

Vivesto AB (publ)

Year-end report for the financial year January 1 – December 31, 2022

“We have an experienced team in place, a portfolio of products in development, a unique technology platform, and opportunities to expand our portfolio on which to build value for the future.”

Erik Kinnman, CEO of Vivesto

SIGNIFICANT EVENTS DURING THE FOURTH QUARTER

- In November Erik Kinnman was appointed as CEO and he took up his position on January 23, 2023.
- In November Vivesto’s acting CEO Christer Nordstedt resigned from his position in order to assume a new role outside of the company.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- In January Vivesto announced Inceptua’s decision to withdraw the market authorization application for Apealea® in Switzerland.

FOURTH QUARTER: OCTOBER 1 – DECEMBER 31, 2022

- Consolidated net sales amounted to TSEK 0 (9,639)
- Operating profit/loss was TSEK -31,038 (-2,068)
- Net profit/loss after tax amounted to TSEK -30,025 (-2,849)
- Earnings per share amounted to SEK -0.06 (-0.01)

FINANCIAL YEAR: JANUARY 1 – DECEMBER 31, 2022

- Consolidated net sales amounted to TSEK 1,015 (26,192)
- Operating profit/loss was TSEK -165,008 (-133,396)
- Net profit/loss after tax amounted to TSEK -166,678 (-132,722)
- Earnings per share amounted to SEK -0.34 (-0.30)
- Short-term investments, cash and cash equivalents amounted to TSEK 142,513 (97,269)
- Equity/assets ratio was 94% (92%)

CEO REVIEW

I joined Vivesto only just a few weeks ago, but I can already see that the company has a lot of potential.

Over the coming weeks and months, I will work closely with the Vivesto team and Board to map out a plan for driving this company forward and develop Vivesto into a leading specialty pharmaceutical company focused on the development of new therapeutic options for cancer patients with great medical needs.

The life science sector has struggled over the past years with the Covid pandemic and general market volatility slowing development plans and rattling confidence. Continuing to evolve Vivesto in the oncology space will take time, but we have a healthy cash position, the expertise, and the right platform technology to be a success. I am excited to think about what lies ahead for Vivesto.



As Christer mentioned last quarter, Vivesto's formulation technology is important to the company's future. To best leverage this asset, the company is identifying various substances, with patent protection, or without patent protection, so-called generic substances, which could be used with our technology and offer patients critical treatment benefits. As new molecules have grown larger and more difficult to dissolve, our XR-18 formulation technology can play an important role for many molecules that cannot be used today, because they are too large or don't dissolve properly. This is an opportunity for Vivesto to work with other pharma companies and strengthen our position. We will certainly keep the market informed of our progress.

Vivesto's current development projects and products are the foundation of Vivesto. Clinical plans are constantly evaluated to find out if it is possible to make small tweaks in study setup or design to improve the chances of success or shorten the time to market approval. Evaluating substances within other indications to broaden the target group and increase the future market potential is another way to add value to the existing portfolio. Vivesto is working on both of these strategies for our clinical cancer program Cantrixil and hope to strengthen the value of the project.

A lot of focus has been on Apealea. Our partner Elevar licenced the drug several years ago and chose Inceptua to manage the market launch in Europe. So far, Apealea has been released in Germany and is on its way to be launched in the UK. We are in contact with Elevar to follow the launch activities and how sales develop in Germany, and to track the launch plans in additional European markets. We do not have any sales figures yet, but we will update the market when possible.

The investigator-initiated phase 1b study evaluating Docetaxel micellar in patients with metastatic prostate cancer, conducted in Switzerland by the Swiss Group for Clinical Cancer Research (SAKK), is still enrolling patients. More than half of the number of patients have been recruited and we expect all patients to be included in the second half of 2023 and to be able to present results in 2024.

We are continuing to evaluate an opportunity with the veterinary oncology drug candidate Paccal Vet, our formulation of paclitaxel for the treatment of cancer in dogs. Many people brought pets into their lives over the past years, especially dogs, and people are becoming more aware of the significance of pet care. Available pet veterinary drugs are not always developed to be used in pets and could be associated with side effects and lack of effect. Thus, there is a big medical need for better treatments and for more effective veterinary oncology drugs specifically developed to treat cancer in dogs. Paclitaxel is currently not available in veterinary medicine as no currently available formulations are tolerated by dogs.

We consequently believe that Paccal Vet could serve a significant unmet need and are evaluating a clinical trial with a possible start in 2023. Considering the medical need and market opportunity, we

are reviewing the possibilities of continuing development in veterinary medicine and, if appropriate, may prepare for further studies in selected oncology indications.

Over the past year, the company has worked hard to reduce its cost base, which has led to significant reductions in personnel and operational costs. As part of our efforts to focus our business and achieve good cost efficiency, we have implemented some organizational changes in addition to the significant cost savings already achieved.

I look forward to learning more about Vivesto's opportunities and getting a better feeling for where we stand and a clear vision for where we are heading. We have an experienced team in place, a portfolio of products in development, a unique technology platform, and opportunities to expand our portfolio on which to build value for the future.

Thanks for following Vivesto,

Erik Kinnman, CEO of Vivesto

ABOUT VIVESTO

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 portfolio of projects targeting innovative cancer treatments and the capacity to develop drugs from early research to regulatory approval. Late clinical-phase and commercial development is carried out individually or in partnership with other pharmaceutical companies.

