidiary was registered in December 2020, Oasmia Pharmaceutical, Inc. No transactions took place between the Parent Company and Oasmia Pharmaceutical, Inc. during the year.

Transactions between the Parent Company and Oasmia Asia Pacific, Ltd., Hong
No transactions took place between the Parent Company and Oasmia Pharmaceutical Asia Pacific during the year. There were no dealings between the companies at December 31, 2021.

Transactions between the Parent Company and Oasmia RUS, Russia
During the year, the Parent Company disbursed a loan of EUR 17,500 (19,000) to Oasmia RUS, which was recognized at TSEK 178 (194). As of December 31, 2021, this remained unsettle, but since management believes that Oasmia RUS will not be able to repay this receivable, it has been written down in the Parent Company. This transaction has been eliminated in the consolidated accounts and thus has not affected the Group's results.

Transactions with key people in senior positions
For salaries and remuneration to the Board and senior executives, see Note 10.

In addition to their Board fees, some members of the Board also performed certain other services for which they received the following consultancy fees:

TSEK	2021	2020
Hege Hellström	-	105
Birgit Stattin Norinder	-	42
Total	**0**	**147**

Instead of receiving salary, certain other senior executives invoiced consultancy fees totaling TSEK 3,698 (2,444).

There were no other transactions with key individuals.

Transactions with principal owners
No transactions took place during the year between Vivesto and its principal owner.

Note 26 Participations in Group companies

Parent Company	Corp. Reg. No.	Domicile	Share of equity, %	Voting rights, %	Carrying amount DEC 31, 2021	Carrying amount DEC 31, 2020
Oasmia Pharmaceutical, Inc	4336484	Delaware, USA	100	100	0	-
Oasmia Pharmaceutical Asian Pacific, Ltd	2383363	Hongkong	100	100	0	0
Oasmia RUS, LLC	1177746442620	Moscow	100	100	0	0
Qdoxx Pharma AB	556609-0154	Uppsala	-	-	-	50
Oasmia Incentive AB	556519-8818	Uppsala	-	-	-	10
Total					**0**	**60**

	Parent Company	
TSEK	2021-01-01 –2021-12-31	2020-05-01 –2020-12-31
Opening cost	122,365	122,365
Merger	-122,365	-
Closing accumulated cost	**0**	**122,365**
Opening impairment	-122,305	-122,305
Merger	122,305	-
Closing accumulated impairment	**0**	**-122,305**
Closing carrying amount	**0**	**60**

Note 27 Allocation of non-restricted equity

The following non-restricted equity is available for distribution by the Annual General Meeting:

SEK	Dec 31, 2021	Dec 31, 2020
Share premium reserve	1,906,141,268	1,905,072,854
Retained earnings	-1,293,934,736	-1,156,888,019
Income for the year	-136,963,847	-139,949,081
Total	**475,242,685**	**608,235,754**

The Board proposes that the 2022 Annual General Meeting resolves that the above amount available of SEK 475,242,685 (608,235,754) be carried forward.

Note 28 Events after closing day

- In order to finance the continued development of Vivesto and its projects according to the company's business plan and strategy, in January the Board resolved on a fully underwritten rights issue of MSEK 151, pending approval by the extraordinary general meeting.
- Vivesto also announced its intention in January to change name to Vivesto AB, pending approval by the extraordinary general meeting.
- In January, Vivesto announced that progress had been made in the internal development of XR-18 and that the company had identified and synthesized a promising new candidate to use in conjunction with the technology platform.
- The extraordinary meeting on February 21 resolved to approve the Board's decision on January 19, 2022 regarding a new share issue with preferential rights for existing shareholders as well as an amendment to the Articles of Association changing the company name to Vivesto AB.
- In February, Vivesto provided an update on SAKK's investigator-initiated Phase Ib trial of Docetaxel micellar to treat metastasized prostate cancer.
- In March, Vivesto announced that Fredrik Järrsten would leave his role of Chief Financial Officer later in the year, following a notice period of six months, to pursue new opportunities.
- In March, Vivesto announced that the intellectual property (IP) portfolio had been strengthened considerably in terms of XR-17, the company's primary drug delivery technology.

