Vivesto

Annual Report 2022

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Content

Cover Image: Samaneh. ©Vivesto

A research and development company with a focus on oncology

Vivesto is a research and development 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.

Vivesto's most advanced program Apealea® (paclitaxel micellar) 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. 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.

The cancer drug Apealea® (paclitaxel micellar) under launch in Europe by partners

Project portfolio focused on advanced and difficult-to-treat cancer with limited treatment options

Portfolio in veterinary oncology that addresses the growing market for medicines intended for companion animals

Next-generation drug delivery technology, XR-18, under development for improved drug delivery of insoluble drug molecules

YEAR IN BRIEF

Important events during 2022

Q1

A fully underwritten rights issue raised proceeds of approximately MSEK 151 for Vivesto, less issue expenses.

Vivesto provided an update on SAKK's investigator-initiated Phase Ib trial of Docetaxel micellar to treat metastasized prostate cancer.

Progress was made in the internal development of XR-18 and the company announced that a promising new candidate had been identified and synthesized to use in conjunction with the platform.

CEO Fredrik Järrsten announced his departure.

The XR-17 IP portfolio was strengthened.

R&D ability was expanded with a planned laboratory upgrade in Uppsala.

A manufacturing agreement was signed with Lonza for the drug candidate Cantrixil.

The company changed its name to Vivesto AB.

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.

Q2

Daniel Tesfa was appointed as Chief Medical Officer.

An agreement was signed with leading US CRO Visikol Inc. to evaluate anti-cancer drug formulations.

The Annual General Meeting resolved on re-election of Hege Hellström and Peter Zonabend as well as new election of Pål Ryfors and Roger Tell as members of the Board of Directors. Anders Härfstrand, Andrea Buscaglia and Birgit Stattin Norinder had declined reelection. Peter Zonabend was elected as Chairman of the Board.

Vivesto announced that the Board had come to an agreement with CEO François Martelet on ending the employment relationship.

Robert Maiorana was appointed as acting CFO.

Q3

Christer Nordstedt was appointed as acting CEO.

Vivesto decided to wind down its activities in Russia as a consequence of the Russian invasion of Ukraine, ongoing hostilities and international sanctions.

Vivesto and Elevar's partner Inceptua began the commercial launch of Apealea® in Germany.

Q4

Vivesto's acting CEO Christer Nordstedt resigned from his position in order to assume a new role outside of the Company but remained in his role as a senior advisor to Vivesto on a consultancy basis within research and development.

Erik Kinnman was appointed as CEO beginning in January 2023.

Important events after the period

In January 2023, Vivesto announced Inceptua's decision to withdraw market authorization application for Apealea® in Switzerland.

In March 2023, Vivesto announced that a clinical efficacy study with the veterinary oncology drug candidate Paccal Vet is planned to start in the second half of 2023.

In March 2023, Vivesto was informed that Elevar is discontinuing its efforts to develop and commercialize Apealea® and instead seeks to transfer its rights to a third party. Considering the uncertainty regarding the launch activities of Apealea, Vivesto decided to write down balance sheet items amounting in total to MSEK 190 in the annual report as per December 2022.

CEO REVIEW

Creating value for owners and patients in need of new treatment options

Over the past few months, I've been working with the team at Vivesto and the board to drive the company and our portfolio and technology forward. Our ambition is to develop Vivesto into a leading research and development company with a focus on the development of new treatment options for cancer patients with great medical needs. We have examined the opportunities that currently exist in the company and what we should focus on in order to best build value for our shareholders.

General market volatility continues to be a challenge for the sector. The development of Vivesto in the oncology field will take time, but with a solid financial position, a competitive platform technology and in-house expertise, we have the components to succeed. We have an organization in place with significant experience in taking projects from early development, to clinical studies and production, and then on to market. I remain excited about the opportunities that Vivesto has ahead of it given the combination of experience, portfolio and platform.

When it comes to Vivesto's formulation technology, we are now developing new molecules and in parallel we are identifying different substances with patent protection and without patent protection, so-called generic substances, which could be formulated with our technology and offer patients important treatment benefits. As new molecules become larger and more insoluble than before, our formulation technology XR-18 can play an important role for many molecules that today cannot be used because they are too large or do not dissolve properly. In addition to adding new programs to our portfolio, there is an opportunity for Vivesto to collaborate with other pharmaceutical companies and to strengthen our position. We will keep the market informed of our progress.

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

"Clinical plans are constantly evaluated to find out if it is possible to make adjustments in the targeting of the programs and study design to increase the chances of success or shorten the time to market approval"

Among Vivesto's existing products, the greatest focus in recent years has been on the cancer drug Apealea. In 2020, we signed a global strategic partnership with US-based Elevar Therapeutics that gave Elevar exclusive rights to commercialize Apealea in most markets. Vivesto received an initial upfront payment of USD 20 million upon signing the agreement as well as potential milestone and royalty payments. The drug has had market authorization in the EU since 2018 and has so far been launched in Germany by Elevar's partner Inceptua. Although there are ongoing launch activities in other markets such as the UK, our understanding is that the launch and sales in Europe have been slower than expected. We therefore see Elevar's recently announced intention to transfer the rights and obligations for Apealea to a third party

Erik Kinnman, CEO Vivesto

as a potential opportunity to strengthen the product. We believe that an assignment would be in Vivesto's interest and that a new partner could revitalize the entire Apealea project. We are now working intensively with Elevar to explore all the opportunities that this new situation may present. In parallel, we are also working to find a partner for China, which we see as an important and prioritized market. Considering the current uncertainty regarding the launch activities of Apealea, we have decided to write down the book value by a total of SEK 190 million in the annual report as per December 2022.

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), continues to recruit patients. More than half of the patients are included, and we expect all patients to be included in the second half of 2023 and to be able to present results in 2024.

We have now decided to initiate a clinical study with the veterinary oncology drug candidate Paccal Vet, our formulation of paclitaxel for the treatment of cancer in dogs. This is after a careful evaluation of the possibilities that have resulted in the project being judged to have a combination of great medical need, large commercial potential, and limited risk. There are many who have acquired pets in recent years, especially dogs, at the same time as we are increasingly aware of the importance of caring for our pets. However, today's veterinary medicines are not always developed for use in pets and may be associated with side effects and lack of efficacy. There is therefore a great medical need for better treatments and more effective veterinary oncology drugs specially developed to treat cancer in dogs. Paclitaxel is not currently available as a veterinary medicine because none of today's available formulations are tolerated by dogs.

"There is therefore a great medical need for better treatments and more effective veterinary oncology drugs specially developed to treat cancer in dogs"

The clinical study with Paccal Vet will start in the second half of 2023. Taking into account the medical need and market potential, we are reviewing the possibilities for continued development in veterinary oncology, and if necessary, we can prepare for further studies in selected oncological indications.

In addition, work continues to reduce the cost base in the company, which has so far led to significantly reduced personnel and operational costs.

With an experienced team of experts in place, a portfolio of products under development, a unique technology platform and the potential to expand our portfolio, I see great opportunities in Vivesto. Together with the board, we are now creating a clear vision and focus for where we are going and how we can create value for both cancer patients who need new treatment options and our shareholders.

Thank you for your continued support,
Erik Kinnman, CEO Vivesto

▶ Read more at CEO-corner at vivesto.com

STRATEGIC FOCUS

Develop the value of existing portfolio and strengthen the project portfolio

Vivesto is a research and development company that develops new treatment options for patients suffering from difficult-to-treat cancer. The company has a portfolio of internally developed and in-licensed projects and the capacity to take a drug all the way from preclinical development to market launch.

Our mission

Developing new treatment options for patients suffering from difficult-to-treat cancers

Our vision

To create a leading Research and Development Company in cancer where there are Great Medical Needs and commercial opportunities

Strategic focus

In 2022, all of Vivesto's assets and projects were evaluated from both a scientific and an economic perspective. Based on the results of the evaluation, a strategic focus for the next few years was established, which means that Vivesto will work to:

1. **Develop the value of existing projects and technology platforms**
2. **Strengthen the research portfolio with development projects in cancer**

With a clear strategic focus, Vivesto will strive to become a leading research and development company active in cancer areas where the need for new more effective treatment methods is great and the future market potential is high. In addition, Vivesto will continue to deliver on the partnership agreements with the company's market-approved cancer drug Apealea and further develop the veterinary oncology portfolio.

Further development of the veterinary oncology portfolio

The medical need for effective oncological veterinary drugs is great and there is today a limited range of approved cancer drugs for dogs. The market potential in the area is therefore considered to be high. Vivesto intends to capitalize on the significant internal expertise in the field and continue to develop the company's portfolio in veterinary medicine. The clinical portfolio currently consists of Paccal Vet for the treatment of various forms of cancer in dogs. Paccal Vet is based on Vivesto's market-approved human Apealea (paclitaxel micellar) and is considered to have a good safety profile with significant potential advantages over today's standard treatment in cancer in dogs.

Continued clinical development of Cantrixil and Docetaxel micellar

Vivesto will use the company's capacity and capabilities in clinical development to take the company's existing drug candidates Cantrixil and Docetaxel micellar further through the development phases and thereby increase the value of the assets. Although Vivesto has the opportunity to conduct development from early preclinical phase to regulatory approval itself, Vivesto's overall model is to license projects after completed phase II studies. In some cases, where indication areas are limited, or where it is possible to obtain orphan drug designation, Vivesto may choose to conduct additional its own clinical studies that can form the basis for a market registration.

Development and partnership of XR-17™

Vivesto has developed the drug delivery platform XR-17, a formulation technology that improves the solubility of intravenously administered drug substances. Vivesto is engaged in the continuous development of its technology platforms, including new potential use cases. Vivesto is also working on further developing the XR-17 technology and developing the next generation drug delivery platform, XR-18, a platform that is considered to offer improved properties compared to the existing technology.

New therapeutic areas for Vivesto's formulation technology

Vivesto believes that the company's drug delivery technology can be used with significantly more drugs than just paclitaxel and the company has identified a number of existing drug substances, with and without patent protection, that could be formulated with Vivesto's technology in order to improve solubility and ultimately increase patient benefit.

Newly developed drug substances are often more potent than previous generations of substances with higher specificity and efficacy. New molecules have generally also become larger and more insoluble than before, while often addressing a new category of target proteins that were previously unknown to science. These molecules were previously not considered to be possible to develop into useful medicines. Vivesto believes that there are several molecules, even with remaining patent protection, that are currently not used due to a lack of solubility, where Vivesto's formulation technology could open up for further development. Vivesto is actively looking for such opportunities with the goal of establishing collaborations with other pharmaceutical companies.

Support partners to deliver the value of Apealea

Vivesto has entered into commercial agreements for the cancer drug Apealea for all relevant markets. Vivesto shall actively support the company's partners in the continued global development and commercialization of Apealea.

In- and out-licensing, partnerships and M&A deals

New projects in late preclinical or early clinical phase in the oncology field can be incorporated into Vivesto's portfolio via in-licensing, acquisitions or other forms of partnership. Development in late clinical phase and commercialization can take place in-house or in partnership with other pharmaceutical companies. The company's focus is not limited to a single mechanism of action or specific cancers, but the guiding principle is that the project or product has the potential to address a large clinical need where well-functioning treatments are lacking.

Cost-effective drug development

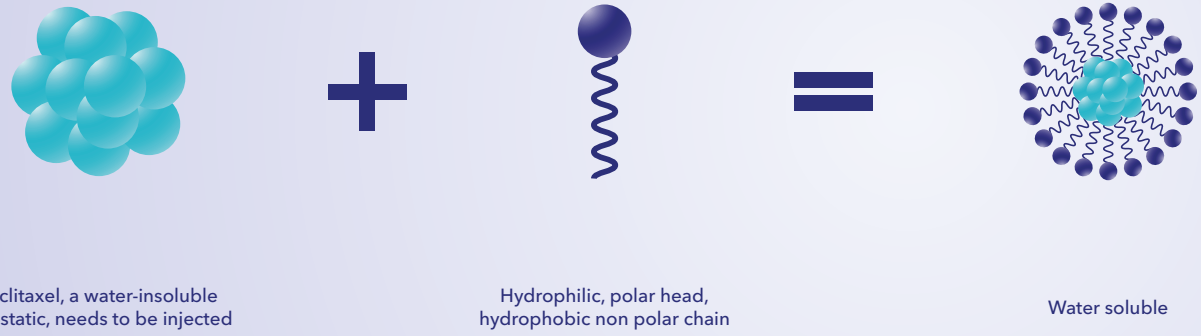
Vivesto is today a lean, development-focused company with 18 employees*, of which about half in research and development, and a burn rate of less than SEK 8 million per month*. The work to reduce the company's costs continues continuously with the ambition that the majority of the company's resources can be allocated to the construction and development of a strong project portfolio.

*) As of December 31, 2022

Vivesto has successful track record, internal expertise, and the capacity to take proprietary and in-licensed product candidates from early development phase to regulatory approval. Late-stage development and commercialization are expected to take place in partnership with other pharmaceutical companies, but for niche products in limited cancer indications can take place independently.

TECHNOLOGY PLATFORMS

Platforms for better drug administration



▶ 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

The foundation for Vivesto is the proprietary drug delivery technology XR-17, a technology platform that can improve aqueous solubility for intravenous active pharmaceutical ingredients to improve their efficacy, availability and safety. The technology has been successfully applied when developing Vivesto's European market-approved cancer medicine, Apealea, and the drug candidate Docetaxel micellar as well as the veterinary oncology drug Paccal Vet. Intense development is 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 and severe side effects. Vivesto's proprietary and patented XR-17 technology platform was developed to address such problems.

XR-17 improves solubility

XR-17 is based on a blend of two isomers of a synthetic derivative of vitamin-A acids (XMeNa and 13XMeNa), which can increase solubility of compounds with poor aqueous solubility, such as paclitaxel. XR-17 demonstrates amphiphile properties, meaning its molecules contain both hydrophilic and hydrophobic structural regions. As a result, XR-17 molecules can spontaneously form

nano-sized structures, known as micelles, within water. During the process hydrophobic substances are dissolved in 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.

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 and safe administration of selected intravenous APIs, with the aim of not 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 XR-17 can be achieved in order to maintain a low amount of pharmaceutical excipients per dose and maximize the API delivery.
- Formulations 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.

XR-18 – further development of drug delivery technology

When developing Apealea and other projects that use the XR-17 technology platform, Vivesto built up valuable knowledge and understanding of how solubility and drug administration can be improved in pharmaceuticals 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 phase of development and has generated promising results thus far. A patent application has been submitted for XR-18.

Exploratory research

Vivesto is involved with a project to evaluate the cellular effects of new and existing anti-cancer drug delivery platforms developed with Vivesto's proprietary XR-17™ and XR-18 technology platforms. The research is intended to develop promising drug candidates and expand the company's current and future project portfolio within oncology intended for hard-to-treat or late-stage cancers. This project is currently being carried out with Visikol, Inc. in the US.

In image: Samaneh. ©Vivesto

5 Q&A

Kai Wilkinsson,
Chief Technical Officer at Vivesto and responsible for developing the XR-17 and XR-18 technology platforms

1 You started at Vivesto in 2021 and were appointed CTO in the beginning of 2022. Can you talk about your previous roles and work experience?
I studied chemical engineering and biotechnology, and successfully defended a thesis in chemistry. My research studies involved nanoparticles in the environment – I recreated them in the lab, where we investigated their effects on human health. For the last ten years, I've worked in the pharmaceutical industry with process and product development. Most recently I was at Fresenius Kabi AB in Uppsala, where I was CMC lead and developed products from the early idea phase through clinical phase to market approval.

2 What are your main work tasks as CTO of Vivesto?
I'm responsible for the technological operations, which includes manufacturing drugs and excipients for market products as well as for clinical or research products. This also includes research and development as well as logistics.

3 XR-18 is an expansion of Vivesto's XR-17 drug delivery technology, currently used with drugs like Apealea. What is its current status?
We've carried out a lot of intensive research when it comes to developing the XR technology platform. We made significant finds related to the technology in 2022 and submitted a patent application to the Swedish Intellectual Property Office. XR-18 is in the early pre-clinical phase where we investigate the technology's qualities in order to expand its therapeutic area. The XR-18 technology works in the same way as the XR-17 technology: it improves solubility in order to improve uptake in potential patients. Additionally, the technology provides certain other improvements and characteristics that are currently being evaluated for possible application.