Apealea® (paclitaxel micellar) is being made available to ovarian cancer patients through a partnership with Elevar Therapeutics, Inc. Other clinical development programs include Cantrixil for late-stage ovarian cancer, and docetaxel micellar, in development for advanced prostate cancer. Vivesto has developed proprietary drug delivery technologies designed to improve solubility of various active pharmaceutical ingredients.

Vivesto's shares are traded on Nasdaq Stockholm (VIVE). To find out more about Vivesto please visit www.vivesto.com.

TECHNOLOGY PLATFORMS

The foundation for Vivesto is the proprietary drug delivery technology XR-17™, a technology platform used to improve the solubility for intravenous active pharmaceutical ingredients and thereby improve the efficacy, availability and safety of the drug. The technology has been successfully applied when developing Apealea, Vivesto's most advanced product with a European market approval, the drug candidate Docetaxel micellar, and in the veterinary medicine Paccal Vet. Development is currently ongoing for developing the next-generation drug delivery platform, XR-18.

XR-17™

XR-17 is Vivesto's proprietary drug delivery technology and is based on a blend of two isomers of a synthetic derivative of vitamin-A acid (XMeNa and 13XMeNa), which can solubilize compounds with poor aqueous solubility, such as paclitaxel. XR-17 demonstrates amphiphile properties, i.e. its molecules contain both hydrophilic and hydrophobic structural regions. As a result, XR-17 molecules can spontaneously form nanosized structures, known as micelles, within aqueous environments. During the process hydrophobic substances are dissolved in the XR-17 micelles.

XR-18

When developing Apealea and other projects using the XR-17 technology platform, Vivesto has built up valuable knowledge and understanding of how solubility and drug delivery can be improved in pharmaceutical drugs with solubility challenges. 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 stage of development and has so far generated promising results. A patent application has been filed for the XR-18. In early 2022, Vivesto announced that the company had identified and formulated substances for further development.

Exploratory Research

Vivesto is engaged in a project to investigate the cellular effects of new and existing anticancer drug formulations developed using Vivesto's proprietary XR-17™ and XR-18 technology platforms. The research aims to develop promising drug candidates and expand the company's current and future project portfolio in oncology targeting hard-to-treat cancers and late-stage cancers. This project is currently carried out with Visikol, Inc. in the USA and Vivesto hope to report new developments in the future.

PRODUCTS & PROJECT PORTFOLIO

Vivesto has a 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 under Inceptua's responsibility. Vivesto's clinical development program includes Cantrixil, and Docetaxel micellar for metastatic prostate cancer.

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	Other forms of cancer								Global

Apealea

Apealea (paclitaxel micellar) is a patented solvent-free formulation: it applies paclitaxel – a cornerstone within chemotherapy for many different forms of cancer – through Vivesto's XR-17 technology platform. Apealea is approved by the European regulatory authority, the EMA, for use in combination with carboplatin for the treatment of adult patients with first relapse of platinum-sensitive epithelial ovarian cancer, primary peritoneal cancer and fallopian tube cancer. Apealea has also received orphan drug designation from the US regulatory authority FDA for the treatment of epithelial ovarian cancer, which could entail several potential benefits, including seven years of market exclusivity.

Status of partnerships

Elevar

Vivesto signed a global strategic partnership with US-based Elevar Therapeutics for the commercialization of Apealea in March 2020. Elevar has signed a license agreement with Inceptua Group for the commercialization of Apealea in Europe.

In December 2021 the transfer of the marketing authorization for Apealea from Vivesto to Inceptua was approved by from the European Commission and the UK Medicines and Healthcare products Regulatory Agency (MHRA).

In August 2022 Inceptua announced that they had launched Apealea in Germany.

FarmaMondo

In September 2021, Vivesto entered into an agreement with the Swiss FarmaMondo for commercialization purposes of Paclical (Apealea) in Russia and CIS countries. Following the Russian invasion of Ukraine, ongoing hostilities and international sanctions, Vivesto has decided to wind down its activities in Russia. This means that the distribution activities for Paclical (Apealea) in Russia and CIS countries are paused until further notice.

Cantrixil

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

Status

An upcoming clinical trial with Cantrixil is being prepared and Vivesto is currently working with clinical and regulatory experts to design the trial. In parallel, the company is reviewing the various

potential cancer indications to optimize the commercial opportunities. Work has been initiated to develop testing material for coming clinical trials. In March, Vivesto announced that the company had signed a large-scale manufacturing agreement with Lonza, a global development and manufacturing partner, for the main drug intermediate in the supply of clinical material for Cantrixil.

Docetaxel micellar

Docetaxel micellar is a product candidate in early clinical development and is a novel formulation that combines XR-17 with docetaxel – a well-established cytotoxin, currently administered intravenously and containing ethanol. In June 2020, Vivesto partnered with the Swiss Group for Clinical Cancer Research (SAKK) with the aim of conducting the first clinical study on the treatment of metastasized prostate cancer with Vivesto's Docetaxel micellar formulation.

Status

Docetaxel micellar is being evaluated in an investigator-initiated phase Ib clinical trial in patients with metastatic prostate cancer. In February 2022, Vivesto announced that the first patient had fully completed the study, and in November 2022, Vivesto announced that more than half of the patients had been recruited. Recruitment is expected to be completed in the second half of 2023 and results are expected in 2024.