Note 29 Key definitions

In addition to the key ratios that can be directly seen from the financial statements, the following key definitions are used in this Annual Report:

Equity per share
Equity as a ratio of the number of shares at the end of the period.

Equity/assets ratio
Equity as a ratio of total assets.

Net liability
Total borrowings with deduction of cash and cash equivalents and short-term investments.

Debt/equity ratio
Net liability as a ratio of equity.

Return on total assets
Income before deduction of interest expenses as a ratio of average total assets.

Return on equity
Earnings before taxes as a ratio of average equity.

The key definitions found above are generic definitions often used in analyses and comparisons between different companies. They are therefore given to enable the reader to rapidly and summarily evaluate Vivesto's financial situation and possibly compare with other companies.

These have been calculated as follows:

TSEK	Jan 1, 2021 Dec 31, 2021	May 1, 2020 Dec 31, 2020
Equity per share		
Equity at end of period, TSEK	549,713	680,196
No. of shares at end of period, thousand	448,370	448,370
Equity per share, SEK	**1.23**	**1.52**
Equity/assets ratio		
Equity at end of period, TSEK	549,713	680,196
Total assets at end of period, TSEK	594,308	863,542
Equity/assets ratio, %	**92**	**79**
Net liability, TSEK		
Other borrowings	–	80,000
Total borrowings	**0**	**80,000**
Short-term investments	89,357	247,277
Cash and cash equivalents	7,912	40,128
Total cash and cash equivalents and short-term investments	97,268	287,405
Net liability	**-97,268**	**-207,405**
Debt/equity ratio		
Net liability, TSEK	-97,268	-207,405
Equity, TSEK	549,713	680,196
Debt/equity ratio, %	**-18**	**-30**
Return on total assets		
Operating income plus financial income, TSEK	-126,188	-127,355
Total assets at beginning of period, TSEK	863,542	1,005,347
Total assets at end of period, TSEK	594,308	863,542
Average total assets, TSEK	728,925	934,444
Return on total equity, %	**-17**	**-14**
Return on equity		
Income before tax, TSEK	-132,722	-140,270
Equity at beginning of period, TSEK	680,196	819,389
Equity at end of period, TSEK	549,713	680,196
Average equity, TSEK	614,954	749,792
Return on equity, %	**-22**	**-19**

Signing of the Annual Report

The Board of Directors and Chief Executive Officer hereby provide assurance that the consolidated accounts have been presented in accordance with international financial reporting standards, IFRS, as they have been adopted by the EU, and give a true and fair view of the financial position and results of the Group. The Annual Report is presented in accordance with generally accepted accounting principles and gives a true and fair view of the financial position and results of the Parent Company. The Administration Report for the Group and Parent Company gives a true and fair view of the development of the Group's and the Parent Company's activities, position and results, and describes significant risks and uncertainty factors to which the Parent Company and the companies that are part of the Group are subject.

The income statements and balance sheets will be presented for adoption by the Annual General Meeting on May 5, 2022.

Uppsala, April 27, 2022

Anders Härfstrand
Chairman of the Board

Andrea Buscaglia
Board member

Hege Hellström
Board member

Birgit Stattin Norinder
Board member

Peter Zonabend
Board member

Francois Martelet
CEO

Our Auditor's Report was submitted on April 27, 2022
KPMG AB

Duane Swanson
Authorized auditor
Main auditor

Henrik Lind
Authorized auditor

Auditor's Report

To the general meeting of the shareholders of Vivesto AB (publ), corp. id 556332-6676

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Vivesto AB (publ) for the year 2021, except for the corporate governance statement on pages 43–49. The annual accounts and consolidated accounts of the company are included on pages 32–42 and 50–81 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 43–49. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Capitalized development costs

See disclosure 5 and accounting principles on page 59 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

Capitalized development costs amount to 401 MSEK as of December 31, 2021 representing 68% of total assets. An amount of 291 MSEK relates to Apealea/Paclical while the remaining amount totalling 109 MSEK is related to Paccal Vet.

Capitalized development costs related to Apealea/Paclical are currently being amortized over their estimated useful life and management is required to assess whether there are any indications of impairment. Management have also performed a impairment test related to Paccal Vet based on the recoverable value based on the discounted cash flows for theses assets.