4 What are potential therapeutic areas for XR-18?
Our main focus is investigating the technology's new characteristics and how they can be applied. Our hope is that we'll be able to expand the use of the technology within cancer treatment, where there might be new opportunities for formulations with different pharmaceutical substances. We're also interested in investing new opportunities beyond cancer, ideally in partnerships with potential future licensing of the technology or business partners.

5 What is the next step in developing XR-18?
While we're waiting for the Intellectual Property Office's statement on the patent, we're working on pre-clinical studies for XR-18, including how it behaves in vitro and in vivo, combinations with different drugs and stable formulations. There are a lot of possibilities with the technology and we're focusing on therapeutic areas that we believe will best benefit future patients.

PRODUCTS & PROJECT PORTFOLIO

Capacity to take products from clinical development to market

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 was launched in selected European markets under Inceptua's responsibility. Vivesto's clinical development program includes Cantrixil and Docetaxel micellar to treat metastatic prostate cancer.

From early development to market launch

Vivesto has 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 product launched and two in clinical phases

Vivesto developed the product Apealea (paclitaxel micellar) to treat late-stage ovarian cancer in combination with carboplatin. At the end of 2018, Apealea received regulatory market approval in Europe from the EMA and in 2022 the product was launched in Germany, which means that Vivesto, as one of the few Swedish companies, has succeeded in developing a project from early preclinical phase all the way to market approval and market launch.

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.

"At the end of 2018, Apealea received regulatory market approval in Europe from the EMA and in 2022 the product was launched in Germany, which means that Vivesto, as one of the few Swedish companies, has succeeded in developing a project from early preclinical phase all the way to market approval and market launch."

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	Other forms of cancer							Global

Apealea

Launching in selected European countries

APEALEA LAUNCHED IN GERMANY IN 2022

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 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. In March 2023, Vivesto was informed that Elevar is discontinuing its efforts to develop and commercialize Apealea and instead seeks to transfer its rights to a third party.

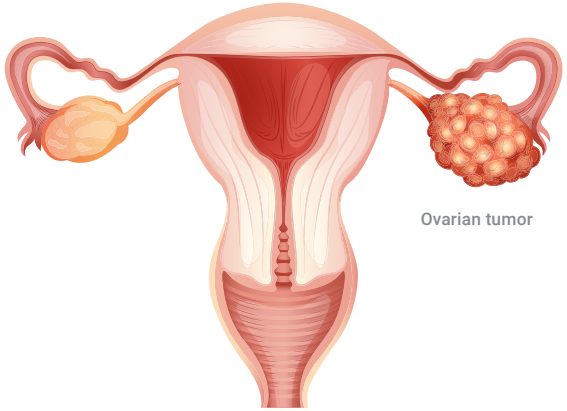
Inceptua Group

Elevar has signed a license agreement with Inceptua Group for the commercialization of Apealea in Europe, with the exception of Russia and the CIS countries. In August 2022, Inceptua announced the launch of Apealea in Germany.

Other collaborations

Due to the geopolitical situation in Ukraine and the international sanctions that exist against Russia, Vivesto has decided to wind down its operations in Russia. Vivesto has terminated the commercialization agreement with Swiss FarmaMondo regarding Paclical (Apealea) in Russia and the CIS countries. This means that the distribution of Paclical (Apealea) in Russia and the CIS countries is paused until further notice.

Elevar has a collaboration with Tanner Pharma Group regarding a so-called Named Patient Program that enables Apealea to be provided through license prescribing in markets where Apealea has not yet received market approval. Elevar also has a cooperation agreement with Taiba Middle East FZ LLC, where Taiba will register, commercialize and distribute Apealea in the Middle East and North Africa (MENA region).



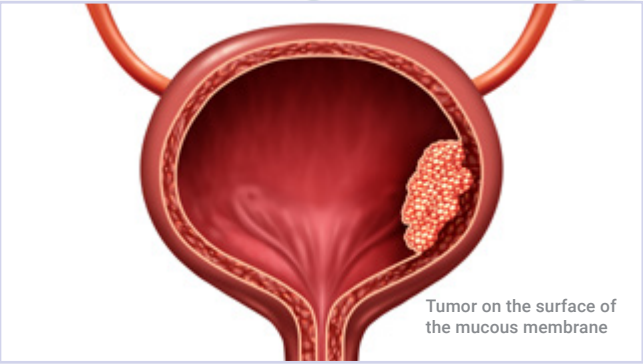
Ovarian cancer means cancer of the ovaries, which sit on either side of the uterus. Fallopian tube cancer (tubal cancer) and cancer of the peritoneum (primary peritoneal cancer) are also often referred to as ovarian cancer because they are similar and are treated in the same way. Sometimes ovarian cancer is also called the silent killer. This is because diagnosis is often made late because the symptoms are often vague at first. Thanks to improved treatment, more and more women are being successfully treated.*

*) www.cancerfonden.se

Cantrixil

Alternative indications are being considered for the next clinical trial

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.



Tumor on the surface of the mucous membrane

A potential indication for Cantrixil is bladder cancer. In about two thirds of all cases, bladder cancer grows on the mucosal lining or in the connective tissue, known as superficial bladder cancer. In the rest of the cases the cancer has involved the deep tissues in and around the bladder, known as muscle-invasive bladder cancer. Bladder cancer is three times more common in men than in women. Most people affected are 65 years or older. The first sign of bladder cancer is, in most cases, blood in the urine.*

*) www.cancerfonden.se

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. Cantrixil was given orphan designation for ovarian cancer by the US FDA in April 2015.

Validated phase I data

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.

Preparing for continued clinical development

The company is currently considering various alternatives in terms of indications to maximize patient benefit and commercial opportunities. Work has been initiated to develop testing material for coming clinical trials. During the first quarter 2022, 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.

CANTRIXIL ACQUIRED BY AUSTRALIAN KAZIA THERAPETUCS

Docetaxel micellar

Evaluated by Swiss Group for Clinical Cancer Research (SAKK) in a Phase Ib clinical trial

PHASE IB TRIAL WITH DOCETAXEL MICELLES CONDUCTED AT MAJOR HOSPITALS IN SWITZERLAND

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.

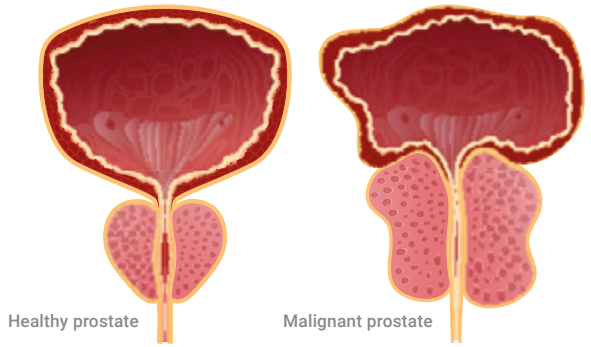
Partnership with SAKK

In 2020, Vivesto partnered with the Swiss Group for Clinical Cancer Research, SAKK, a non-profit organization for clinical cancer research. Through the partnership, the first clinical trial with Vivesto's formulation of Docetaxel micellar in patients with metastatic prostate cancer is conducted with SAKK as sponsor.

Recruitment completed in 2023

An instigator-initiated open-label clinical in patients with advanced prostate cancer is being conducted by SAKK at major hospitals in Switzerland. The trail aims to recruit 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.

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.



Prostate cancer involves the formation of a malignant tumor in the prostate gland, usually in the outer part of the gland. It can take many years before the cancerous tumor presses so much on the urethra that it causes problems with peeing. Prostate cancer is the most common form of cancer in Sweden and mainly affects older men. About half are over 70 years old and a few are under 40 years old at diagnosis.*

*) www.cancerfonden.se

5 Q&A

Daniel Tesfa
Chief Medical Officer at Vivesto and responsible for the development of the company's drug candidate Cantrixil

1 Daniel, you have extensive experience from both academia and the pharmaceutical industry. Can you tell us more about your background and experience in drug development?
I am a licensed physician and specialist in internal medicine and hematology/oncology and have worked at Karolinska University Hospital. I have a PhD on monoclonal antibody therapies and their specific side effects in lymphoma. Most of the patients in my research have been my own patients, which I have been able to follow for many years. My driving force has always been to improve and find new treatments for patients and therefore it was tempting to start working with drug development in the pharmaceutical industry.

I have held various positions in the pharmaceutical industry with a focus on hematology/oncology as a medical advisor and leader at Roche and Bayer, among others. Most recently, I came from SOBI (Swedish Orphan Biovitrum AB), where I was responsible for clinical development of products in hematology from preclinical phase to clinical studies as Medical Director for clinical and translational science in hematology.

2 You joined Vivesto as CMO during the second quarter of 2022. What attracted you to joining Vivesto?
One of the reasons was Vivesto's goal to develop new treatment options for patients suffering from difficult-to-treat cancer. Vivesto already has a cancer drug for patients with ovarian cancer that can be combined with other drugs to give better results, and by using the company's drug delivery platforms to improve the solubility of various drug substances, I see that there are great opportunities to develop new cancer drugs in areas with significant medical needs.

3 Cantrixil is a clinical-stage drug candidate that is being developed for the treatment of late-stage ovarian cancer. What is unique about Cantrixil?
Cantrixil is studied in a phase I study in ovarian cancer patients with repeated relapses and who received at least two previous treatments. The results reached their primary goals in a difficult-to-treat patient group where treatment options are limited. Cantrixil is a third-generation benzopyran compound and inhibits tubulin polymerization necessary for cancer cell division and growth. In addition, preclinical and clinical phase I studies in ovarian cancer show that Cantrixil has efficacy against chemotherapy-resistant tumor-initiating cells (cancer stem cells) that are believed to be responsible for disease recurrence. This mechanism is unique and has not been described before by the chemotherapy drugs used today.

4 Can Cantrixil be effective in cancers other than ovarian cancer?
Yes, that's our assessment. Preclinical studies have shown that Cantrixil has an effect against several cancers, such as bladder cancer, various types of blood malignancies, prostate cancer, lung cancer and colon cancer. These studies are done on cultured cancer cells, so-called cancer cell lines, which means that Cantrixil's possible indications could be several. We are currently evaluating some of these possibilities.

5 What is the reason to consider other cancers for Cantrixil?
We intend to maximize opportunities in the program and find the best combination of of great medical need and commercial potential. One example is bladder cancer, which is a common form of cancer with a great need for better treatment options. Most drug treatments today have no or limited effect in relapse. Another example is myelodysplastic syndrome (MDS), a hematological cancer that develops from original blood cells, so-called hematopoietic stem cells, where treatment possibilities are limited by recurrent relapses.

THE ONCOLOGY MARKET

Growing market with high medical needs

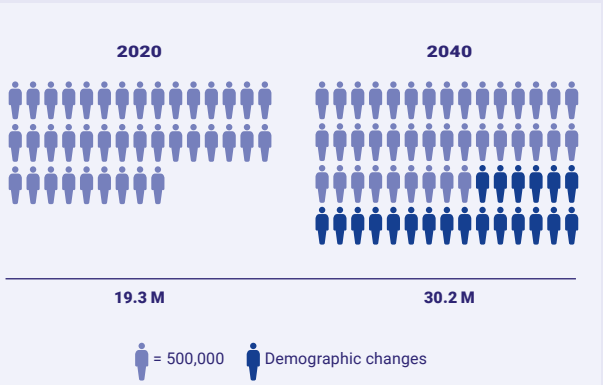
With nearly 10 million fatalities in 2020 and more than 19 million new cases annually, cancer is among the most frequent causes of death globally. By 2040, the number of new cancer cases is expected to increase to more than 30 million annually, and cancer-related fatalities to more than 16 million annually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

Improved survival with continued great need for more effective cancer drugs

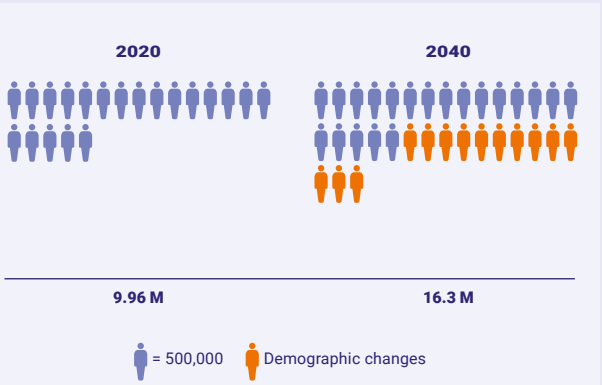
The probability of surviving a cancer diagnosis has significantly improved over the past 50 years. By 1970, roughly 50 percent of those diagnosed with cancer in the United States would have lived five years later. For those diagnosed in 2009, the figure was closer to 70 percent. The change has taken place through a combination of public health interventions (e.g. information about smoking), improved healthcare (e.g. earlier diagnosis) and the launch of new drug therapies. This has led to some diagnoses that were previously considered incurable are now considered chronic conditions. For example, most patients who are currently diagnosed with multiple myeloma or prostate cancer are judged to die from causes other than the cancer.

However, even though the survival rate has increased, there is still a great need for more effective cancer treatments. For those diagnosed with pancreatic cancer, glioblastoma and non-small cell lung cancer (NSCLC, the most common form of lung cancer), the five-year survival rate is still lower than 50 percent. These three cancers together account for more than 250,000 new diagnoses each year in the United States alone.[2]



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)

In image: Khalil. ©Vivesto

High activity in the development of new cancer drugs

In 2021, 30 novel active substances (NASs) were launched globally in oncology, which was a record. A total of 159 new active drug substances have been launched globally since 2012. The number of new active pharmaceutical substances launched per year globally is increasing. In the years 2012 to 2016, the number averaged 11 per year, and in the previous five years only 5 on average. During the years 2017 to 2021, the number of new active drug substances has increased to 21 per year and the trend is steadily increasing.

In the US, 83 unique new cancer drugs were launched during the period 2017-2021, many of which are approved for more than one indication. The European Medicines Agency (EMA) approved a total of ten new cancer drugs in 2021, which is less than the total of 14 approved in 2020. Five of these ten EMA approvals are small molecules administered orally, reducing the need for specialized drugs and hospital visits for intravenous infusions. Only three have been developed for rare diseases, which differs significantly from the US approvals where almost all received orphan drug designation. In general, cancer drugs are increasingly receiving accelerated approval, orphan drug designation or so-called Breakthrough Therapy Designation status.[3]

Growing market for cancer drugs

According to Precedence Research, the global cancer therapies market in 2021 was valued at USD 166.5 billion and is expected to reach over USD 365 billion by 2030. The market is expected to grow annually by 9.1 percent (CAGR) during the forecast period 2022-2030. Increased incidence of cancer cases and increased cancer research that has led to improved treatments, increased collaboration between pharmaceutical companies and a larger proportion of the elderly population are the main factors driving the growth of the cancer therapy market.

North America is the largest market, accounting for more than 35 percent of the global cancer therapies market in 2020. With extensive funding from many organizations and increased use of cancer therapies in the region, North America is expected to continue to be the largest market by 2030. An expected increase in investments in research and development is expected to contribute to market growth during the forecast period.

The Asia-Pacific immunotherapy market, especially in India, China and Japan, is expected to experience a high growth rate during the forecast period. The growth of this market is expected to be driven by a large patient population seeking cancer treatment, strong investment from the major players in the market, increased incidence of cancer, increased government spending on health care, and rising disposable income of patients.[4]

Annual biopharma M&A activity

Year	Total deal value ($bn)	Deal count
2018	148.4	183
2019	239.2	176
2020	131.0	176
2021	90.8	165
2022	90.5	171

Source: Evaluate Pharma.

According to Evaluate Pharma, valuations in biotech were still low in 2022, a trend that is reflected in the statistics for M&A during the years 2018-2022. The table above shows that the number of transactions did not decrease in 2022 compared to the previous year, but that the total deal value was the lowest in five years.[5]

In image: Mattias and Khalil. ©Vivesto

Different kinds of cancer treatments

The cornerstones of cancer therapy remain: surgery – radiotherapy – chemotherapy. 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.

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[6]. Despite mandatory corticosteroid premedication, the risk of an allergic reaction during treatments involving solvent-based paclitaxel or docetaxel can be up to 50 percent[7].

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.