VETERINARY MEDICINE

Vivesto's product candidate in veterinary medicine use the XR-17 technology platform to facilitate the administration of intravenously delivered active pharmaceutical substances without the addition of solvents. Solvents are a problem as they cause unwanted effects in treated animals. These effects are of such a serious degree that it completely prevents and limits the use of certain cancer drugs in veterinary medicine. Vivesto is currently evaluating strategic and commercial options for the company's assets within the veterinary medicine business.

Paccal Vet

Paccal Vet is paclitaxel formulated with Vivesto's XR-17 technology, which provides a drug that has good solubility without the unwanted effects of traditional formulations containing solvents. Vivesto has previously demonstrated good safety of Paccal Vet in the treatment of various types of cancer in dogs.

Vivesto has started preparatory activities with the possibility to start clinical trials with Paccal Vet together with renowned experts in the field during 2023.

FINANCIAL INFORMATION

Condensed consolidated income statement

TSEK	2022	2021	2022	2021
	Oct–Dec	Oct–Dec	Jan–Dec	Jan–Dec
Net sales	0	9,639	1,015	26,192
Operating profit/loss	-31,038	-2,068	-165,008	-128,647
Profit/loss for the period	-30,025	-2,849	-166,678	-132,722
Earnings per share before and after dilution, SEK	-0.06	-0.01	-0.34	-0.30

FOURTH QUARTER

October 1 – December 31, 2022

Net sales

Net sales amounted to TSEK 0 (9,639) and comprised sales of goods for TSEK 0 (9,205) and licensing revenues of TSEK 0 (434).

Other operating income

Other operating income amounted to TSEK 1,678 (35,850) and comprised recharged costs of TSEK 1,701 (1,128), exchange rate adjustments TSEK -23 (125), other income of TSEK 0 (709) and the preceding year's settlement with MGC Capital of TSEK 0 (33,888).

Operating profit/loss for the quarter

The operating loss for the quarter amounted to TSEK -31,038 (-2,068). The year-on-year difference in operating profit/loss was mainly attributable to lower income attributable to last year's TSEK 33,888 settlement with MGC Capital and to last year being charged with a negative change in inventory of TSEK 7,288. Compared with the corresponding quarter last year, other external expenses and employee benefit expenses decreased TSEK 9,185.

The change in inventories of products in progress and finished goods amounted to TSEK 0 (-7,288).

Raw materials and consumables TSEK -1,424 (-1,622).

Other external expenses amounted to TSEK -14,784 (-19,498).

Employee benefit expenses amounted to TSEK -7,405 (-11,875). The number of employees at the end of the quarter was 18 (26).

Depreciation, amortization and impairment amounted to TSEK -9,103 (-7,274). Patents primarily attributable to Russia and the Commonwealth of Independent States (CIS) were written down in an amount of TSEK 2,526 (0) during the quarter.

Net financial items for the quarter

Net financial items for the quarter of TSEK 1,013 (-781) consisted of financial income amounting to TSEK 1,226 (7) and financial expenses of TSEK -213 (-788).

The financial income comprised capital gains on short-term investments of TSEK 1,207 (7) and interest income from cash and cash equivalents of TSEK 19 (0).

Financial expenses consisted of interest expenses attributable to other borrowings of TSEK 0 (-637), exchange losses on cash and cash equivalents of TSEK -82 (-19) and interest expenses on leases of TSEK -131 (-132).

Profit/loss before tax for the quarter

Profit/loss before tax amounted to TSEK -30,025 (-2,849). After adjustment for last year's non-recurring income of TSEK 33,888 from the settlement with MGC, a loss of TSEK -36,737 was posted for the previous year.

Income tax

Reported income tax for the quarter was TSEK 0 (0).

Profit/loss for the quarter

The net loss after tax was TSEK -30,025 (-2,849).

Cash flow and capital expenditure

Net cash flow for the quarter was TSEK 7,400 (1,704) and consisted of Cash flow from operating activities of TSEK -21,150 (-44,629), Cash flow from investing activities of TSEK 30,000 (47,760) and Cash flow from financing activities of TSEK -1,450 (-1,427).

Cash flow from operating activities

The cash flow from operating activities for the quarter was TSEK -21,150 (-44,629). The improvement in cash flow was attributable to lower personnel and external expenses as well as to a year-on-year improvement in working capital.

Cash flow from investing activities

Cash flow from investing activities for the quarter was TSEK 30,000 (47,760).

Investments in property, plant and equipment and in intangible assets

Of the investments made in the quarter, investments in property, plant and equipment amounted to TSEK 0 (240). No investments in intangible assets were made during the quarter or the corresponding quarter previous year.

Divestment of short-term investments

During the quarter, short-term fixed-income funds amounting to TSEK 30,000 (48,000) were divested. These flows are reported in the cash flow statement as divestment of short-term investments.

Cash flow from financing activities

The cash flow from financing activities amounted to TSEK -1,450 (-1,427) and comprised amortization of lease liabilities of TSEK 1,450 (1,427). Amortization of lease liabilities primarily comprised rental payments which were recognized as amortization pursuant to IFRS 16.

THE PERIOD

January 1 – December 31, 2022

Net sales

Net sales amounted to TSEK 1,015 (26,192) and comprised sales of goods for TSEK 1,015 (25,647) and licensing revenues of TSEK 0 (545).