The assessment of impairment and calculation of recoverable amount are based on projections and assumptions prepared by management. In regards to Paccal Vet®, this includes assumptions related to future revenue streams, gross profit as well as discount rates.

Response in the audit

We have reviewed managements assessment whether there are any indications of impairment of capitalized development costs for Apealea/Paclical. We have also assessed whether the impairment test related to capitalized development costs for Paccal Vet has been prepared in accordance with IAS 36 Impairment. We have evaluated managements assumptions for future cash flows including sales forecasts and profit margins as well as the discount rate used and the documentation prepared by management.

This has included reviewing and evaluating the documentation prepared and performing tests of the assumptions used in the impairment tests.

We have reviewed a sensitivity analysis measuring sensitivity to negative changes in material parameters that on an individual or collective basis could result in a need for impairment arising.

We have also assessed accounting principles and the disclosures related to capitalised development costs included in the annual accounts and consolidated accounts.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 2–31 and 85–86. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report, The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility
Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. 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 annual accounts and consolidated accounts.

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 annual accounts and consolidated accounts, 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 opinions. 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 the company's internal control relevant to our 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any 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 annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. 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 a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors 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, measures that have been taken to eliminate the threats or 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 annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Auditor's audit of the administration and the proposed appropriations of profit or loss

Opinions
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Vivesto AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions
We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our 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 opinions.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility
Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Vivesto AB (publ) for year 2021.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report #2mzwB4g4/A2MX5A= has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Vivesto AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 43–49 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s auditing standard RevR 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Vivesto AB (publ) by the general meeting of the shareholders on the 27 May 2021. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2019.

Stockholm 27 April 2022

KPMG AB

Duane Swanson
Authorized Public Accountant

Henrik Lind
Authorized Public Accountant

Quarterly data

Group	2021					2020			
TSEK	Q1 Jan–Mar	Q2 Apr–Jun	Q3 Jul–Sep	Q4 Oct–Dec	Full year jan–dec	Q1 May–Jul	Q2 Aug–Oct	Q3 (Shortened) Nov-Dec	Full Year (Shortened) May–Dec
Net sales	37	4,596	11,920	9,639	26,192	208	154	120	482
Operating loss	-40,842	-56,165	-29,572	-2,068	-128,647	-49,220	-53,693	-28,580	-131,493
Earnings after tax	-41,209	-57,677	-30,987	-2,849	-132,722	-53,105	-53,538	-33,627	-140,270
Earnings per share, SEK	-0.09	-0.12	-0.07	-0.01	-0.30	-0.12	-0.12	-0.07	-0.31
Weighted average number of shares, thousand	448,370	448,370	448,370	448,370	448,370	448,370	448,370	448,370	448,370
Equity per share, SEK	1.43	1.30	1.23	1.23	1.23	1.71	1.59	1.52	1.52
Equity/assets ratio, %	78	77	80	92	92	82	78	79	79
Net liability	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg
Debt/equity ratio, %	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg
Number of employees at end of period	30	25	26	22	22	59	49	29	29

Information and contacts

Vivesto AB (publ)
Corp. reg. no. 556332-6676
Domicile Stockholm

Contact
Vivesto AB
Vallongatan 1
SE-752 28 Uppsala

Head office
Vivesto AB
Gustav III:s Boulevard 46, 5F
SE-169 73, Solna

Tel: +46 18-50 54 40
Website: www.Vivesto.com
E-mail: info@Vivesto.com

For more information
François Martelet, Chief Executive Officer
Tel: +46 18-50 54 40
E-mail: IR@Vivesto.com

Fredrik Järrsten, Chief Financial Officer
Tel: +46 18-50 54 40
E-mail: IR@Vivesto.com

Financial calendar

Interim report Q1 (Jan–Mar 2022)	May 25, 2022
2022 Annual General Meeting	May 25, 2022
Interim report Q2 (Jan–Jun 2022)	August 25, 2022
Interim report Q3 (Jan–Sep 2022)	November 17, 2022
Year-end report (Jan–Dec 2022)	February 23, 2023

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