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

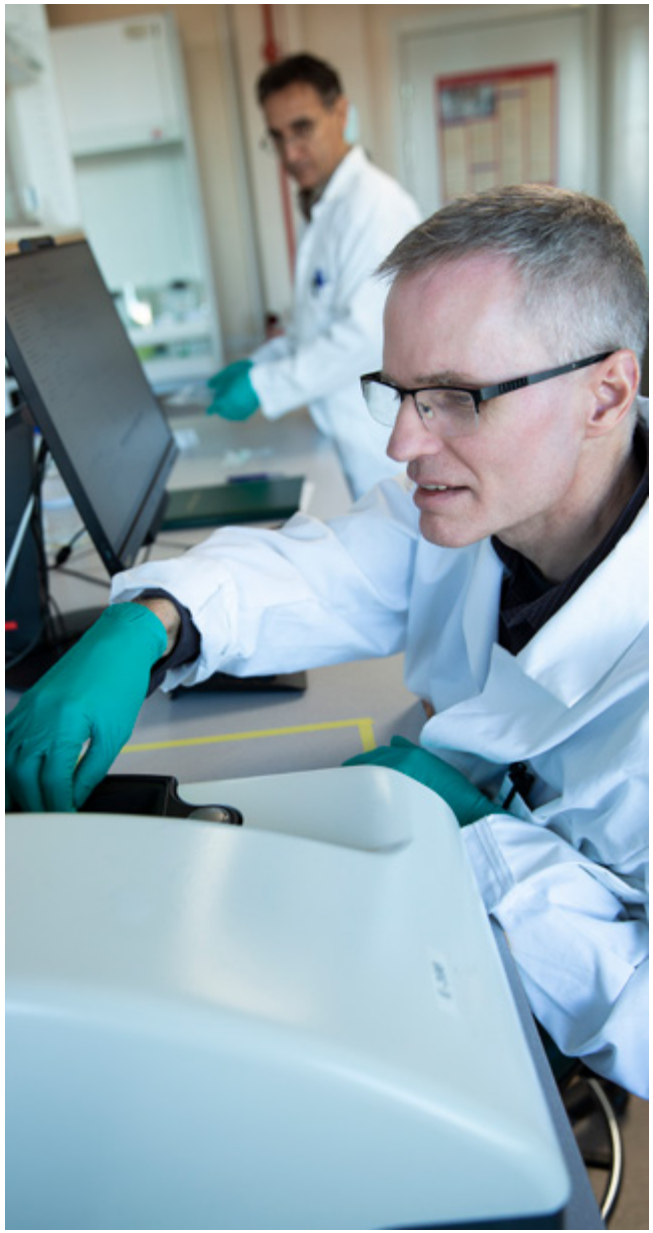
Immunotherapy uses our immune system to fight cancer. It is a standard treatment for some types of cancer and is in trials for other types.

- 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



In image: Mattias and Khalil. ©Vivesto

>1,4 M

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

375 k

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

>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***

* The International Agency for Research on Cancer (IARC)
** 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

Selected indications for currently approved toxoids

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[8]. 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.[9]

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.

For chemotherapy treatment, the first choice is docetaxel, which makes Vivesto well positioned with Docetaxel micellar.

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[10].In Western Europe and the US, the frequency is between 6–8 cases per 100,000[11]. Nearly 300,000 women are expected to develop the disease worldwide every year[12].

Surgery is the first and primary treatment for most women with ovarian cancer. Most patients will receive chemotherapy after their first operation.

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.

1) The International Agency for Research on Cancer (IARC) https://gco.iarc.fr/tomorrow/en/dataviz/isotype?types=0&single_unit=500000
2) https://www.mckinsey.com/industries/life-sciences/our-insights/delivering-innovation-2020-oncology-market-outlook#/
3) The IQVIA Institute for Human Data Science, https://www.iqvia.com/-/media/iqvia/pdfs/institute-reports/global-oncology-trends-2022/iqvia-institute-global-oncology-trends-2022-forweb.pdf
4) Precedence Research https://www.precedenceresearch.com/cancer-therapeutics-market
5) Evaluate Vantage Pharma and Medtech Review 2022, https://info.evaluate.com/rs/607-YGS-364/images/Vantage%20Review%20Report%202022.pdf
6) https://lakemedelsboken.se/kapitel/onkologi/farmakologisk_behandling_av_maligna_tumorer.html
7) Curr Oncol, Vol. 21, s. E630-641
8) Prostate Cancer Report (2018), the World Cancer Research Fund och Cancerfonden (2019).
9) Prostate Cancer Report (2018), the World Cancer Research Fund.
10) Cancer Research Institute (2019).
11) World Cancer Research Fund (2019).
12) Cancerfonden (2019).

VETERINARY ONCOLOGY

Veterinary oncology drugs based on XR-17

Vivesto's product candidate in veterinary oncology use the XR-17 technology platform to facilitate the administration of intravenously delivered active pharmaceutical substances without the addition of solvents such as cremophor. Solvents are a problem as they cause unwanted effects in treated animals. These effects are of such a serious degree that it completely prevents, or 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. The company sees positive synergistic effects between the development of human drugs and veterinary drugs.

Paccal Vet

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

A first limited clinical efficacy study in dogs is planned to, as a first step, evaluate Paccal Vet in the indications of hemangiosarcoma and malignant melanoma. There are no approved chemotherapy treatments for these diagnoses in dogs. The study is planned to start in the second half of 2023.

The veterinary oncology market

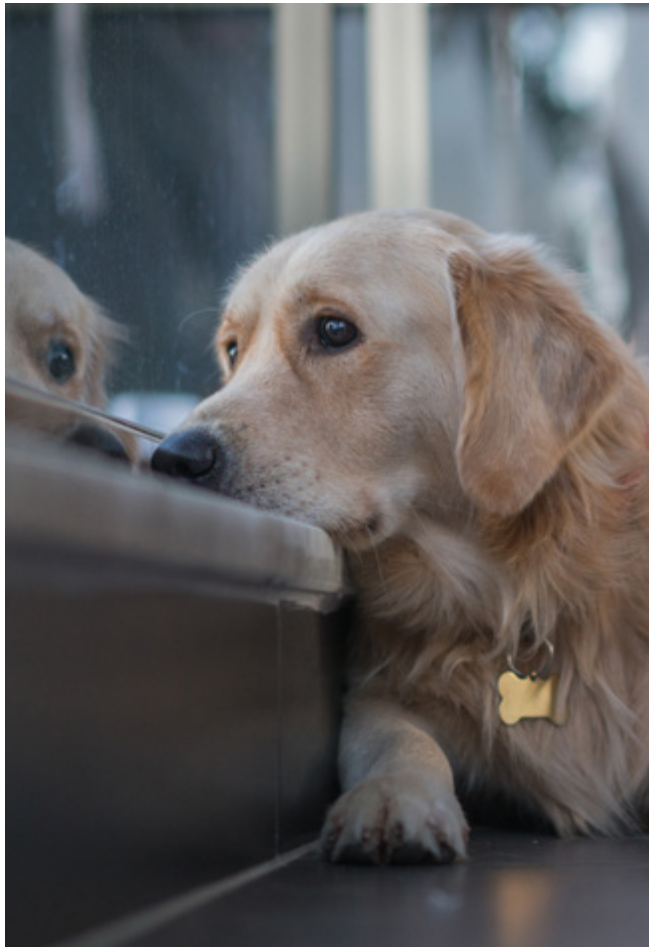
The market for pets as a whole is growing in both the US and Europe, with the ongoing Covid-19 pandemic acting as an extra driver in the last two years. The market for veterinary care is also growing in pace with an increased willingness to pay for the care of pets and increasing numbers of pets with animal insurance coverage.

There are 90 million dogs in the US and 93 million dogs in the EU in 2021, with approximately 1.5 million dogs developing cancer in each market per year. There are currently few approved drugs for the treatment of cancer in dogs and current paclitaxel formulations are not tolerated by dogs and therefore cannot be used.

The total market for veterinary care for pets was estimated at USD 16 billion in 2019, of which the market for veterinary oncology was estimated at approximately USD 200 million*. Vivesto believes that the company's product candidates in veterinary oncology, subject to approval, can address a significant market for pet cancer treatment in the US and EU.

Possible benefits for Paccal Vet in canine cancer treatment:

- Get approved drugs for the treatment of cancer in dogs
- Meets a great need for effective cytostatics
- Addresses area of high unmet medical need where few treatment options exist
- Demonstrated good safety in both animals and humans
- Absence of the solvent cremophore reduces the risk of serious side effects and death caused by treatment
- Does not require the addition of human albumin, which, when used in dogs, can cause hypersensitivity reactions and reduced treatment effect
- The development is based on the market-approved drug Apealea, which enables reuse of preclinical data and thus shorter time to market, and on previous studies with Paccal Vet, which has generated knowledge regarding safety and efficacy
- Cost-effective treatment compared to more expensive immunotherapies



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

5 Q&A

Henrik Rönnberg,
Professor, internal medicine for companion animals and Diplomate of the European College of Veterinary Internal Medicine DiplECVIM-CA (oncology)

1 Henrik, you are a professor and one of the world's leading specialists in clinical oncology for companion animals. Can you explain more about your background and how you support Vivesto in its current development work?
I'm an international specialist within clinical oncology, but first and foremost I'm a licensed veterinarian. Previously, I worked as a regional veterinarian and obtained a Ph.D. in veterinary oncology. My research, and motivation, has primarily been to find better treatment and better diagnostics for companion animals.

As Senior Scientific Advisor for Vivesto, I work with further developing Vivesto's existing cancer medicine to use in dogs and identifying where there is the greatest need for new drugs. There is a lot of development in the veterinary oncology market and there is a growing need for treating tumors, another area where Vivesto has unique products. We intend to find the best opportunities for these products and to investigate opportunities for combination treatments with other drugs.

2 More and more drugs that were previously only available for humans are now being used for companion animals as well. Why is it so important to develop drugs exclusively for veterinary use?
Just like in human medicine, new veterinary medicine has been developed to have an even better effect and to improve quality of life. It's true that within veterinary medicine, drugs developed for humans are used to greater extents through "off-label" usage – for the simple reason that this is often the only available option. Even if the results in human medicine are in many cases acceptable, it's very important to develop drugs specifically for an intended end user, in this case a specific species of animal, and to adapt the drug's characteristics to the animal's needs and conditions. The goal is to optimize the animal's quality of life by providing the best possible treatment while reducing the risk of side effects and incorrect treatment.

3 Cancer, along with accidents and trauma, is one of the primary causes of death among dogs. How common is cancer among dogs and why is the number of cases increasing?
Between one third and one half of all dogs will develop cancer at some point in their life, and an American study has shown that cancer has been the most common cause of death for dogs for over two years. The primary reason for this is the same as for humans: our dogs are living longer. Better care, medicine and food as well as vaccination programs have led to today's healthier population of older dogs. Longer lifespans mean there is an increased risk of cancer.

4 Like Vivesto's market-approved drug Apealea, Paccal Vet is based on paclitaxel, a substance formulated with the company's XR-17 technology. What makes Paccal Vet particularly suitable for treating cancer in dogs compared with other cytostatics? What are the advantages to the drug's high level of similarity with Apealea?
Off label use of human medicine accounts for a significant portion of the drugs that are used to treat cancer in dogs. A typical cytostatic is the drug group taxoids, which includes paclitaxel. Taxoids are, however, essentially impossible to use within veterinary medicine since they contain a solvent, cremophor, that can cause serious side effects and even death. This is unfortunate, since taxoids are very effective at treating certain kinds of tumors. They've therefore not been part of our toolkit. Paccal Vet solves this problem elegantly by using the XR-17 technology to offer a hydrophilic formulation of paclitaxel. Now we finally have a solution that allows the use of this medicine without causing harm to the animal due to cremophor.

We have started to investigate which types of tumors could really benefit from Paccal Vet and the process of developing an approved drug. Since Paccal Vet is based on Apealea, we can reuse a lot of the pre-clinical work and previous study data, which saves time and means we don't have to perform studies on animals. This is obviously good news from an animal welfare perspective and aligns well with the Three R's of animal research: Reduce, Refine and Replace.

5 The market for veterinary medicine continues to grow as a result of the growing number of companion animals as well as a greater willingness to pay for veterinary care. What opportunities do you see in the future when it comes to treating cancer in dogs?
In my opinion, immunotherapy and precision medicine will be increasingly common, definitely for humans but also within veterinary medicine. To a certain extent, this is due to a better understanding of what causes tumors and the driving factors behind their growth. We'll also see progress within cancer diagnostics where new knowledge, like the presence of tumor DNA in the blood, can allow us to detect cancer at a much earlier stage.

But despite the increased use of immunotherapy, traditional cytostatics will still have a role to play. This is because the therapy depends on suppressing certain parts of the immune system to be effective. That is why immunotherapy is often combined with cytostatics, and I believe that we'll see more of this kind of combination treatment in the future. I think Vivesto is in an excellent position in this regard. I don't think we've utilized the full capacity of XR-17 and XR-18 yet. There are additional opportunities for these technologies within veterinary medicine.

ORGANIZATION AND EMPLOYEES

Organization with expertise

The company has during the year undergone a number of changes within both the Board of Directors and company management. The focus is and has during the year been to further strengthen and develop the R&D organization and to continuously work with efficiency and cost savings.

Vivesto's head office has been located in Solna since 2021. Laboratory operations are located in Uppsala.

Expertise

Vivesto's core competence is mainly in drug development and the company today has the capacity and internal expertise to take drugs all the way from early preclinical development to regulatory approval.

High education level

At the end of 2022, Vivesto had 18 employees, which is a reduction of 18 percent compared with the close of the preceding financial year. Of the company's total number of employees, 39 percent were women and 61 percent men. The company's management team comprised 17 percent women and 83 percent men. Of the company's other managers, 29 percent were women and 71 percent men.

Vivesto employees are highly educated. At the close of the financial year, 39 percent of Vivesto's employees had a Ph.D. and 44 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. 39%
- Other academic education 44%
- Other education 17%

Vivesto's employees
- Men 61%
- Women 39%

Vivesto's managers
- Men 71%
- Women 29%

Vivesto group management
- Men 83%
- Women 17%

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

In image: Khalil and Roger. ©Vivesto

SUSTAINABILITY

Sustainable development

Vivesto's business consists primarily of research and development. Clinical trials are carried out with the help of external contract organizations and the production processes have been outsourced to selected specialized contract manufacturers. Internally, there are functions in management, finance and other specialist functions.

Regulated activities

Drug development is subject to a large number of regulations, laws, guidelines, norms and industry standards regarding everything from laboratory operations to the production and conduct of clinical studies. All in all, this means that Vivesto operates within a highly regulated environment.

Regulatory authorities in each market check that Vivesto meets the requirements for drug development. These authorities consist primarily of the pharmaceutical authorities EMA, the European Medicines Agency in Europe and the FDA, the US Food and Drug Administration.

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 policy
- Whistle-blower policy
- Personnel manual
- Plans and instructions for a good working environment and increased equality

Limited external environmental impact

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. In 2022, Vivesto closed down environmentally hazardous operations, which was approved by the Environmental Administration in Uppsala Municipality. Vivesto continues to conduct laboratory activities for research and development.

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 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. Further- more, Vivesto strives to minimize resources used and waste.

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.

"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."

In image: Khalil and Mattias. ©Vivesto

The share and shareholders

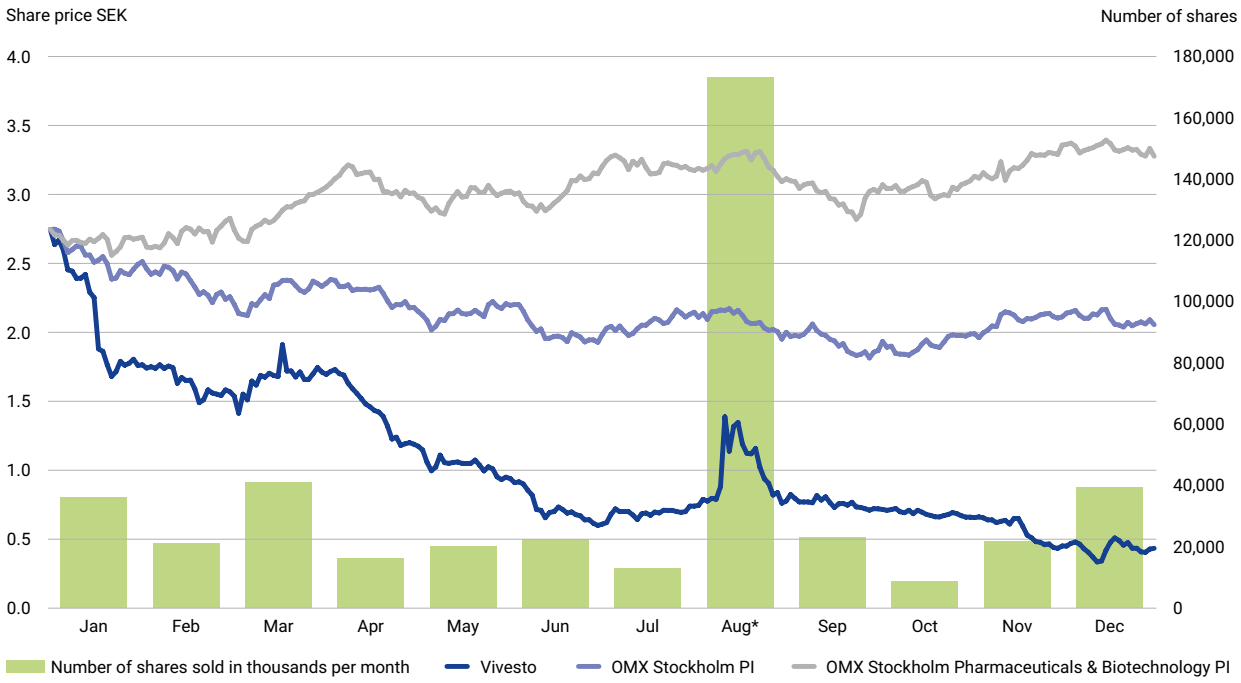
Share information

Vivesto's share has been listed on Nasdaq Stockholm since 2010, under the Small-Cap segment. The share is traded under the ticker OASM, with the ISIN SE0000722365. The number of shares at the end of the fiscal year was 493,206,50, with a quotient value of SEK 0.10 per share. The average number of shares during the fiscal year was 448,369,546. The share capital at the close of the fiscal year totaled SEK 53,804,346.