Other operating income

Other operating income amounted to TSEK 3,962 (42,481) and comprised insurance compensation of TSEK 1,125 (0), disposal of equipment of TSEK 384 (20), recharged costs of TSEK 1,711 (2,991), other operating income of TSEK 442 (834), foreign exchange gains of TSEK 300 (197), TSEK 0 (4,551) from the liquidation of the subsidiary AdvaVet in 2021 and a net earnings effect of TSEK 0 (33,888) from the settlement of all disputes with MGC Capital.

Operating profit/loss for the period

The operating loss for the period amounted to TSEK -165,008 (-128,647). The year-on-year difference in operating profit/loss was largely attributable to the write-down of the company's operations in Russia, which amounted to TSEK -44,624. Operating profit/loss for the period after adjustment for this write-down was TSEK -120,384, up TSEK 8,263 compared with last year's operating profit/loss of TSEK -128,648.

After adjustment for last year's TSEK 33,888 settlement with MGC Capital, operating profit/loss improved TSEK 42,151. Year-on-year, other external expenses and employee benefit expenses decreased TSEK 32,122.

The change in inventories of products in progress and finished goods amounted to TSEK -1,879 (-42,258).

Other external expenses of TSEK -58,371 (-79,438) decreased TSEK 21,068, mainly due to lower consultancy fees and legal fees, the latter stemming from concluded legal proceedings.

Employee benefit expenses amounted to TSEK -33,829 (-44,883). The number of employees at the end of the period was 18 (22).

Depreciation, amortization and impairment amounted to TSEK -74,481 (-28,877), which included the write-down of capitalized development costs in Russia of TSEK -44,624.

Net financial items for the period

Net financial items for the period of TSEK -1,670 (-4,074) consisted of financial income amounting to TSEK 1,460 (2,460) and financial expenses of TSEK -3,130 (-6,534).

The financial income comprised capital gains on short-term investments of TSEK 1,440 (1,213) and interest income from cash and cash equivalents of TSEK 20 (1,247).

Financial expenses consisted of value changes in short-term investments of TSEK -2,516 (0), interest expenses attributable to other borrowings and credits of TSEK -39 (-5,796), exchange losses on cash and cash equivalents of TSEK -120 (-231) and interest expenses from leases of TSEK -455 (-507).

Profit/loss before tax for the period

Profit/loss before tax amounted to TSEK -166,678 (-132,722). The year-on-year decrease was largely attributable to the write-down of the company's operations in Russia of TSEK -44,624, see above.

Income tax

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

Profit/loss for the period

The net loss after tax was TSEK -166,678 (-132,722).

Cash flow and capital expenditure

Net cash flow for the period was TSEK 3,235 (-32,215) and consisted of Cash flow from operating activities of TSEK -80,251 (-145,058), Cash flow from investing activities of TSEK -45,277 (118,651) and Cash flow from financing activities of TSEK 128,763 (-5,808).

Cash flow from operating activities

Cash flow from operating activities for the period was TSEK -80,251 (-145,058). The improvement in cash flow was attributable to lower personnel and external expenses as well as to a year-on-year improvement in working capital.

Cash flow from investing activities

Cash flow from investing activities for the period was TSEK -45,277 (118,651) and pertained to investments in short-term fixed-income funds of TSEK -120,000 (0) and the divestment of TSEK 75,000 (153,000) in the period. The fund units can be converted into cash within a few banking days.

Investments in property, plant and equipment and in intangible assets

Capital expenditure during the period consisted of investments in property, plant and equipment of TSEK -277 (-1,113) and investments in intangible assets of TSEK 0 (-33,236).

The preceding year's investments in intangible assets consisted of license rights pertaining to the global development and commercialization for Cantrixil – a clinical-stage ovarian cancer program. The agreement was the first step in Vivesto's strategy to reach critical mass in its oncology portfolio.

Short-term investments

During the period, short-term fixed-income funds amounting to TSEK 75,000 (105,000) were divested. These flows are reported in the cash flow statement as divestment of short-term investments.

Cash flow from financing activities

The cash flow from financing activities amounted to TSEK 128,763 (-5,808) and comprised new share issues of TSEK 150,652 (0) gross, issue expenses of TSEK -16,394 (0) and amortization of lease liabilities of TSEK -5,495 (-5,808). Amortization of lease liabilities 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 period amounted to TSEK 9,467 (7,912).

Short-term investments

The company's liquidity surplus was invested in short-term fixed-income funds. The fund units can be converted into cash within a few banking days. As of December 31, 2022, the value of the funds was TSEK 133,046 (89,357).

Other borrowings

In accordance with IFRS 16 Leases, the Group recognizes the present value of future lease payments as interest-bearing liabilities. At the end of the period, the reported lease liabilities amounted to TSEK 8,168 (10,428), of which long-term liabilities were TSEK 5,181 (5,141).

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 period, equity amounted to TSEK 515,465 (549,713), the equity/assets ratio was 94% (92), 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.

On March 25, Vivesto announced the final result of the company's fully underwritten rights issue. 48,367,120 shares, corresponding to approximately 53.9% of the shares offered, were subscribed for by the exercise of subscription rights. 1,519,430 shares, corresponding to approximately 1.7% of the shares offered, were subscribed for without the use of subscription rights. The remaining 39,787,359 shares offered, corresponding to approximately 44.4%, have been allotted to underwriters. The rights issue raised proceeds of approximately TSEK 150,652 for the company before issue expenses of TSEK 16,394, resulting in net additional capital of TSEK 134,258. As of March 31, the additional capital strengthened Equity as follows: Share capital TSEK 8,968 and Other capital provided TSEK 125,291. The issue proceeds and the majority of the issue expenses were settled during the period.