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 fiscal year of January 1 to December 31, 2022, Vivesto's share price declined 84.2 percent from SEK 2.75 to SEK 0.43. At the end of the fiscal year, Vivesto's market value totaled approximately MSEK 234, based on the closing price of SEK 0.43. During the period, approximately 436 million shares were traded on Nasdaq Stockholm at a total value of approximately MSEK 504. The diagram below shows the share's price trend on Nasdaq Stockholm during the fiscal year.



*On August 15, 2022, Vivesto reported that Apealea® was launched in Germany by Inceptua.

Ownership structure

On December 31, 2022, Vivesto had 18,760 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 parties and a company. The 10 largest owners of the company control approx. 40 percent of the capital and votes.

Dividend policy

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

The 10 largest shareholders as of December 31, 2022

Name	Number of shares	Capital (%)	Votes (%)
Per Arwidsson with related parties	133,645,485	24.84%	24.84%
Avanza Pension	30,259,769	5.62%	5.62%
Ilija Batljan	9,838,665	1.83%	1.83%
Nordnet Pensionsförsäkring	9,090,522	1.69%	1.69%
Swedbank Försäkring	8,195,270	1.52%	1.52%
Johan Zetterstedt	8,000,000	1.49%	1.49%
Mastan AB (Håkan Lagerberg)	6,209,851	1.15%	1.15%
Philip Du Rietz	4,646,200	0.86%	0.86%
Christer Ericson	3,866,289	0.72%	0.72%
Thoren Tillväxt AB	3,865,189	0.72%	0.72%
Total 10	**217,617,240**	**40.45%**	**40.45%**
Others	320,426,215	59.55%	59.55%
Total number of shares	538,043,455	100.00%	100.00%

Annual Report and Corporate Governance Report 2022

In image: from left to right, Kai Wilkinson, Erik Kinnman, Johanna Röstin, Daniel Tesfa, Robert Maiorana

Administration Report

The Group consists of the Parent Company Vivesto AB, the American subsidiary Oasmia Pharmaceutical, Inc., and a subsidiary in Russia, Oasmia RUS LLC. The Hong Kong-based subsidiary, Oasmia Pharmaceutical, Inc., was liquidated during the fiscal year. The Parent Company develops, produces, markets and sells a new generation of drugs within human and veterinary oncology.

Business activities

The Vivesto Group encompasses the Parent Company Vivesto AB together with one Russian and one US subsidiary. All of the subsidiaries are dormant and the Russian company is in the process of being wound up. The Group conducts all its operations through the Parent Company.

Vivesto is a research and development company that develops new treatment options for patients suffering from difficult-to-treat cancer. 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. The company has a portfolio of projects targeting innovative cancer treatments and the capacity to develop drugs from the early research to regulatory approval. Late clinical-phase and commercial development is carried out individually or in partnership with other pharmaceutical companies.

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. Operations are conducted 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. 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. A patent application has been submitted for XR-18.

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 its partners in the continued global development and commercialization of Apealea, see further under the heading Product development and sales within the framework of partnership agreements.

Cantrixil

Cantrixil is a clinical phase drug candidate being developed for the treatment of late-stage ovarian cancer and other forms of cancer. Cantrixil consists of the active molecule TRX-E-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. Vivesto acquired the global development and commercialization rights for Cantrixil in March 2021. Since the acquisition, Vivesto has continued to develop Cantrixil. Vivesto has also started developing testing material for the coming clinical trials.

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 1b 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. 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

There is considerable medical need for effective oncological veterinary medicines, and currently, there is only a limited range of approved cancer medicines for canines. Vivesto's product candidates within veterinary medicine use the XR-17 technology platform to facilitate the administration of intravenously delivered active pharmaceutical ingredients without the addition of solvents. Solvents such as cremophor are a problem since they give rise to undesirable side-effects in animals treated. The nature of these effects is so severe that they completely prevent or alternatively limit the use of certain cancer treatments in veterinary medicine. Accordingly, the market potential in this area is assessed as high. Vivesto intends to capitalize on the significant internal expertise in this area and continue to develop the company's veterinary medicine portfolio. The clinical portfolio currently consists of Paccal Vet for the treatment of various forms of canine cancer. Paccal Vet is based on Vivesto's market-approved human medicine paclitaxel micellar and is considered to have a good safety profile with significant potential advantages compared with current standard treatments for canine cancer.

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 purpose of commercialization of Paclical (Apealea) in Russia and CIS countries. As a consequence of 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 the CIS countries will be paused until further notice and that the agreement with FarmaMondo has been terminated. Capitalized development costs of SEK 44.6 million were written down in connection to this.

In March 2023, Vivesto was informed that Elevar is canceling the work of developing and commercializing Apealea and that they instead, work to transfer their rights and obligations to Third Party. Vivesto assesses that a transfer may lie in Vivesto interest. Vivesto has therefore informed Elevar that Vivesto is open to review a request from Elevar to assign the rights and the obligations of Apealea, and that Vivesto is ready to negotiate in good faith the terms of such transfer. Inventory, production equipment and balanced development costs totaling MSEK 190 has been written down due to the increased uncertainty regarding the commercialization of Apealea that Elevar's message brought. These write-downs have no impact on the company's cash flow.

An eventful 2022

- In January, the company announced that progress had been made in the internal development of XR-18 and the company announced that a promising new candidate had been identified and synthesized to use in conjunction with the platform.
- In February, Vivesto provided an update on SAKK's investigator-initiated Phase Ib trial of Docetaxel micellar to treat metastasized prostate cancer.
- In March, the final outcome was announced of a fully underwritten rights issue that raised proceeds of approximately MSEK 151 for Vivesto, less issue expenses.
- In March, the company's CFO Fredrik Järrsten announced his departure.
- In March, an announcement was made that the XR-17 IP portfolio had been strengthened.
- In March, Vivesto informed that R&D ability had been expanded with a planned laboratory upgrade in Uppsala.
- A manufacturing agreement was signed with Lonza for the drug candidate Cantrixil in March.
- The company changed its name to Vivesto AB in the first quarter.
- Daniel Tesfa was appointed as Chief Medical Officer in April.
- An agreement was signed in April with the leading US contract research organization (CRO) Visikol Inc. to evaluate anti-cancer drug formulations.
- The Annual General Meeting in May re-elected Hege Hellström and Peter Zonabend to the Board, and elected Pål Ryfors and Roger Tell as new Board members. Peter Zonabend was elected Chairman.
- In June, Vivesto announced that the Board had come to an agreement with CEO François Martelet on ending the employment relationship.
- Robert Maiorana was appointed as acting CFO in June.
- Christer Nordstedt was appointed acting CEO in June.
- In July, Vivesto decided to wind down its activities in Russia following the Russian invasion of Ukraine, ongoing hostilities and international sanctions.
- In August, Vivesto and Elevar's partner Inceptua began the commercial launch of Apealea in Germany.
- In November, Vivesto's acting CEO Christer Nordstedt resigned from his position in order to assume a new role outside of the company but remained in his role as a senior advisor to Vivesto on a consultancy basis within research and development.
- In November, Erik Kinnman was appointed as the company's new CEO beginning in January 2023.

Important events after the end of the fiscal year

- In January 2023, Vivesto announced Inceptua's decision to withdraw market authorization application for Apealea in Switzerland.
- In March 2023, Vivesto announced that the company has decided to initiate clinical development of the vererinary oncology drug candidate Paccal Vet, planned to start during the second half of 2023.
- In March 2023, Vivesto has been informed that Elevar Therapeutics Inc. is discontinuing its efforts to develop and commercialize Apealea and instead seeks to transfer its rights and obligations to a third party. In light of the increase uncertainty relating to the commercialization of Apealea, Vivesto has decided to write-down balanced items of totally 190 MSEK.

Operating profit/loss

The operating loss amounted to TSEK -355,049 (-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, and the write-down of the assets related to the Apealea projects booked value of TSEK -190,041 .

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 number of employees at the end of the period was 18 (22).

Net financial items

Net financial items for the period of TSEK -1,670 (-4,075) 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 current financial receivables 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

Profit/loss before tax amounted to TSEK -356,719 (-132,722).

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 -356,719 (-132,722).

Cash flow and capital expenditure

Net cash flow for the year was TSEK 1 555 (-32,216) and consisted of cash flow from operating activities of TSEK -80,517 (-145,058), cash flow from investing activities of TSEK -45,277 (118,651) and cash flow from financing activities of TSEK 128,763 (-5,809).

Cash flow from operating activities

The cash flow from operating activities for the year was TSEK -80,517 (-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 year 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). 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.

Short-term investments

During the year, TSEK 120,000 (0) was invested in short-term fixed-income funds and short-term fixed-income funds amounting to TSEK 75,000 (105,000) were divested. These flows were 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 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 (-5,809).

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 year 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 325,424 (549,713), the equity/assets ratio was 91% (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 2022, 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 year.

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	USD 4.06
Employee stock options which can be converted to one share[1]	450,000	450,000	SEK 1.45
Max. No. of shares		**4,290,750**	

[1] Directed at the CEO

Parent Company

The Parent Company's net sales for the year amounted to TSEK 1,015 (26,192) and profit/loss before tax was TSEK -356,612 (-136,963). 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

Tkr	Jan 1, 2022 – Dec 31, 2022	Jan 1, 2021 – Dec 31, 2021
Number of shares at end of period, before and after dilution, thousand	538,043	448,370
Weighted average No. of shares, before and after dilution, thousand	493,207	448,370
Earnings per share before and after dilution, SEK	-0,72	-0.30
Equity per share, SEK	0,60	1.23
Equity/assets ratio, %	91	92
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	18	22

Five-year highlights – Group

TSEK	2022	2021	2020[1]	2019/20	2018/19
Net sales	1,015	26,192	482	201,843	1,980
Operating loss	-355,049	-128,647	-131,493	-30,086	-150,237
Earnings after tax	-356,719	-132,722	-140,270	-10,533	-201,300
Earnings per share, SEK[2/3]	-0,72	-0,30	-0,31	-0,03	-0,80
Weighted average number of shares, thousand[2]	493,207	448,370	448,370	398,395	253,312
Equity per share, SEK[2/3]	0,60	1.23	1.52	1.83	1.30
Equity/assets ratio, % [3]	91	92	79	82	63
Net liability	neg.	neg.	neg.	neg.	23,296
Debt/equity ratio, %	neg.	neg.	neg.	neg.	6
Number of employees at year end	18	22	29	63	60

[1] The column for 2020 refers to the shortened financial year, the period May - December.
[2] Historical values have been recalculated taking into account bonus issue components in the rights issues carried out in the fiscal year 2019/2020.

Share information

Vivesto's share has been listed on Nasdaq Stockholm since 2010, under the Small-Cap segment. The share is traded under the ticker VIVE, with the ISIN SE0000722365. The number of shares at the end of the fiscal year was 538,043,455, with a quotient value of SEK 0.10 per share. The average number of shares during the fiscal year was 493,206,500. The share capital at the close of the fiscal year totaled SEK 53,804,346. 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.

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.

On December 31, 2022, Vivesto had 18,760 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 parties and a company. No other single shareholder owns more than 10% of the votes in the company. The 10 largest owners of the company control approximately 40% of the capital and votes.

On January 19, 2022, Vivesto announced that the Board of Directors had decided on a fully underwritten rights issue. The EGM on February 21, 2022 resolved in favor of the Board's rights issue decision. The final count for the rights issue revealed that 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 for Vivesto of SEK 150,652,167 before issue expenses of SEK 16,393,861. Through the rights issue, Vivesto's share capital increased SEK 8,967,391 from SEK 44,836,955 to SEK 53,804,346 through the issue of 89,673,909 new shares. After the rights issue, the number of shares in Vivesto amounted to 538,043,455 shares.

The Annual General Meeting (AGM) of May 25, 2022 authorized the Board to, on one or several occasions during the period up until the 2023 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 107,608,691 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).

During the fiscal year of January 1 to December 31 2022, Vivesto's share price declined 84.2 percent from SEK 2.75 to SEK 0.43. At the end of the fiscal year, Vivesto's market value totaled approximately MSEK 234, based on the closing price of SEK 0.43. During the period, approximately 436 million shares were traded on Nasdaq Stockholm at a total value of approximately MSEK 504.

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

Legal issues

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

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) is paused until further notice.

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. In September 2021, Vivesto entered into an agreement with the Swiss FarmaMondo for the purpose of commercialization of Paclical (Apealea) in Russia and CIS countries. As a result of the above situation, the agreement with FarmaMondo has been terminated.

Remuneration[1]

Board fees

At the 2022 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.

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, requires 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.

[1] Refer also to Note 10 "Employees and remuneration"

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 the event 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 AGM on May 25, 2022, resolved to adopt a long-term incentive program for senior executives in accordance with that set out below.

The program consists of a maximum of 2,700,000 employee stock options that could be allotted in June 2022 and has a vesting period of three years, after which holders have the right to exercise their options to subscribe 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 for SEK 1.45, which corresponds to 140% of the volume-weighted average price for the company's share on Nasdaq Stockholm over the ten trading days immediately preceding May 31, 2022. Under Employee stock option program 2022, a total of 450,000 employee stock options were allotted to the company's CMO Daniel Tesfa. The options were issued free of charge. The company has issued 591,390 warrants to ensure the delivery of shares to participants in the employee stock option program in accordance with the terms of the program and to cover the company's exposure to costs for social security contributions in the event the employee stock options are exercised. The warrants entitle to subscription for 591,390 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 19 (25). Of these, 7 (8) are women and 12 (17) are men. The number of employees at year end was 18 (22). Salaries, benefits and social security contributions totaled TSEK 30,265 (44,826).

For more information, see Note 10 "Employees and remuneration." Regarding compensation paid to senior executives for the 2022 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.

A risk exists that the company may be unable to acquire relevant regulatory authorizations within a reasonable time period or at all. Or be unable to acquire said authorizations at a cost acceptable to the company.

Risks related to the company's product candidate Cantrixil

The development and commercial success of Cantrixil will depend on several factors. Many of these factors are partially outside of the company's control and a failure to obtain the requisite approval and to commercialize Cantrixil, or significant delays in so doing, 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. Considering that Elevar has announced that it is discontinuing the development and commercialization of Apealea and is instead working to transfer its rights and obligations to third parties, there is a risk that the further development and commercialization of Apealea will be delayed or non-existent.

Market risks

Development and commercialization of new pharmaceutical products is highly competitive and an area where the company will meet competition from large pharmaceutical companies, specialty pharmaceutical companies and biotechnology companies worldwide. The company could meet significant competition from financially stronger companies with established products and marketing channels, which could develop and commercialize products faster and/or more successfully than the company is able. Significant competition could even be posed by small companies and other companies at an early development stage, for example, by forming partnerships with large, established companies. In addition to the potential competition for the company from products manufactured by other companies, the company may also face competition from generic alternatives to its 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. However, the risk exists that the company's patents prove to be inadequate for the protection of its intellectual property rights or that competitors will infringe Vivesto's patent rights. If the company does not succeed in protecting its intellectual property rights, there is a risk of the company's competitors duplicating or surpassing the company's technological results.

Other

On February 24, 2022, Russia launched a military invasion of Ukraine. The situation in Eastern Europe has led to considerable volatility in the global economy and the global credit markets, which can have a negative impact on Vivesto both in the short and in the 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) is paused until further notice.

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. In September 2021, Vivesto entered into an agreement with the Swiss FarmaMondo for the purpose of commercialization of Paclical (Apealea) in Russia and CIS countries. As a result of the above situation, the agreement with FarmaMondo has been terminated.

After the yearend 2022 Elevar informed Vivesto that they intend to transfer their rights and obligations for Apealea to a third party. Based on the increased uncertainty about the commersialisation of Apealea, Vivesto have made an impairment test on the projects booked value, which amounted 229 MSEK on the 31st of December 2022, and decided to write down part of the activated development costs with 180 MSEK, to be accounted for as a cost. Further decisions were made to write down stock and other equipment with 10 MSEK. The write-down was not done at the time of the financial statement and was therefore not included in the quarterly report. According to current accounting rules the event should be accounted for in the Annual Report even though the event was revealed after the end of the reported period. See further in note 30.

Proposal for allocation of non-restricted equity

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

Key metrics and other information

Allocation of non-restricted equity

SEK	2022-12-31	2021-12-31
Share premium reserve	2,029,649,894	1,906,141,268
Retained earnings	-1,425,861,460	-1,293,934,736
Loss for the year	-356,611,941	-136,963,847
Total	**247,176,493**	**475,242,685**

The Board proposes that the 2023 Annual General Meeting resolves that the above amount available of SEK 247,176,493 (475,243,571) be carried forward.

Corporate governance report

Fiscal year January to December 2022

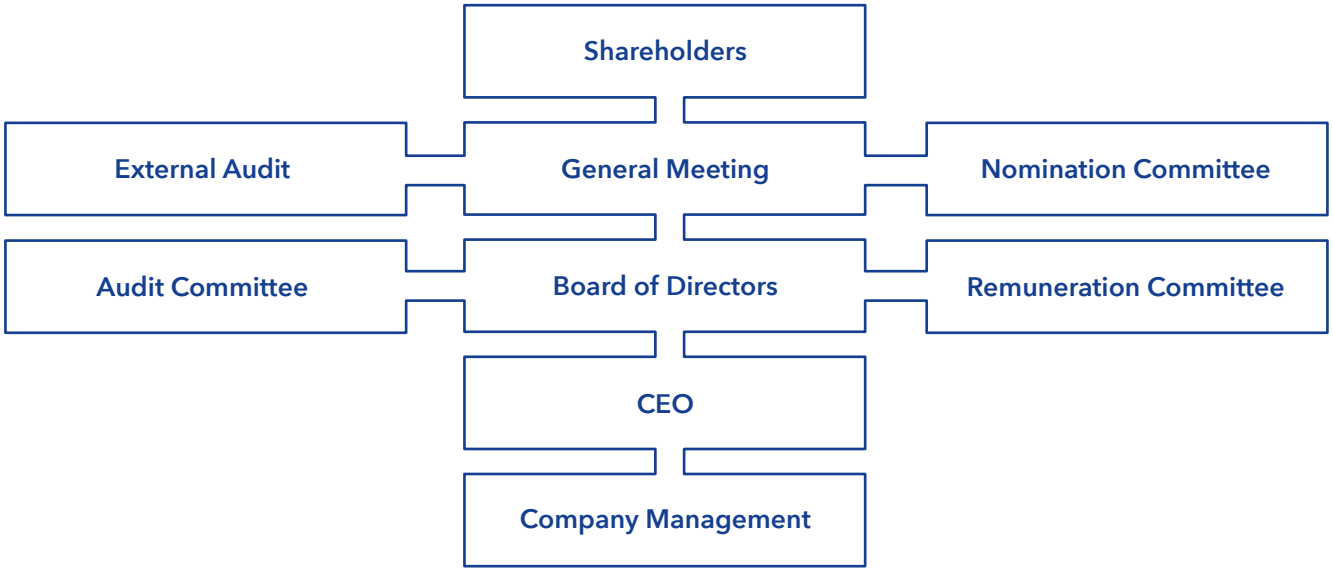
Vivesto AB ("Vivesto" or the "company") is the Parent Company of the wholly owned and dormant companies Oasmia RUS LLP and Oasmia Pharmaceutical Inc., USA.

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, 2022.

The corporate governance report has been reviewed by Vivesto's auditor and the findings presented in the statement on pages 74–76 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 2022 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, 2022, the total number of shares in Vivesto amounted to 538,043,455 and each share carries one vote at the general meeting of shareholders. As of December 31, 2022, the number of known shareholders amounted to 18,760. 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 parties and a company. No other single shareholder's holding represents at least 10% of all votes in Vivesto. The ten largest shareholders' holdings represent just over 40% of the total number of shares of the company. For additional information on the ownership structure, see "The Share" section on page 26.

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. Shareholders who would like to have a matter addressed at a general meeting must submit a written request to the Board of Directors. Any such request should normally be received by the Board no later than seven weeks prior to the general meeting.

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.

2022 Annual General Meeting

The 2022 Annual General Meeting was held on May 25, 2021 through postal voting pursuant to temporary legislation.
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 2021 fiscal year.
- No distribution of any dividend and disposable earnings to be carried forward.
- Discharge from liability for the Board and CEO for the 2021 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.
- The Board of Directors is to comprise four Board members with no deputies.
- For the period until the end of the next annual general meeting, Hege Hellström and Peter Zonabend were re-elected to the Board, and Pål Ryfors and Roger Tell were elected as new Board members. Anders Härfstrand, Andrea Buscaglia and Birgit Stattin Norinder had declined re-election.
- Election of Peter Zonabend as the new Chairman of the Board.
- Re-election of KPMG AB as auditor with Authorized Public Accountant Duane Swanson as auditor in charge.
- Principles for appointment of a Nomination Committee 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 2023 AGM, decide on issues of shares, warrants and/or convertible instruments with or without deviation from the shareholders' pre-emption rights. A maximum of 107,608,691 shares, which corresponds to 20% of the total shares outstanding in the company at the date of the 2022 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).
- To adopt a long-term incentive program in the form of employee stock options for senior executives in the company ("Employee stock option program 2022"). The program consists of a maximum of 2,700,000 employee stock options that could be allotted in June 2022 and has a vesting period of three years, after which holders have the right to exercise their options to subscribe 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 for SEK 1.45, which corresponds to 140% of the volume-weighted average price for the company's share on Nasdaq Stockholm over the ten trading days immediately preceding May 31, 2022. Under Employee stock option program 2022, a total of 450,000 employee stock options were allotted to the company's CMO Daniel Tesfa. The options were issued free of charge.
- To issue 3,548,339 warrants to ensure the delivery of shares to participants in the employee stock option program 2022 in accordance with the terms of the program and to cover the company's exposure to costs for social security contributions in the event the employee stock options are exercised. The right to subscribe for warrants was assigned to the company. The company subscribed for 591,390 warrants.

2023 Annual General Meeting

The 2022 Annual General Meeting will be held on May 25, 2023.

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.

In accordance with the instruction to the Nomination Committee, as resoled by the 2022 AGM, Vivesto's Nomination Committee is to comprise three members, who are to be appointed as follows:

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, in the year prior to the AGM 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 2023 AGM comprises the following members:

- Per Arwidsson (Chairman of the Nomination Committee), appointed by Arwidsro Investment AB;
- Anna Henricsson, appointed by Handelsbanken Fonder; and
- Peter Zonabend, Chairman of Vivesto.

The Nomination Committee's proposals for the 2023 AGM will be presented in the AGM notice and on the company's website.

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 2022 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 25, 2022 resolved that Vivesto's Board comprise four members and no deputies.

In accordance with the proposal of the Nomination Committee, the AGM resolved to re-elect Hege Hellström and Peter Zonabend to the Board, and to elect Pål Ryfors and Roger Tell as new Board members for the period until the end of the 2023 AGM. A resolution was passed to elect Peter Zonabend as the new Chairman of the Board.

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 elected Peter Zonabend as Chairman of the Board on May 25, 2022.

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 consists of Peter Zonabend (Committee Chairman), Hege Hellström and Pål Ryfors.

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

Remuneration Committee comprises Pål Ryfors (Committee chairman), Peter Zonabend and Roger Tell. 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 2022 evaluation has been carried out with each Board member 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, which is not attended by any member of company management.

The Board's work during the fiscal year

During the 2022 fiscal year, the Board held 20 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 five meetings in the 2022 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 four meetings in the 2022 fiscal year. Issues addressed at the meetings included the incentive program and remuneration levels to the CEO and other senior executives.

Attendance, 2022 fiscal year

	Independent[1]	Board meetings	Audit Committee	Remuneration Committee
Peter Zonabend	Yes/No	20/20	5/5	2/2
Hege Hellström	Yes/Yes	20/20	5/5	
Pål Ryfors2	Yes/Yes	11/11	3/3	2/2
Roger Tell2	Yes/Yes	11/11		2/2
Anders Härfstrand3	Yes/Yes	9/9	2/2	2/2
Andrea Buscaglia3	Yes/Yes	9/9		
Birgit Stattin Norinder3	Yes/Yes	9/9		2/2

[1] Independent of the company and its management and independent of major shareholders.
[2] Pål Ryfors and Roger Tell were elected to the Board by the Annual General Meeting on May 25, 2022.
[3] Anders Härfstrand, Andrea Buscaglia and Birgit Stattin Norinder declined re-election at the Annual General Meeting on May 25, 2022.

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 2022, the management group comprised François R. Martelet (CEO until July 21, 2022), Christer Nordstedt (acting CEO – appointed July 21, 2022), Fredrik Järrsten (CFO – stepped down July 1, 2022), Robert Maiorana (acting CFO from July 1, 2022), Heidi B. Ramstad (CMO until March 31, 2022), Daniel Tesfa (CMO from July 1, 2022), Reinhard Koenig (CSO), Peter Selin (CBO), Johanna Röstin (CRO) and Kai Wilkinson (CTO). Erik Kinnman took over as CEO of Vivesto from January 23, 2023.

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, an information 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 for internal control and risk management are updated at least annually and more frequently if necessary. Regular follow-up of compliance with these rules is conducted at a detailed level.

The Audit Committee meets in connection with the Board meetings that address interim reports. The auditor participates in the Audit Committee's meetings, and meets with the Board members once each year without the presence of company management.

Board

Peter Zonabend

Chairman of the Board since May 2022, and member of the Board since March 2019.

Born: 1980

Education and experience: LL.M from Stockholm University, EMLE from Université Paul Cézanne Aix-Marseille III, Bsc in Business and Economics from Stockholm University and DU EAED from Université Paul Cézanne Aix-Marseille III. Experience as CEO of Victoria Investments Holding Ltd, 2010-2017, Law Firm Fylgia, Law Firm Björn Rosengren. Board assignments within Hövding Sverige AB, HQ AB, TCER AB, CBD Solutions AB.

Other assignments: CEO Arwidsro, board assignment within Arwidsro and member of the Board of Hoist Finance AB.

Holdings in Vivesto*: 720,000 shares. Manages 79,917 shares by proxy.

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

Hege Hellström

Board member since 2019.

Born: 1965

Education and experience: 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 assignments: Chief Commercial Officer in Advicenne, a French specialty pharmaceutical company. Founder and manager of Belnor BVBA, a consultancy and investment company, and Board member of Camurus AB.

Holdings in Vivesto*: -

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

Pål Ryfors

Board member since 2022.

Born: 1983

Education and experience: Bachelor in Financial Economics from Gothenburg School of Economics. Previously CFO for Episurf Medical, Marginalen Bank and Head of Group Controlling at Hoist Finance AB. Prior to that, he was an investment banker at Societe Generale in London, a position he assumed after holding several leading positions in the restructuring of the Swedish operations of Kaupthing Bank.

Other assignments: Chief Executive Officer of Episurf Medical AB and Board member of Aros Kapital AB.

Holdings in Vivesto*: -

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

Roger Tell

Board member since 2022.

Born: 1965

Education and experience: Medical degree and a doctorate in experimental oncology from the Karolinska Institute in Sweden. Roger was previously Vice President of Clinical Development at Aprea Therapeutics and International Clinical Project Director at Servier in Suresnes, France. He has an extensive experience as an oncologist as well as an advisor to biopharma companies, including Eli Lilly, Astra Zeneca and Merck Serono

Other assignments: Chief Scientific Officer and Chief Medical Officer of Isofol Medical AB

Holdings in Vivesto*: -

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

* As of December 31, 2022

Group management

Erik Kinnman

CEO since 2023.

Born: 1958

Education and experience: MD, Board certified Neurologist, Ph.D., Assoc. Prof. at Karolinska Institutet, and Executive MBA from the Stockholm School of Economics. Erik has more than 27 years of experience from senior positions within Life Science, most recently from a position as CEO of Sprint Bioscience. He has previously been the CEO of Abliva AB and has held senior positions at AstraZeneca and SOBI, among others, and worked as a financial analyst at Danske Bank.

Other important assignments: Board member of Stayble Therapeutics and Immune System Regulation.

Holdings in Vivesto*: -

Robert Maiorana

Acting Chief Financial Officer since 2022.

Born: 1960

Education and experience: Bachelor of Science in Business and Economics from Lund University. Robert has worked for Vivesto since the second half of 2020 and as Finance Manager since March 2021. Robert has extensive finance experience from senior positions. He has previously worked as a Finance and Management Consultant at Nacka Municipality and Bactiguard Holding AB and CFO at International Copyright Enterprise Services AB, ParaCell Solutions AB and MFEX Mutual Funds Exchange AB. He was also Head of Finance at Ryds Bilglas AB and ABN AMRO Bank Sweden.

Other important assignments: -

Holdings in Vivesto*: 20,000 shares

Johanna Röstin

Chief Regulatory Officer since 2023.

Born: 1967

Education and experience: M.Sc in chemical engineering / biotechnology and a Licentiate degree in biotechnology from the KTH Royal Institute of Technology in Stockholm. Johanna has more than 25 years of experience within the Pharmaceutical and Biotech industry with expertise within development, project management and regulatory affairs. She was previously Director of CMC, Program Management and Regulatory at OxThera AB and before that she spent 10 years at Swedish Orphan Biovitrum AB (Sobi), where she was regulatory responsible for one of Sobi's leading biological products commercialized in the EU and US as Global Senior Regulatory Affairs Manager. She was also Regulatory CMC expert for commercial- and development-stage biological products at SOBI. Other employers include Pharmacia and Biovitrum.

Other important assignments: -

Holdings in Vivesto*: -

Daniel Tesfa

Chief Medical Officer since 2022.

Born: 1969

Education and experience: PhD in Medicine from Karolinska Institutet and an M.D. from the University of Lund, Sweden. He is also a fellow of Swedish Society of Medicine, and a member of the Swedish Hematology and Oncology Association. Daniel brings extensive experience in clinical development and precision oncology over 20 years. Most recently he served as Medical Director, Clinical and Translation Science Hematology at listed Swedish biopharmaceutical company SOBI (Swedish Orphan Biovitrum AB), where he led clinical development. From 2018 until 2020 he worked as Head of Oncology and Hematology at Bayer, Scandinavia, where he was a Medical Advisor and manager for the medical team. Other prior roles include Country Medical Manager Oncology and Hematology, at Roche, Sweden.

Other important assignments: -

Holdings in Vivesto*: -

Kai Wilkinson

Chief Technical Officer since 2022.