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

	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	450,000	450,000	1.45	SEK
Max. No. of shares		450,000		

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 Extraordinary General Meeting on May 25, 2022, approved an employee stock option program directed to senior executives. The program encompasses not more than 2,700,000 options, of which 450,000 have been issued to individuals in senior positions. These options entitle, after vesting in accordance with the terms and conditions, the participant to subscribe for an equal number of shares at an exercise price of SEK 1.45 during the period from and including July 1, 2024 until and including September 30, 2025 subject to the precondition that the holder remains in the company's employ for three years. During the period, the individuals in senior positions who received options pursuant to the previous option program announced that their employment at the company had ceased, forfeiting their options and terminating the program. This entailed a negative impact of TSEK 1,798 on equity.

Legal information and additional information

As regards the company's legal proceedings, nothing of material import has taken place during the period.

War in Ukraine

On February 24, 2022, Russia launched a military invasion of Ukraine. The situation in Eastern Europe has led to a great deal of volatility in the global economy and the global credit markets, which can have a negative impact on Vivesto in both the short and long term. On July 5, 2022, Vivesto announced that the company had decided to wind down its activities in Russia following the Russian invasion of Ukraine, ongoing hostilities and international sanctions. This means that the distribution activities for Paclical® (Apealea®) in Russia and the Commonwealth of Independent States (CIS) will be paused until further notice (for more information, refer to Other customer contracts on page 64 of the 2021 Annual Report). It is unclear if, and if so when, commercialization for Paclical® (Apealea) can begin again in these markets. There is also a risk that the situation in Eastern Europe will affect other markets where Vivesto is active, particularly if the conflict escalates further, continues for a long period of time or spreads to other countries. However, the business impact is difficult to predict due to uncertain market conditions. The wind down of Vivesto's activities in Russia resulted in the company recognizing a write-down of MSEK 44.6 in the third quarter (July 2022), equal to the net book value of the capitalized development costs for Paclical® after amortization as of June 30, 2022.

Parent Company

The Parent Company's net sales for the period amounted to TSEK 0 (9,639) and profit/loss before tax was TSEK -29,769 (-2,689). On December 31, 2022, the Parent Company's cash and cash equivalents amounted to TSEK 9,467 (7,898) and short-term investments, which within a few banking days can be converted into cash, amounted to TSEK 133,046 (89,357).

Key metrics and other information

	2022	2021	2022	2021
	Oct–Dec	Oct–Dec	Jan–Dec	Jan–Dec
No. of shares at end of period, before and after dilution, thousand	538,043	448,370	538,043	448,370
Weighted average No. of shares, before and after dilution, thousand	538,043	448,370	493,207	448,370
Earnings per share before and after dilution, SEK	-0.06	-0.01	-0.34	-0.30
Equity per share, SEK	0.96	1.23	0.96	1.23
Equity/assets ratio, %	94	92	94	92
Net liability, TSEK	-142,513	-97,268	-142,513	-97,268
Debt/equity ratio, %	neg.	neg.	neg.	neg.
Return on total assets, %	neg.	neg.	neg.	neg.
Return on equity, %	neg.	neg.	neg.	neg.
Number of employees at period end	18	22	18	22

Definitions

Earnings per share: Income for the period attributable to the Parent Company shareholders in relation to the weighted average number of shares, before and after dilution, in the period.

Equity per share: Equity attributable to Parent Company shareholders 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 (including the balance-sheet items: liabilities to credit institutions, convertible debt instruments and other borrowings) with deduction of cash and cash equivalents and short-term investments. Lease liabilities calculated in accordance with IFRS 16 are not included in net liability.

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:

	2022 Oct–Dec	2021 Oct–Dec	2022 Jan–Dec	2021 Jan–Dec
Equity per share				
Equity attributable to Parent Company shareholders at the end of the period, TSEK	515,465	549,713	515,465	549,713
No. of shares at end of period, thousand	538,043	448,370	538,043	448,370
Equity per share, SEK	0.96	1.23	0.96	1.23
Equity/assets ratio				
Equity at end of period, TSEK	515,465	549,713	515,465	549,713
Total assets at end of period, TSEK	545,917	594,308	545,917	594,308
Equity/assets ratio	94%	92%	94%	92%
Net liability, TSEK				
Other borrowings	0	0	0	0
Total borrowings	0	0	0	0
Short-term investments	133,046	89,357	133,046	89,357
Cash and cash equivalents	9,467	7,912	9,467	7,912
Total short-term investments, and cash and cash equivalents	142,513	97,268	142,513	97,268
Net liability	-142,513	-97,268	-142,513	-97,268
Debt/equity ratio				
Net liability, TSEK	-142,513	-97,268	-142,513	-97,268
Equity, TSEK	515,465	549,713	515,465	549,713
Debt/equity ratio	-28%	-18%	-28%	-18%
Return on total assets				
Income before deduction of interest expenses	-31,017	-2,061	-164,753	-126,188
Average total assets	559,596	643,508	570,112	728,925
Return on total assets	-6%	0%	-29%	-17%
Return on equity				
Profit/loss before tax	-30,025	-2,849	-166,678	-132,722
Average equity	530,480	550,891	532,589	614,955
Return on equity	-6%	-1%	-31%	-22%