Born: 1981

Education and experience: PhD In Inorganic chemistry from was previously University of Agricultural Sciences, MSc. In Chemical Engineering and Biotechnology from Mälardalen University. Kai was previously Head of Research, Development and Manufacturing at Oasmia. Before joining Oasmia in 2021 he spent 8 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*: -

* As of December 31, 2022

Consolidated accounts

Consolidated income statement

TSEK	Note	Jan 1, 2022 Dec 31, 2022	Jan 1, 2021 Dec 31, 2021
Net sales	4	1,015	26,192
Other operating income	6, 13	3,962	42,481
Change in inventories of products in progress and finished goods	7, 30	-10,246	-42,258
Raw materials and consumables	7	-1,425	-1,864
Other external expenses	8, 9, 13	-58,371	-79,438
Employee benefit expenses	10	-33,829	-44,883
Depreciation, amortization and impairment	5, 11, 12, 30	-265,155	-28,877
Operating income/loss		**-356,719**	**-128,647**
Financial income		1,460	2,460
Financial expenses		-3,130	-6,534
Financial income and expenses – net	13.14	**-1,670**	**-4,075**
Income before taxes		**-356,719**	**-132,722**
Income tax	15	0	0
Income for the year		**-356,719**	**-132,722**
Income for the year attributable to:			
Parent Company shareholders		-356,719	-132,722
Non-controlling interests		0	0
Earnings per share before and after dilution, SEK	16	-0,72	-0.30

Consolidated statement of comprehensive income

TSEK	Jan 1, 2022 Dec 31, 2022	Jan 1, 2021 Dec 31, 2021
Profit/loss for the year	**-356,719**	**-132,722**
Other comprehensive income		
Items that may subsequently be transferred to the income statement:		
Translation differences	-37	1,170
Total other comprehensive income	**-37**	**1,170**
Comprehensive income for the year	**-356,756**	**-131,552**
Comprehensive income for the year attributable to:		
Parent Company shareholders	-356,756	-131,552
Non-controlling interests	0	0

Consolidated statement of financial position

TSEK	Note	Dec 31, 2022	Dec 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	11, 30	12,964	17,108
Capitalized development costs	5, 30	158,408	400,799
Other intangible assets	12	33,885	39,605
Financial non-current assets		301	301
Total non-current assets		**205,558**	**457,813**
Current assets			
Inventories	7, 30	0	9,897
Accounts receivable	17	1,259	10,101
Other current receivables	17, 19	2,328	8,680
Prepaid expenses and accrued income	17, 18	4,219	10,549
Short-term investments	17	133,046	89,357
Cash and cash equivalents	17	9,467	7,912
Total current assets		**150,318**	**136,495**
TOTAL ASSETS		**355,876**	**594,308**

TSEK	Note	Dec 31, 2022	Dec 31, 2021
EQUITY			
Equity and reserves attributable to Parent Company shareholders			
Share capital	20	53,804	44,837
Other capital provided		2,029,327	1,905,828
Reserves		390	-
Retained earnings, including income for the year	30	-1,758,098	-1,401,379
Equity attributable to Parent Company shareholders		**325,424**	**549,713**
Equity attributable to non-controlling interests		0	0
Total equity		**515,465**	**549,713**
LIABILITIES			
Long-term liabilities			
Lease liabilities, long-term	9	5,181	5,141
Total long-term liabilities		**5,181**	**5,141**
Current liabilities			
Accounts payable	17	7,000	13,590
Lease liabilities, short-term	9	2,987	5,287
Other current liabilities	17, 21	2,329	3,307
Accrued expenses and deferred income	17, 22	12,955	17,270
Total current liabilities		**25,271**	**39,454**
Total liabilities		**30,452**	**44,595**
TOTAL EQUITY AND LIABILITIES		**355,876**	**594,308**

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, 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**
Opening balance, January 1, 2022		**44,837**	**1,905,828**	**427**	**-1,401,379**	**549,713**	**0**	**549,713**
Income for the year		-	-	-	-356,719	-356,719	-	-356,719
Other comprehensive income		-	0	-37	0	-37	-	-37
Comprehensive income for the year		**0**	**0**	**-37**	**-356,719**	**-356,756**	**0**	**-356,756**
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**	**-**	**324,424**	**0**	**325,424**

[1] Translation differences

Consolidated statement of cash flows

TSEK	Note	Jan 1, 2022 Dec 31, 2022	Jan 1, 2021 Dec 31, 2021
Operating activities			
Operating loss	30	-355,049	-128,647
Adjustments for non-cash items	24, 30	256,155	28,877
Interest paid	14	-495	-552
Cash flow from operating activities before changes in working capital		**-99,389**	**-100,332**
Changes in working capital			
Change in inventories	7, 30	9,897	41,599
Change in accounts receivable	17	8,842	-8,612
Change in other current receivables	17, 18, 19	12,682	57,462
Change in accounts payable	17	-6,590	2,874
Change in other current liabilities	17, 21, 22, 24	-5,960	-138,566
Cash flow from operating activities		**-80,517**	**-145,565**
Investing activities			
Investments in intangible assets	5, 12	0	-33,236
Investments in property, plant and equipment	11	-277	-1,113
Short-term investments	17	-120,000	-
Divestment of short-term investments	17	75,000	153,000
Cash flow from investing activities		**-45,277**	**118,651**

TSEK	Note	Jan 1, 2022 Dec 31, 2022	Jan 1, 2021 Dec 31, 2021
Financing activities			
Amortization of lease liability	9, 24	-5,495	-5,809
New share issues		150,652	-
Issue expenses		-16,394	-
Cash flow from financing activities		**128,763**	**-5,809**
Cash flow for the year	30	**2,969**	**-32,723**
Translation differences	30	**-1414**	**507**
Cash and cash equivalents at beginning of the year		**7,912**	**40,128**
Cash and cash equivalents at end of the year	17	**9,467**	**7,912**

Parent Company financial statements

Parent Company income statement

TSEK	Note	Jan 1, 2022 Dec 31, 2022	Jan 1, 2021 Dec 31, 2021
Net sales	4	1,015	26,192
Change in inventories of products in progress and finished goods	7, 30	-10,246	-42,258
Other operating income	6,13	3,962	37,930
Raw materials and consumables	7	-1,425	-1,864
Other external expenses	8, 9, 13	-62,580	-83,770
Employee benefit expenses	10	-33,829	-44,826
Depreciation, amortization and impairment of PPE and intangible assets	5, 11, 12, 30	-252,294	-24,800
Operating income/loss		**-355,397**	**-133,396**
Other interest income and similar income	13, 14	1,460	2,460
Interest expenses and similar expenses	13, 14	-2,675	-6,027
Financial income and expenses – net		**-1,215**	**-3,567**
Income before taxes		**-356,612**	**-136,963**
Income tax	15	-	-
Income for the year		**-356,612**	**-136,963**

Parent Company statement of comprehensive income

TSEK	Jan 1, 2022 Dec 31, 2022	Jan 1, 2021 Dec 31, 2021
Income for the year	-356,612	-136,963
Comprehensive income for the year	**-356,612**	**-136,963**

Parent Company balance sheet

TSEK	Note	Dec 31, 2022	Dec 31, 2021
ASSETS			
Non-current assets			
Intangible non-current assets			
Capitalized development costs	5, 30	158,408	400,799
Concessions, patents, licenses, trademarks and similar rights	12	33,885	39,605
Property, plant and equipment			
Equipment, tools and fixtures and fittings	11, 30	4,523	7,890
Construction in progress and advance payments for property, plant and equipment	11, 30	121	648
Financial non-current assets			
Other securities held as non-current assets		301	301
Total non-current assets		**197,237**	**449,243**
Current assets			
Inventories			
Raw materials and consumables	7, 30	0	7,848
Products in progress	7, 30	0	2,049
		0	**9,897**
Current receivables			
Accounts receivable	17	1,259	10,101
Other current receivables	17, 19	2328	8,680
Prepaid expenses and accrued income	17, 18	5,106	10,920
		8,693	**29,701**
Short-term investments	17	133,046	89,357
Cash and bank balances	17	9,467	7,898
Total current assets		**151,206**	**136,853**
TOTAL ASSETS		**348,443**	**586,096**

TSEK	Note	Dec 31, 2022	Dec 31, 2021
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	20	53,804	44,837
Statutory reserve		4,620	4,620
Reserve for development costs		20,557	25,394
		78,982	**74,851**
Non-restricted equity			
Share premium reserve		2,029,650	1,906,141
Retained earnings		-1,425,861	-1,293,735
Income for the year	30	-356,612	-136,964
		247,177	475,442
Total equity		**326,159**	**550,293**
Current liabilities			
Accounts payable	17	7,000	13,590
Other current liabilities	17, 21	2,328	3,307
Accrued expenses and deferred income	17, 22	12,956	18,906
Total current liabilities		**22,284**	**35,803**
TOTAL EQUITY AND LIABILITIES		**348,443**	**586,096**

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, 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		-	-	-	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		-	-	-	-	-356,612	-356,612
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	20	-	-	-	-16,394	-	-16,394
Closing balance, December 31, 2022		**53,804**	**4,620**	**20,558**	**2,029,650**	**-1,782,473**	**326,159**

Parent Company statement of cash flows

TSEK	Note	Jan 1, 2022 Dec 31, 2022	Jan 1, 2021 Dec 31, 2021
Operating activities			
Operating loss	30	-355,397	-133,396
Adjustments for non-cash items	24, 30	252,294	24,780
Interest paid	14	-39	-45
Cash flow from operating activities before changes in working capital		**-103,142**	**-108,661**
Changes in working capital			
Change in inventories	7, 30	9,897	41,599
Change in accounts receivable	17	8,842	-8,612
Change in other current receivables	17,18,19	12,297	55,249
Change in accounts payable	17	-6,590	4,497
Change in other current liabilities	21,22,24	-6,929	-135,762
Cash flow from operating activities		**-85,756**	**-151,690**
Investing activities			
Investments in intangible assets	5,12	0	-33,236
Investments in property, plant and equipment	11	-277	-1,113
Short-term investments	17	-120,000	0
Divestment of short-term investments	17	75,000	153,000
Cash flow from investing activities		**-45,277**	**118,651**
Finansieringsverksamheten			
Nyemissioner	20	150,652	0
Emissionskostnader		-16,394	0
Kassaflöde från finansieringsverksamheten		**134,258**	**0**
Cash flow for the year		**3,225**	**-33,039**
Effects of exchange rate changes on cash and cash equivalents		**-1654**	**982**
Cash and cash equivalents at beginning of the year		**7,898**	**39,957**
Cash and cash equivalents at end of the year	17	**9,467**	**7,898**

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 28–35. The Annual Report for Vivesto AB for the fiscal year ending December 31, 2022 was approved for publication by the Board on April 24, 2023. The Group and Parent Company financial statements will be submitted to the Annual General Meeting on May 25, 2023 for adoption.

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 2022 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 2023 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 acquisition 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

cont. note 2

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 and 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 were written down in full during the 2022 fiscal year as a result of the ongoing situation in Ukraine.

It is the assessment of the company that it is technically possible to complete Paccal Vet and make it available for sale. The product is 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 evaluated annually for any impairment needs. 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.

cont. note 2

- **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 the Group 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:

cont. note 2

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. An 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.

cont. note 2

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, 2022, amounted to TSEK 158,408 (400,799), of which TSEK 49,000 (291,391) 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, 2022, no such indications exist. After the year-end 2022 there was an indication of a decline in value and a new impairment test was conducted and it was decided to write down the asset with KSEK 180 028 from KSEK 229 028 to KSEK 49 000. The write-down was not done before the publishing of the year-end report and was therefore not mentioned there. According to current accounting rules the event should be accounted for in the Annual Report despite that the event became known after the end of the reporting period.

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, 2022.

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, 2022 capitalized development costs amounted to 66% (73) 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

cont. note 3

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.

(f) 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 2022. In accordance with this agreement, Vivesto sold most of its remaining inventory to Elevar. In March 2023, Vivesto was informed that Elevar was discontinuing the work of developing and commercializing Apealea and that they instead intended to transfer their rights and obligations to Third Party.

Due to the increased uncertainty surrounding the commercialization of Apealea brought about by Elevar's announcement, the remaining inventory, production equipment and balanced development costs totaling SEK 190 million have been written down. These write-downs have no impact on the company's cash flow.

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.

The below potential income is reported in accordance with the concluded and currently valid agreement. Due to Elevar's announcement that they intend to discontinue the work on developing and commercializing Apealea and that they are instead working to transfer their rights and obligations to third parties, there is a risk that these potential revenues may be reduced or non-existent. Until Elevar has transferred its rights to a third party, Vivesto is not expected to receive any revenue.

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 trials 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.

cont. note 4

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

The licensing agreement signed in September 2021 with the Swiss FarmaMondo Group for the commercialization of Paclical® (Apealea) in Russia and the Commonwealth of Independent States (CIS) was concluded during the year due to the conflict in Ukraine.

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

Deferred income

TSEK	Jan 1, 2022 Dec 31, 2022	Jan 1, 2021 Dec 31, 2021
Opening balance	0	-545
Deferred income for the year	0	0
Recognized as revenue during the year	0	545
Adjustments for the year resulting from customer loss	0	0
Closing balance	**0**	**0**

Prepaid interest expenses

TSEK	Jan 1, 2022 Dec 31, 2022	Jan 1, 2021 Dec 31, 2021
Opening balance	0	90
Prepaid expense for the year	0	0
Recognized as financial expense during the year	0	-90
Adjustments for the year resulting from customer loss	0	0
Closing balance	**0**	**0**

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 2022 or in the preceding 2021 fiscal year.

Net sales per type of revenue

Summary of the revenue presented above:

	Group		Parent Company	
TSEK	Jan 1, 2022 Dec 31, 2022	Jan 1, 2021 Dec 31, 2021	Jan 1, 2022 Dec 31, 2022	Jan 1, 2021 Dec 31, 2021
Licensing revenues	-	545	-	545
Sales of goods	1,015	25,647	1,015	25,647
Total	**1,015**	**26,192**	**1,015**	**26,192**

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, 2022 Dec 31, 2022	Jan 1, 2021 Dec 31, 2021	Jan 1, 2022 Dec 31, 2022	Jan 1, 2021 Dec 31, 2021
USA	-	25,647	-	25,647
Russia	-	545	-	545
Sweden	-	-	-	-
Other countries	1,015	-	1,015	-
Total	**1,015**	**26,192**	**1,015**	**26,192**

Non-current assets located in Sweden amounted to TSEK 205,257 (455,744) and non-current assets located in Germany amounted to TSEK 0 (2,069).

Note 5 Capitalized development costs

Group	Jan 1, 2022 – Dec 31, 2022			Jan 1, 2021 – Dec 31, 2021		
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	-38,067	-	-38,067	-18,532	-	-18,532
Amortization for the year	-17,996	-	-17,996	-19,535	-	-19,535
Closing accumulated amortization	**-56,063**	**0**	**-56,063**	**-38,067**	**0**	**-38,067**
Opening accumulated impairment	-	-	-	-	-	0
Impairment for the year	-224,395	-	-224,395	-	-	0
Closing accumulated impairment	**-224,395**	**0**	**-224,395**	**0**	**0**	**0**
Closing carrying amount	**49,000**	**109,408**	**158,408**	**291,391**	**109,408**	**400,799**

Parent Company	Jan 1, 2022 - Dec 31, 2022			Jan 1, 2021 – Dec 31, 2021		
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	-38,067	-	-38,067	-18,532	-	-18,532
Amortization for the year	-17,996	-	-17,996	-19,535	-	-19,535
Closing accumulated amortization	**-56,063**	**0**	**-56,063**	**-38,067**	**0**	**-38,067**
Opening accumulated impairment	-	-	-	-	-	0
Impairment for the year	-224,395	-	-224,395	-	-	0
Closing accumulated impairment	**-224,395**	**0**	**-224,395**	**0**	**0**	**0**
Closing carrying amount	**49,000**	**109,408**	**158,408**	**291,391**	**109,408**	**400,799**

There were no capitalized development costs in the current and preceding fiscal years. Research and development costs which were not capitalized amounted to TSEK 3,265 (46,035).

Note 6 Other operating income

	Group		Parent Company	
TSEK	Jan 1, 2022 Dec 31, 2022	Jan 1, 2021 Dec 31, 2021	Jan 1, 2022 Dec 31, 2022	Jan 1, 2021 Dec 31, 2021
Revenue attributable to partnerships	2,025	2,676	2,025	2,676
Exchange differences	300	197	300	197
Other	1,637	39,608	1,637	35,057
Total	**3,962**	**42,481**	**3,962**	**37,930**

Note 7 Inventories

	Group		Parent Company	
TSEK	2022-12-31	2021-12-31	2022-12-31	2020-12-31
Raw materials and consumables	-	7,848	-	7,848
Products in progress	-	2,049	-	2,049
Finished goods	-	0	-	0
Total	**-**	**9,897**	**-**	**9,897**

During the year, goods of TSEK 886 (24,263) were recognized as an expense and goods valued at TSEK 9,360 (17,995) 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, 2022 Dec 31, 2022	Jan 1, 2021 Dec 31, 2021
	KPMG	KPMG
Audit engagement	948	1,792
Audit activities other than audit engagement	52	55
Tax consulting	-	-
Other services	-	173
Total	**1,000**	**2,020**

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.

Amounts for leases recognized in balance sheet

TSEK	Dec 31, 2022	Dec 31, 2021
Right-of-use assets		
Land and buildings[1]	7,914	8,038
Equipment and vehicles[2]	407	532
Total	**8,321**	**8,570**

[1] Additional right-of-use assets in the fiscal year amounted to TSEK 456 (4,708).
[2] Additional right-of-use assets in the fiscal year amounted to TSEK 0 (626).