Consolidated income statement

TSEK	Note	2022	2021	2022	2021
		Oct–Dec	Oct–Dec	Jan–Dec	Jan–Dec
Net sales		0	9,639	1,015	26,192
Other operating income		1,678	35,850	3,962	42,481
Change in inventories of products in progress and finished goods		0	-7,288	-1,879	-42,258
Capitalized development costs		–	–	–	–
Raw materials and consumables		-1,424	-1,622	-1,425	-1,864
Other external expenses		-14,784	-19,498	-58,371	-79,438
Employee benefit expenses		-7,405	-11,875	-33,829	-44,883
Depreciation, amortization and impairment		-9,103	-7,274	-74,481	-28,877
Operating profit/loss		-31,038	-2,068	-165,008	-128,648
Financial income		1,226	7	1,460	2,460
Financial expenses		-213	-788	-3,130	-6,534
Financial income and expenses – net		1,013	-781	-1,670	-4,074
Profit/loss before tax		-30,025	-2,849	-166,678	-132,722
Income tax		–	–	–	–
Profit/loss for the period		-30,025	-2,849	-166,678	-132,722
Profit/loss for the period attributable to:					
Parent Company shareholders		-30,025	-2,849	-166,678	-132,722
Non-controlling interests		–	–	–	–
Earnings per share before and after dilution, SEK		-0.06	-0.01	-0.34	-0.30

Consolidated statement of comprehensive income

TSEK	Note	2022	2021	2022	2021
		Oct–Dec	Oct–Dec	Jan–Dec	Jan–Dec
Profit/loss for the period		-30,025	-2,849	-166,678	-
Other comprehensive income					132,722
Items that may subsequently be transferred to the income statement:					
Translation differences		-102	0	415	0
Total other comprehensive income		-102	0	415	0
Comprehensive income for the period		-30,127	-2,849	-166,263	-
					131,722
Comprehensive income attributable to:					
Parent Company shareholders		-30,127	-2,849	-166,263	-
Non-controlling interests		–	–	–	-

Consolidated statement of financial position

TSEK	Note	Dec 31, 2022	Dec 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment		14,610	17,108
Capitalized development costs	2	338,435	400,799
Other intangible assets		33,885	39,605
Financial assets		301	301
Total non-current assets		387,231	457,813
Current assets			
Inventories	3	8,367	9,897
Accounts receivable		1,259	10,101
Other current receivables		2,328	8,680
Prepaid expenses and accrued income		4,219	10,549
Short-term investments		133,046	89,357
Cash and cash equivalents		9,467	7,912
Total current assets		158,686	136,495
TOTAL ASSETS		545,917	594,308
EQUITY			
Equity and reserves attributable to Parent Company shareholders			
Share capital		53,804	44,837
Other capital provided		2,029,327	1,905,828
Reserves		390	427
Retained earnings, including income for the period		-1,568,056	-1,401,379
Equity attributable to Parent Company shareholders		515,465	549,713
Equity attributable to non-controlling interests		0	0
Total equity		515,465	549,713
LIABILITIES			
Long-term liabilities			
Lease liabilities, long-term		5,181	5,141
Total long-term liabilities		5,181	5,141
Current liabilities			
Other borrowings		0	0
Accounts payable		7,000	13,590
Lease liabilities, short-term		2,987	5,287
Other current liabilities		2,329	3,307
Accrued expenses and deferred income		12,955	17,270
Total current liabilities		25,271	39,454
Total liabilities		30,452	44,595

TOTAL EQUITY AND LIABILITIES **545,917** **594,308**
Consolidated statement of changes in equity

TSEK	Attributable to Parent Company shareholders					Total equity
	Share capital	Other capital provided	Reserves	Retained earnings, including profit/loss for the period	Total equity attributable to Parent Company shareholders	
Opening balance, January 1, 2021	44,837	1,904,760	-743	-1,268,657	680,197	680,197
Profit/loss for the period	–	–	–	-132,722	-132,722	-132,722
Other comprehensive income	–	–	1,170	–	1,170	1,170
Comprehensive income for the period	0	0	1,170	-132,722	-131,552	-131,552
Employee stock options	–	1,068	–	–	1,068	1,068
Issue expenses	–	0	–	–	0	0
Closing balance, December 31, 2021	44,837	1,905,828	427	-1,401,379	549,713	549,713
Opening balance, January 1, 2022	44,837	1,905,828	427	-1,401,379	549,713	549,713
Profit/loss for the period	–	–	–	-166,677	-166,677	-166,677
Other comprehensive income	–	0	-37	0	-37	-37
Comprehensive income for the period	0	0	-37	-166,677	-166,714	-166,714
Employee stock options	–	-1,792	–	–	-1,792	-1,792
Share issues	8,968	141,685	–	–	150,653	150,652
Issue expenses	–	-16,394	–	–	-16,394	-16,394
Closing balance, December 31, 2022	53,804	2,029,327	390	-1,568,056	515,466	515,465

Consolidated statement of cash flows

TSEK	2022 Oct–Dec	2021 Oct–Dec	2022 Jan–Dec	2021 Jan–Dec
Operating activities				
Operating profit/loss	-31,038	-2,068	-165,008	-128,647
amortization and depreciation, incl. IFRS 16	9,103	11,820	74,481	28,877
adjustment item				0
Adjustments for non-cash items	9,103	11,820	74,481	28,877
Interest received		0		0
Interest paid	901	-7	-229	-45
Cash flow from operating activities before changes in working capital	-21,034	9,745	-90,756	-99,815
Changes in working capital				
Change in inventories	-340	6,299	1,530	41,599
Change in accounts receivable	63	-5,064	8,842	-8,612
Change in other current receivables	40	39,183	12,682	57,462
Change in accounts payable	453	7,404	-6,590	2,874
Change in other current liabilities	-333	-102,196	-5,960	-138,566
Cash flow from operating activities	-21,150	-44,629	-80,251	-145,058
Investing activities				
Investments in intangible assets	0	0	0	-33,236
Investments in property, plant and equipment	0	-240	-277	-1,113
Investments in financial assets	0	0	0	–
Short-term investments	0	0	-120,000	–
Divestment of short-term investments	30,000	48,000	75,000	153,000
Cash flow from investing activities	30,000	47,760	-45,277	118,651
Financing activities				
Repayment of convertible debt instruments	–	–	–	–
Amortization of lease liability	-1,450	-1,427	-5,495	-5,808
Advances in connection with new share issue	0	–		–
New share issues	0	–	150,652	–
Issue expenses	0	–	-16,394	–
Cash flow from financing activities	-1,450	-1,427	128,763	-5,808
Cash flow for the period	7,400	1,704	3,235	-32,215
Effects of exchange rate changes on cash and cash equivalents	-333	-977	-1,680	0
Cash and cash equivalents at the beginning of the period	2,400	7,185	7,912	40,128
Cash and cash equivalents at the end of the period	9,467	7,912	9,467	7,912

Parent Company income statement

TSEK	Note	2022	2021	2022	2021
		Oct–Dec	Oct–Dec	Jan–Dec	Jan–Dec
Net sales		0	9,639	1,015	26,192
Change in inventories of products in progress and finished goods		0	-7,288	-1,879	-42,258
Capitalized development costs		0	–	0	–
Other operating income		1,679	35,850	3,962	37,930
Raw materials and consumables		-1,424	-1,622	-1,425	-1,864
Other external expenses		-15,681	-20,483	-62,580	-83,770
Employee benefit expenses		-7,405	-11,818	-33,829	-44,826
Depreciation, amortization and impairment of PPE and intangible assets		-8,081	-6,319	-70,620	-24,800
Operating profit/loss		-30,913	-2,041	-165,356	-133,396
Profit/loss from participations in Group companies		0	0	0	0
Other interest income and similar income		1,226	7	1,460	2,460
Impairment of financial non-current assets		0	0	0	
Interest expenses and similar expenses		-82	-655	-2,676	-6,027
Financial income and expenses – net		1,144	-648	-1,215	-3,567
Profit/loss before tax		-29,769	-2,689	-166,571	-136,963
Income tax on profit/loss for the period		–	–	–	–
Profit/loss for the period		-29,769	-2,689	-166,571	-136,963

Parent Company balance sheet

TSEK	Note	Dec 31, 2022	Dec 31, 2021	Dec 31, 2021
ASSETS				
Non-current assets				
Intangible non-current assets				
Capitalized development costs	2	338,436	400,799	400,799
Concessions, patents, licenses, trademarks and similar rights		33,885	39,605	39,605
Property, plant and equipment				
Equipment, tools and fixtures and fittings		5,641	7,890	7,890
Construction in progress and advance payments for property, plant and equipment		648	648	648
Financial assets				
Participations in Group companies		0	0	0
Other securities held as non-current assets		301	301	301
Total non-current assets		378,910	449,243	449,243
Current assets				
Inventories, etc.	3			
Raw materials and consumables		5,937	7,848	7,848
Products in progress		2,430	2,049	2,049
Finished goods		0	0	0
		8,367	9,897	9,897
Current receivables				
Accounts receivable		1,259	10,101	10,101
Receivables from Group companies			–	–
Other current receivables		2,197	8,680	8,680
Prepaid expenses and accrued income		5,106	10,920	10,920
		8,562	29,701	29,701
Short-term investments				
		133,046	89,357	89,357
Cash and bank balances				
		9,467	7,898	7,898
Total current assets		159,442	136,853	136,853
TOTAL ASSETS		538,352	586,096	586,096
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		53,804	44,837	44,837
Statutory reserve		4,620	4,620	4,620
Reserve for development costs		20,557	25,394	25,394
		78,982	74,851	74,851
Non-restricted equity				
Share premium reserve		2,029,650	1,906,141	1,906,141
Retained earnings		-1,425,861	-1,293,735	-1,293,735
Profit/loss for the period		-166,571	-136,964	-136,964

	437,218	475,442	475,442
Total equity¹	516,200	550,293	550,293
Current liabilities			
Other borrowings	0	0	0
Accounts payable	7,000	13,590	13,590
Liabilities to Group companies	0	0	0
Other current liabilities	2,197	3,307	3,307
Accrued expenses and deferred income	12,955	18,906	18,906
Total current liabilities	22,152	35,803	35,803
TOTAL EQUITY AND LIABILITIES	538,352	586,096	586,096