TSEK	Dec 31, 2022	Dec 31, 2021
Lease liabilities		
Short-term	2,987	5,287
Long-term	5,181	5,141
Total	**8,168**	**10,428**

Amounts recognized in income statement

TSEK	Jan 1, 2022 Dec 31, 2022	Jan 1, 2021 Dec 31, 2021
Depreciation of right-of-use assets, Land and buildings	3,737	4,049
Depreciation of right-of-use assets, Equipment and vehicles	125	60
Interest expense on lease liabilities	455	507

The total cash flow for leases for the fiscal year was TSEK 5,495 (5,809). The Parent Company's lease expenses were TSEK 4,997 (4,969) for the fiscal year. These consisted of minimum lease payments of TSEK 4,922 (3,224) and variable payments of TSEK 75 (111) as well as a provision of TSEK 0 (1,634) for future lease fees for terminated premises leases. Future minimum lease payments for operating leases are allocated as follows:

	Parent Company	
TSEK	Jan 1, 2022 Dec 31, 2022	Jan 1, 2021 Dec 31, 2021
The nominal value of future minimum lease payments is allocated as follows:		
Due for payment within one year	3,875	5,287
Due for payment later than one year but within five years	6,087	5,598
Due for payment later than five years		0
Total	**9,962**	**10,885**

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, 2022 Dec 31, 2022	Jan 1, 2021 Dec 31, 2021	Jan 1, 2022 Dec 31, 2022	Jan 1, 2021 Dec 31, 2021
Sweden				
Women	7	8	7	8
Men	12	17	12	17
Total Sweden	**18**	**25**	**18**	**25**
Total average number of employees	**18**	**25**	**18**	**25**

Salaries and benefits

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

	Group		Parent Company	
TSEK	Jan 1, 2022 Dec 31, 2022	Jan 1, 2021 Dec 31, 2021	Jan 1, 2022 Dec 31, 2022	Jan 1, 2021 Dec 31, 2021
Salaries and other benefits	23,515	29,095	23,515	29,095
Share-based remuneration	-1,782	1,068	-1,782	1,068
Defined-contribution pension plans	2,554	3,019	2,554	3,019
Defined medical benefits	219	296	219	296
Social security contributions by law and agreement	5,570	8,454	5,570	8,454
Special employer's contribution on pension expenses and medical insurance	664	797	664	797
Other employee benefit expenses	3,089	2,097	3,089	2,097
Recognized employee benefit expenses	**33,829**	**44,826**	**33,829**	**44,826**

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 profit/loss for the year. The above negative amounts refer to previous reserves for senior executives who ended their employment during the financial year, whereupon these reserves were dissolved.

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.

CEO

François R. Martelet took office as CEO in March 2020 and stepped down on July 21, 2022. Under his employment contract, he was entitled to base salary, variable remuneration that primarily comprised 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 was also entitled to a resettlement allowance. The mutual period of notice was 12 months. On termination

cont. note 10

of employment, the CEO could receive severance pay of a maximum of six monthly salaries. On conclusion of the employment, compensation was paid amounting to nine-months' salary, totaling TSEK 2,693. In connection with CEO Francois Martelet's employment ended (agreement as of June 13, 2022), the company and Francois agreed that Francois would receive compensation equivalent to nine months' wages and be at the company's disposal until (July 21, 2022). Francois was therefore not entitled to any additional compensation for notice period or other severance pay. The final agreement also regulated other benefits, for example the parties thereby agreed that Francois waived his right to variable compensation for 2022.

Christer Nordstedt took over the role as acting CEO effective July 21, 2022 for the period until January 23, 2023 and received remuneration in the form of invoiced consultancy fees of SEK 15,300 per day worked, SEK 1,671,300 for the financial year 2022.

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 was part of Vivesto's management group for the fiscal year but was not employed by the company and invoiced for his 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, 2022 – Dec 31, 2022

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]	229		72				1
Board Member, Hege Hellström	275		86				
Board member, Peter Zonabend[2]	466		146				
Board Member, Birgit Stattin Norinder[1]	109		34				
Board Member, Andrea Buscaglia[1]	109		34				
Board Member, Pål Ryfors[3]	196		61				
Board Member, Roger Tell[3]	166		52				
CEO François R. Martelet[4]	1,931	2,693	1,165	655			360
Acting CEO Christer Nordstedt[5]	1,671						
Other senior executives (4 individuals at end of year, 4.13 individuals on average during the fiscal year)[6]	6,033		2,615	950	16	1,701	99
Total Parent Company and Group	**11,185**	**2,694**	**4,267**	**1,605**	**16**	**1,701**	**460**

[1] Stepped down in May 2022.
[2] Took up the position as Chairman of the Board of the Board in May 2022.
[3] Took up position in May 2022.
[4] Terminated his employment in July 2022.
[5] Compensation of SEK 1,671,000 refers to invoiced fees, not salary.
[6] Reported remuneration to other senior executives is only for employed personnel. See also Note 25 Transactions with related parties.

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				1
Board Member, Hege Hellström	275	86				
Board member, Peter Zonabend	300	94				
Board Member, Birgit Stattin Norinder	285	90				
Board Member, Andrea Buscaglia[2]	164	52				
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.

cont. note 10

Gender distribution on the Board and in management

	Dec 31, 2022		Dec 31, 2021	
TSEK	No. on closing day	Of whom, men	No. on closing day	Of whom, men
Group				
Board Members	4	3	7	4
CEO and other senior executives	6	5	5	4
Parent Company				
Board Members	4	3	5	3
CEO and other senior executives	6	5	5	4

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 AGM on May 25, 2022, resolved to adopt a long-term incentive program for senior executives. The program consists of a maximum of 2,700,000 employee stock options that could be allotted in June 2022 and has a vesting period of three years, after which holders have the right to exercise their options to subscribe 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 for SEK 1.45, which corresponds to 140% of the volume-weighted average price for the company's share on Nasdaq Stockholm over the ten trading days immediately preceding May 31, 2022. Under Employee stock option program 2022, a total of 450,000 employee stock options were allotted to the company's CMO Daniel Tesfa. The options were issued free of charge. The company has issued 591,390 warrants to ensure the delivery of shares to participants in the employee stock option program in accordance with the terms of the program and to cover the company's exposure to costs for social security contributions in the event the employee stock options are exercised. The warrants entitle to subscription for 591,390 shares in Vivesto.

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.

Group Jan 1, 2022 – Dec 31, 2022

TSEK	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	16,175	172	20,651	981	7,035	45,014
Investments for the year	277		456			733
Reclassifications			3,196			3,196
Sales/disposals			-4,057	-356		-4,413
Closing accumulated cost	**16,452**	**172**	**20,247**	**625**	**7,035**	**44,531**
Opening depreciation	-8,367	-91	-8,556	-449	-6	-17,469
Depreciation for the year	-2,502	-23	-3,862			-6,388
Sales/disposals			316			316
Closing accumulated depreciation	**-10,869**	**-114**	**-12,101**	**-449**	**-6**	**-23,540**
Opening accumulated impairment	0	0	-4,057	0	-6,380	-10,437
Impairment for the year	-1,120		4,057		-527	2,410
Closing accumulated impairment	**-1,120**	**0**	**0**	**0**	**-6,907**	**-8,027**
Closing carrying amount	**4,464**	**58**	**8,145**	**176**	**121**	**12,964**

Parent Company Jan 1, 2022 – Dec 31, 2022

TSEK	Equipment and Production equipment	Leasehold improvements	Construction in progress and advance payments for machinery and equipment	Total
Opening cost	16,175	172	7,035	23,382
Investments for the year	277			277
Reclassifications				0
Sales/disposals				0
Closing accumulated cost	**16,452**	**172**	**7,035**	**23,659**
Opening depreciation	-8,367	-91	-6	-8,464
Depreciation for the year	-2,502	-23		-2,526
Sales/disposals				0
Closing accumulated depreciation	**-10,869**	**-114**	**-6**	**-10,990**
Opening accumulated impairment	0	0	-6,380	-6,380
Impairment for the year	-1,120		-527	-1,647
Closing accumulated impairment	**-1,120**	**0**	**-6,907**	**-8,027**
Closing carrying amount	**4,464**	**58**	**121**	**4,644**

cont. note 11

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**

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, 2022 – Dec 31, 2022			Group and Parent Company Jan 1, 2021 – Dec 31, 2021		
TSEK	**Patents**	**Research projects**	**Total**	**Patents**	**Research projects**	**Total**
Opening cost	58,917	25,000	83,917	25,681	25,000	50,681
Purchases for the year		–	0	33,236	-	33,236
Closing accumulated cost	**58,917**	**25,000**	**83,917**	**58,917**	**25,000**	**83,917**
Opening accumulated amortization	-19,312	0	-19,312	-16,484	0	-16,484
Amortization for the year	-3,194	–	-3,194	-2,828	-	-2,828
Closing accumulated amortization	**-22,506**	**0**	**-22,506**	**-19,312**	**0**	**-19,312**
Opening accumulated impairment	0	-25,000	-25,000	0	-25,000	-25,000
Impairment for the year	-2,526	0	-2,526	0	0	0
Closing accumulated impairment	**-2,526**	**-25,000**	**-27,526**	**0**	**-25,000**	**-25,000**
Closing carrying amount	**33,885**	**0**	**33,885**	**39,605**	**0**	**39,605**

Note 13 Exchange differences, net

Exchange differences are recognized in the income statement as follows:

	Group		Parent Company	
TSEK	**Jan 1, 2022 Dec 31, 2022**	**Jan 1, 2021 Dec 31, 2021**	**Jan 1, 2022 Dec 31, 2022**	**Jan 1, 2021 Dec 31, 2021**
Other operating income	-300	-197	-300	-197
Other external expenses	799	1,890	799	1,890
Financial income and expenses – net	-115	-981	-115	-981
Total	**384**	**712**	**384**	**712**

Note 14 Financial income and expenses

Group

TSEK	Category	Earnings impact	Jan 1, 2022 Dec 31, 2022	Jan 1, 2021 Dec 31, 2021
Financial income				
Bank accounts	Financial assets measured at amortized cost	Exchange-rate effects	235	1,213
Loan receivables	Financial assets measured at amortized cost	Interest income	20	1,167
Short-term investments	Financial assets measured at fair value	Restatement at fair value	1,205	80
Total financial income			**1,460**	**2,460**
Interest expenses				
Liabilities to credit institutions	Financial liabilities measured at amortized cost	Interest expenses	-38	-38
Convertible debt instruments	Financial liabilities measured at amortized cost	Interest expenses	-	-
Other borrowings	Financial liabilities measured at amortized cost	Interest expenses	0	-5,664
Accounts payable	Financial liabilities measured at amortized cost	Interest expenses	-2	-4
Lease liabilities	–	Interest expenses	-455	-507
Other	–	Interest expenses		-90
			-494	**-6,303**
Other financial expenses and exchange differences				
Short-term investments	Financial assets measured at fair value	Restatement at fair value	-2,516	-
Bank accounts	Financial assets measured at a mortized cost	Exchange-rate effects	-120	-231
			-2,636	**-231**
Total financial expenses			**-3,130**	**-6,534**

Parent Company

TSEK	Category	Earnings impact	Jan 1, 2022 Dec 31, 2022	Jan 1, 2021 Dec 31, 2021
Financial income				
Bank accounts	Loans and accounts receivable	Exchange-rate effects	235	1,213
Loans to Group companies	Loans and accounts receivable	Interest income	0	0
Loan receivables	Loans and accounts receivable	Interest income	20	1,167
Short-term investments	Financial assets measured at fair value	Restatement at fair value	1,205	80
Total financial income			**1,460**	**2,460**
Interest expenses				
Liabilities to credit institutions	Financial liabilities measured at amortized cost	Interest expenses	-38	-38
Other borrowings	Financial liabilities measured at amortized cost	Interest expenses	0	-5,664
Accounts payable	Financial liabilities measured at amortized cost	Interest expenses	-2	-4
Other	-	Interest expenses	-	-90
			-39	**-5,796**
Other financial expenses and exchange differences				
Short-term investments	Financial assets measured at fair value	Restatement at fair value	-2,516	-
Bank accounts	Financial assets measured at amortized cost	Exchange-rate effects	-120	-231
			-2,636	**-231**
Summa finansiella kostnader			**-2,675**	**-6,027**

Note 15 Income taxes

The Parent Company has its fiscal domicile in Sweden, where the tax rate for the 2022 fiscal year is 20.6% (20.6). In addition, one subsidiary has its fiscal domicile in the USA and one in Russia. The possibility of tax deduction for interest expenses has been limited to a maximum of 30% of operating profit/loss adjusted for certain items. If the adjusted operating profit/loss 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 2022, as it did for the previous fiscal year.

	Group		Parent Company	
TSEK	Jan 1, 2022 Dec 31, 2022	Jan 1, 2021 Dec 31, 2021	Jan 1, 2022 Dec 31, 2022	Jan 1, 2021 Dec 31, 2021
Profit/loss before tax	-356,719	-132,722	-356,612	-136,963
Tax at applicable tax rate, 20.6% (21.4)	73,484	27,341	73,462	28,214
Tax effect of non-deductible interest expenses	479	-212	479	-212
Non-deductible expenses	-19	-14	-19	-14
Impairment of participations in and receivables from subsidiaries	-	-	-	-
Reversal of deferred tax from preceding year	-	-	-	-
Taxable deficits for which no deferred tax asset is recognized	-73,944	-27,115	-73,922	-27,989
Recognized effective tax	**0**	**0**	**0**	**0**

As of December 31, 2022, the Group had accumulated loss carryforwards from previous years and from the fiscal year amounting to TSEK 1,869,955 (1,511,003) and the Parent Company had such loss carryforwards of TSEK 1,826,980 (1,486,135). 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, 2022 Dec 31, 2022	Jan 1, 2021 Dec 31, 2021
Earnings attributable to Parent Company shareholders (TSEK)	356,719	-132,722
Weighted average number of common shares outstanding (thousand)	493,207	448,370
Earnings per share (SEK per share)	-0,72	-0.30

The following instruments outstanding at December 31, 2022 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	USD 4.06
Employee stock options which can be converted to one share[1]	450,000	450,000	SEK 1.45
Max. No. of shares		**4,290,750**	

[1] Directed at the CEO

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. The Annual 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. For further information on employee stock options, refer to Note 10 "Employees and remuneration."

Note 17 Financial instruments and financial risks

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 new share issue of SEK 151 million in the fiscal year.

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.

cont. note 17

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 exposure

Financial instrument	Currency	Dec 31, 2022	Dec 31, 2021
Short-term investments (fixed-income funds)	SEK	1,330	894

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

Currency risk

		Currency risk	
Financial instrument	**Currency**	**Dec 31, 2022**	**Dec 31, 2021**
Accounts receivable, accrued income and cash and cash equivalents	USD	0	39
	EUR	0	1,450
Total currency risk		**0**	**1,489**

Currency risk

		Currency risk	
Financial instrument	**Currency**	**Dec 31, 2022**	**Dec 31, 2021**
Accounts payable and other current liabilities	EUR	150	250
	USD	54	205
	GBP	0	43
	DKK	0	4
Total currency risk		**205**	**501**

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 events 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, 2022

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	-	1,259	-	1,259
Other current receivables	-	-	-	0
Accrued income	-	1,828	-	1,828
Short-term investments	133,046	-	-	133,046
Cash and cash equivalents		9,467	-	9,467
Total financial assets	**133,347**	**12,554**	**0**	**145,901**
Financial liabilities				
Other borrowings	-	-	-	0
Accounts payable	-	-	7,000	7,000
Other current liabilities	-	-	-	0
Accrued expenses	-	-	9,148	9,148
Total financial liabilities	**0**	**0**	**16,148**	**16,148**

cont. note 17

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**

- Vivesto holds financial instruments measured at fair value comprised of fixed-income funds, TSEK 133,046 (89,357) 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 1,205 (80) 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 301 (301). 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 9,467 (7,912) consist of bank balances in Swedish commercial banks.

  Of cash and cash equivalents, TSEK 375 (5,442) comprises 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 of TSEK 1,259 (10,101).
  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.