Parent Company statement of changes in equity

TSEK	Non-restricted equity					Retained earnings, including profit/loss for the year	Total equity
	Share capital	Statutory reserve	Reserve for development costs	Share premium reserve			
Opening balance, January 1, 2021	44,837	4,620	27,096	1,905,073		-1,296,837	684,789
Profit/loss for the period	–	–	–	–		-136,963	-136,963
Provision to Reserve for development costs	–	–	–	–		–	0
Reversal of Reserve for development costs	–	–	-1,702	–		1,702	0
Employee stock options	–	–	–	–		1,400	1,400
Issue expenses	–	–	–	1,068		–	1,068
Closing balance, December 31, 2021	44,837	4,620	25,394	1,906,141		-1,430,699	550,293
Opening balance, January 1, 2022	44,837	4,620	25,394	1,906,141		-1,430,699	550,293
Profit/loss for the year	–	–	–	–		-166,571	-166,571
Reversal of Reserve for development costs	–	–	-4,836	–		4,836	–
Employee stock options	–	–	–	-1,782		–	-1,782
Share issues	8,967	–	–	141,685		–	150,651
Issue expenses	–	–	–	-16,394		–	-16,394
Closing balance, December 31, 2022	53,804	4,620	20,558	2,029,650		-1,592,432	516,200

Note 1 Accounting policies, etc.

This condensed interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable regulations in the Annual Accounts Act.

The interim report for the Parent Company has been prepared in accordance with Chapter 9 of the Annual Accounts Act, Interim Report.

The Group's and the Parent Company's accounting policies and calculation methods are consistent with those used in the Annual Report for the fiscal year from January 1, 2021 to December 31, 2021.

No new or amended IFRS standards or IFRIC interpretations have entered force since January 1, 2022 that have had any impact on Vivesto's financial statements.

The carrying amounts for loan receivables, other receivables, cash and cash equivalents, accounts payable and other liabilities comprise reasonable approximations of fair value.

The Group currently has only one operating segment and does not therefore report any information by segment.

Note 2 Capitalized development costs

Vivesto has capitalized development costs consisting of the company's work on clinical trials in Phase III for the product candidates Paclical/Apealea® and Paccal Vet.

The accumulated assets by product candidate are shown below.

TSEK	Dec 31, 2022	Dec 31, 2021
Paclical	229,028	291,392
Paclical Vet	109,408	109,408
Total	338,436	400,800

Amortization in the period amounted to TSEK 18,996 (14,651). In July, Vivesto decided to wind down its activities in Russia following the Russian invasion of Ukraine, ongoing hostilities and international sanctions. Accordingly, a write-down of TSEK 44,367 was recognized for capitalized costs for Paclical in Russia.

Note 3 Inventories

TSEK	Dec 31, 2022	Dec 31, 2021
Measured at cost		
Raw materials and consumables	5,937	7,848
Products in progress	2,430	2,049
Finished goods	0	0
Total	8,367	9,897

Goods have been expensed and written down as follows:

TSEK	2022 Jan-Dec	2021 Jan-Dec
Expensed goods	886	24,263
Written down goods	644	17,995

Note 4 Transactions with related parties

During the period, expenses in the form of consultancy fees to members of the Board or management were recognized in an amount of TSEK 2,814 (3,698). Otherwise, no material transactions with related parties were conducted during the period other than the remuneration disbursed to Board members and employees.

Note 5 Contingent liabilities, pledged assets and contingent assets

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

Note 6 Risk factors

The Group is exposed to various types of risk through its operations. Through creating awareness of the risks inherent to operations, these risks can be limited, controlled and managed at the same time as business opportunities can be leveraged to increase earnings. The risks pertaining to the Company's operations are detailed in the Annual Report for the fiscal year from January 1, 2021 to December 31, 2021.

The Board of Directors and the CEO of Vivesto AB certify that this Year-end report gives a fair view of the Parent Company's and the Group's activities, position and results, and describes essential risks and uncertainty factors that the Parent Company and the companies that are part of the Group face.

Uppsala, February 23, 2023

Peter Zonabend, Chairman of the Board

Hege Hellström, Member of the Board

Pål Ryfors, Member of the Board

Roger Tell, Member of the Board

Erik Kinnman, CEO

This report contains forward-looking statements including valuations of intangible assets which are based on assessments of future economic conditions, the impact from competing products and pricing, currency effects and other risks. These forward-looking statements reflect Vivesto management's view of future events at the time these statements are made but are events. When words such as "foresees," "believes," "estimates," "expects," "intends," "plans" and "projects" occur in this report, they represent forward-looking statements. These statements may include risks and uncertainties concerning, for example, product demand, market acceptance, effects of made subject to different risks and uncertainties. All these forward-looking statements are based on Vivesto management's estimates and assumptions and are assessed to be reasonable but are by their very nature uncertain and difficult to foresee. Actual outcomes and experiences may deviate considerably from the forward-looking statements. Vivesto does not intend, and does not undertake, to update these forward-looking statements.

This information is information that Vivesto AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out below, at 07:30 CET on February 23, 2023.

This report has been prepared in both Swedish and English. In the event of any discrepancy in the content of the two versions, the Swedish version shall take precedence.

This report has not been subject to review by the company's auditors.

COMPANY INFORMATION

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Financial calendar

Annual Report publication
Interim report Q1 (Jan-Mar 2023)
Annual General Meeting 2023
Interim report Q2 (Jan-Jun 2023)
Interim report Q3 (Jan-Sep 2023)
Year-end report (Jan-Dec 2023)

Week 17, 2023
May 25, 2023
May 25, 2023
August 24, 2023
November 16, 2023
February 23, 2024