Accounts receivable by currency

	Dec 31, 2022		Dec 31, 2021	
Valuta	Value in currency	Recognized in SEK	Value in currency	Recognized in SEK
EUR	0	0	924	9 453
USD	0	0	-	0
SEK	1,259	1,259	648	648
Total		**1,259**		**10,101**

Age of accounts receivable relative to due date

TSEK	Dec 31, 2022	Dec 31, 2021
Not yet due	1,259	10,079
Past due date:		
1–30 days		-
31–60 days		22
Total	**1,259**	**10,101**

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.

- Accounts payable of TSEK 7,000 (13,590) and Accrued expenses of TSEK 9,148 (10,578), TSEK 16,148 (24,188) in total, comprised minor liabilities to a large number of suppliers. Amortized cost corresponds to fair value. Of these amounts, TSEK 2,047 (5,211) comprised 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.

cont. note 17

Remaining time until maturity of financial liabilities

Group, December 31, 2022

TSEK	<3 months	3–6 months	6–12 months	More than 1 year
Lease liabilities	753	745	1,489	5,181
Other borrowings, including interest	-	-	0	-
Accounts payable	7,000	-	-	-
Other current liabilities	-	-	-	-
Accrued expenses	9,148	-	-	-
Total	**16,901**	**745**	**1,489**	**5,181**

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**

[1] This liability 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, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Other prepaid expenses	109	399	109	399
Prepaid insurance premiums	1,737	3,674	1,737	3,674
Prepaid interest expenses				
Prepaid expenses for legal dispute				
Prepaid rent	369	1,349	1,256	1,720
Accrued insurance payments				
Accrued interest income				
Accrued income	176	652	176	652
Other interim receivables	1,828	4,475	1,828	4,475
Total	**4,219**	**10,549**	**5,106**	**10,920**

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, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Current financial receivables	0	4,980	0	4,980
VAT receivable	1,786	2,675	1,786	2,675
Other current receivables	542	1,025	542	1,025
Total	**2,328**	**8,680**	**2,328**	**8,680**

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 its balance sheet. The total number of shares as of December 31, 2022 was 538,043,455 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, 2022 is shown below.

	No. of shares	Share capital, SEK
OB Jan 1, 2022	**448,369,546**	**44,836,955**
2022 New share issue	89,673,909	8,967,391
CB Dec 31, 2022	**538,043,455**	**53,804,346**

Note 21 Other current liabilities

	Group		Parent Company	
TSEK	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Cash payments for warrants that proved to be invalid	1,480	1,480	1,480	1,480
Employee withholding taxes/social security contributions	848	1,560	848	1,560
Other	0	267	0	267
Total	**2,328**	**3,307**	**2,328**	**3,307**

Note 22 Accrued expenses and deferred income

	Group		Parent Company	
TSEK	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Accrued expenses for disputes and business negotiations				
Accrued employee benefit expenses	3,648	8,120	3,648	8,120
Accrued expenses for premises	500	1500	500	1,500
Accrued expenses for clinical trials	600		600	
Other accrued expenses	8,207	7,650	8,207	9,286
Total	**12,955**	**17,270**	**12,955**	**18,906**

Note 23 Contingent liabilities, pledged assets and contingent assets

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, 2022**	**Dec 31, 2021**	**Dec 31, 2022**	**Dec 31, 2021**
Depreciation, amortization, impairment and disposals: non-current assets	5,11,12	256,155	28,877	252,294	24,780
Total		**256,155**	**28,877**	**252,294**	**24,780**

Reconciliation of liabilities from financing activities

Group 2022	**Opening balance**	**Cash flows**	**Changes that do not affect cash flow**		**Closing balance**
Tkr	**Jan 1, 2022**	**2022**	**Transfer between balance-sheet items**	**Recognized in profit or loss**	**Dec 31, 2022**
Leasingskulder	10,428	-5,495	3,235	-	8,168

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**	**Recognized in profit or loss**	**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**	**Recognized in profit or loss**	**Dec 31, 2021**
Other borrowings	80,000	-80,000	-	-	0

Note 25 Transactions with related parties

Group companies
The Group consists of the Parent Company Vivesto AB, Oasmia Pharmaceutical, Inc. in the US and Oasmia RUS LLC. in Russia. All shares in the subsidiaries are owned by the Parent Company. The subsidiaries are thus under the controlling interest of the Parent Company. For further information on the Group, see Note 26 Participations in Group companies.

Transactions between Parent Company and Swedish subsidiaries
The following table shows the loan transactions as well as opening and closing balances for debt between the Parent Company and the Swedish subsidiaries that were merged with the Parent Company in the previous fiscal year:

	Qdoxx Pharma		Oasmia Incentive	
TSEK	**2022**	**2021**	**2022**	**2021**
Parent Company's opening liability	0	42	0	2,741
Transactions during the year	0	-42	0	-2,741
Parent Company's closing liability	**0**	**0**	**0**	**0**

Transactions between the Parent Company and AdvaVet, Inc., USA
AdvaVet was liquidated during the previous year, meaning that operating income of TSEK 4,551 was recognized in the Group.

Transactions between the Parent Company and Oasmia Pharmaceutical, 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 Pharmaceutical Asia Pacific, Ltd., Hong Kong
No transactions took place between the Parent Company and Oasmia Pharmaceutical Asia Pacific during the year. The company was liquidated during the fiscal year

Transactions between the Parent Company and Oasmia RUS, Russia
No transactions took place between the Parent Company and the subsidiary during the year. During the previous 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 unsettled, 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 no impact on the Group's earnings.

Transactions with key people in senior positions
Acting CEO Christer Nordstedt invoiced consultant fees of SEK 1,671,300 for the financial year 2022.

For salaries and remuneration to the Board and senior executives, see Note 10.

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, 2022	Carrying amount DEC 31, 2021
Oasmia Pharmaceutical, Inc	4336484	Delaware, USA	100	100	0	0
Oasmia Pharmaceutical Asian Pacific, Ltd	2383363	Hongkong	100	100	0	0
Oasmia RUS, LLC	1177746442620	Moscow	100	100	0	0
Total					**0**	**0**

	Parent Company	
TSEK	**2022-01-01 –2022-12-31**	**2021-01-01 –2021-12-31**
Opening cost	0	122,365
Merger	-	-122,365
Closing accumulated cost	**0**	**0**
Opening impairment	0	-122,305
Merger	-	122,305
Closing accumulated impairment	**0**	**0**
Closing carrying amount	**0**	**0**

Note 27 Allocation of non-restricted equity

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

SEK	Dec 31, 2022	Dec 31, 2021
Share premium reserve	2,029,649,894	1,906,141,268
Retained earnings	-1,425,861,460	-1,293,934,736
Profit/loss for the year	-356,611,941	-136,963,847
Total	**247,176,493**	**475,242,685**

The Board proposes that the 2022 Annual General Meeting resolves that the above amount available of SEK 247,176,493 (475,242,685) be carried forward.

Note 28 Events after closing day

- In January 2023, Vivesto announced Inceptua's decision to withdraw market authorization application for Apealea® in Switzerland.
- In March 2023, Vivesto announced that the company has decided to initiate clinical development of the vererinary oncology drug candidate Paccal Vet, planned to start during the second half of 2023.
- In March 2023, Vivesto has been informed that Elevar Therapeutics Inc. is discontinuing its efforts to develop and commercialize Apealea and instead seeks to transfer its rights and obligations to a third party. In light of the increase uncertainty relating to the commercialization of Apealea, Vivesto has decided to write-down balanced items of totally 190 MSEK.

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
Operating profit/loss plus financial income as a percentage of the 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 Oasmia's financial situation and possibly compare with other companies. These have been calculated as follows:

TSEK	Jan 1, 2021 Dec 31, 2021	Jan 1, 2021 Dec 31, 2021
Equity per share		
Equity at end of period, TSEK	325,424	549,713
No. of shares at end of period, thousand	538,043	448,370
Equity per share, SEK	**0,60**	**1.23**
Equity/assets ratio		
Equity at end of period, TSEK	325,424	549,713
Total assets at end of period, TSEK	355,876	594,308
Equity/assets ratio, %	**91**	**92**
Net liability, TSEK		
Other borrowings	-	-
Total borrowings	**0**	**0**
Short-term investments	133,046	89,357
Cash and cash equivalents	9,467	7,912
Total cash and cash equivalents and short-term investments	142,513	97,268
Net liability	**-142,513**	**-97,268**
Debt/equity ratio		
Net liability, TSEK	-142,513	-97,268
Equity, TSEK	325,424	549,713
Debt/equity ratio, %	**-44**	**-18**
Return on total assets		
Operating income plus financial income, TSEK	-353,589	-126,188
Total assets at beginning of period, TSEK	594,308	863,542
Total assets at end of period, TSEK	355,876	594,308
Average total assets, TSEK	475,092	728,925
Return on total equity, %	**-74**	**-17**
Return on equity		
Income before tax, TSEK	-356,719	-132,722
Equity at beginning of period, TSEK	549,713	680,196
Equity at end of period, TSEK	325,424	549,713
Average equity, TSEK	437,569	614,954
Return on equity, %	**-82**	**-22**

Note 30 Changes to the financial statements after publication of the year-end report

Consolidated income statement

TSEK	Year end report 2022-01-01 –2022-12-31	Change	Annual Report 2022-01-01 –2022-12-31
Net sales	**1,015**		**1,015**
Other operating income	3,962		3,962
Change in inventories of products in progress and finished goods	-1,879	-8,367	-10,246
Raw materials and consumables	-1,425		-1,425
Other external expenses	-58,371		-58,371
Employee benefit expenses	-33,829		-33,829
Depreciation, amortization and impairment	-74,481	-181,675	-256,155
Operating income/loss	**-165,008**		**-355,049**
Financial income	1,460		1,460
Financial expenses	-3,130		-3,130
Financial income and expenses – net	**-1,670**		**-1,670**
Income before taxes	**-166,678**		**-356,719**
Income tax	0		0
Income for the year	**-166,678**		**-356,719**

Consolidated statement of financial position

TSEK	Year end report 2022-12-31	Change	Annual Report 2022-12-31
ASSETS			
Non-current assets			
Property, plant and equipment	14,610	-1,646	12,964
Capitalized development costs	338,435	-180,029	158,408
Other intangible assets	33,885		33,885
Financial non-current assets	301		301
Total non-current assets	**387,231**		**205,558**
Current assets			
Inventories	8,367	-8,367	0
Accounts redeivable	1,259		1,259
Other current receivables	2,328		2,328
Prepaid expenses and accrued income	4,219		4,219
Short-term investments	133,046		133,046
Cash and cash equivalents	9,467		9,467
Total current assets	**158,686**		**150,318**
TOTAL ASSETS	**545,917**		**355,876**

Consolidated statement of financial position

TSEK	Year end report 2022-12-31	Change	Annual Report 2022-12-31
EQUITY			
Equity and reserves attributable to Parent Company shareholders			
Share capital	53,804		53,804
Other capital provided	2,029,327		2,029,327
Reserves	390		390
Retained earnings, including income for the year	-1,568,056	-190,042	-1,758,098
Equity attributable to Parent Company shareholders	**515,465**		**325,424**
Equity attributable to non-controlling interests	0		0
Total equity	**515,465**		**325,424**
LIABILITIES			
Long-term liabilities			
Lease liabilities, long-term	5,181		5,181
Total long-term liabilities	**5,181**		**5,181**
Current liabilities			
Accounts payable	7,000		7,000
Lease liabilities, short-term	2,987		2,987
Other current liabilities	2,329		2,329
Accrued expenses and deferred income	12,956		12,956
Total current liabilities	**25,272**		**25,272**
Total liabilities	**30,452**		**30,452**
TOTAL EQUITY AND LIABILITIES	**545,917**		**355,876**

Consolidated statement of cash flows

TSEK	Year end report 2022-01-01 2022-12-31	Change	Annual Report 2022-01-01 2022-12-31
Operating activities			
Operating loss	-165,008	-190,041	-355,049
Adjustments for non-cash items	74,481	181,674	256,155
Interest paid	-229	-266	-495
Cash flow from operating activities before changes in working capital	**-90,756**		**-99,389**
Changes in working capital			
Change in inventories	1,530	8,367	9,897
Change in accounts receivable	8,842		8,842
Change in other current receivables	12,682		12,682
Change in accounts payable	-6,590		-6,590
Change in other current liabilities	-5,960		-5,958
Cash flow from operating activities	**-80,251**		**-80,517**
Investing activities			
Investments in property, plant and equipment	-277		-277
Short-term investments	-120,000		-120,000
Divestment of short-term investments	75,000		75,000
Cash flow from investing activities	**-45,277**		**-45,277**
Financing activities			
Amortization of lease liability	-5,495		-5,495
New share issues	150,652		150,652
Issue expenses	-16,394		-16,394
Cash flow from financing activities	**128,763**		**128,763**
Cash flow for the year	**3,235**	**-266**	**2,969**
Translation differences	**-1,680**	**266**	**-1,414**
Cash and cash equivalents at beginning of the year	**7,912**		**7,912**
Cash and cash equivalents at end of the year	**9,467**		**9,467**

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 25, 2023.

Uppsala, April 24, 2023

Peter Zonabend
Board member

Hege Hellström
Board member

Pål Ryfors
Board member

Roger Tell
Board member

Erik Kinnman
CEO

Our Auditor's Report was submitted on April 24, 2023
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 2022, except for the corporate governance statement on pages 36–42. The annual accounts and consolidated accounts of the company are included on pages 28–35 and 43–73 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 2022 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 2022 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 36-42. 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 adopt 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 51 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 158 MSEK as of December 31, 2022 representing 45% of total assets. An amount of 49 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 amortized over their estimated useful life and management is required to assess whether there are indications of impairment. Management identified indicators of impairment and estimated the the recoverable value for Apealea/Paclical based on the discounted cash flows for these assets. The impairment test resulted in an impairment charge of 224 MSEK.

Management have also performed impairment tests for the Paccal Vet by calculating the recoverable value based on the discounted cash flows for this asset.

The assessment of impairment and calculation of recoverable amount for Apealea/Paclical and Paccal Vet are based on projections and assumptions prepared by management. This includes assumptions related to future revenue, gross profit as well as discount rates.

Response in the audit

We have assessed whether the impairment tests related to capitalized development costs for Apealea/Paclical and Paccal Vet has been prepared in accordance with IAS 36 Impairment. We have also evaluated managements assumptions for future cash flows including sales forecasts and profit margins and the discount rate.

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

We have reviewed the sensitivity analysis prepared by management including the assumptions used in the impairment tests and evaluated whether negative changes in the significant assumptions could, on an individual or collective basis, result in an impairment charge.

We have also reviewed the 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 1–27 and 77–80. 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 2022 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 2022.

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

In our opinion, the Esef report 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 validation that the Esef report has been prepared in a valid XHMTL format 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 consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's examination of the corporate governance statement
The Board of Directors is responsible for that the corporate governance statement on pages 3-4 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 25 May 2022. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2019.

Stockholm 24 April 2023

KPMG AB KPMG AB

Duane Swanson
Authorized Public Accountant

Henrik Lind
Authorized Public Accountant

Quarterly data

Group			2022					2021		
TSEK	Q1 Jan–Mar	Q2 Apr–Jun	Q3 Jul–Sep	Q4 Oct–Dec	Full year Jan–dec	Q1 Jan–Mar	Q2 Apr–Jun	Q3 Jul-Sep	Q4 Oct-Dec	Full Year Jan–Dec
Net sales	0	0	1 015	0	1 015	37	4 596	11 920	9 639	26 192
Operating loss	-26 329	-36 323	-71 318	-221 079	-355 049	-40 842	-56 165	-29 572	-2 068	-128 647
Earnings after tax	-26 457	-38 514	-71 682	-220 066	-356 719	-41 209	-57 677	-30 987	-2 849	-132 722
Earnings per share, SEK	-0,06	-0,07	-0,14	-0,41	-0,72	-0,09	-0,12	-0,07	-0,01	-0,30
Weighted average number of shares, thousand	472 554	517 390	517 390	538 043	493 207	448 370	448 370	448 370	448 370	448 370
Equity per share, SEK	1,3	1,1	1,0	0,6	0,6	1,4	1,3	1,2	1,2	1,2
Equity/assets ratio, %	94	95	95	91	91	78	77	80	92	92
Net liability	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg
Debt/equity ratio, %	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg
Number of employees at end of period	19	17	17	18	18	30	25	26	22	22

Information and contacts

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Financial calendar

Interim report Q1 (Jan–Mar 2023)	May 25, 2023
Annual General Meeting 2023	May 25, 2023
Interim report Q2 (Jan–Jun 2023)	August 24, 2023
Interim report Q3 (Jan–Sep 2023)	November 16, 2023
Year-end report (Jan–Dec 2023)	February 23, 2024

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