ANNUAL REPORT 2021

MEDIVIR

CLICKABLE PDF

Contents

In the event of any discrepancies between the Swedish and the English Annual Report, the former should have precedence.

2021 in brief and significant events

Fostroxacitabine bralpamide (MIV-818)

- In April, it was announced that the overall results from the first part of the phase Ib study with the company's leading candidate drug fostroxacitabine bralpamide were positive with a good safety and tolerability profile.
- In May, the design for the phase 1b/2a combination study with fostroxacitabine bralpamide against liver cancer, was presented.
- End of August, Medivir received regulatory approval from the British UK Medicines & Healthcare products Regulatory Agency (MHRA) for the phase 1b/2a combination study with fostroxacitabine bralpamide.
- At the ESMO Congress in September, the results from the completed dose escalation part of the phase 1b monotherapy study with fostroxacitabine bralpamide were presented.
- In December, treatment was started of the first patient with HCC in the phase 1b / 2a combination study with fostroxacitabine bralpamide.

Other projects

- In January, an exclusive license agreement was signed with IGM Biosciences, Inc. for birinapant.
- In February, a licensing agreement with Ubiquigent was signed for the preclinical research program USP7.
- In May, positive results from an investigator-initiated phase II clinical study of remetinostat in patients with squamous cell carcinoma (SCC) were released on clinicaltrials.gov.
- In August, the positive results from the phase II study with remetinostat against basal cell carcinoma (BCC) were published in the scientific journal Clinical Cancer Research.
- In August, it was announced that Medivir, through a renegotiated multi-party agreement, strengthens the business development potential for remetinostat.
- IGM Biosciences, Inc. initiated in early November a clinical study in solid tumors with birinapant (IGM-9427) in combination with IGM's DR5 agonist antibody IGM- 8444.
- In November, results from the investigator-initiated phase II clinical trial of remetinostat in patients with squamous cell carcinoma were published in the scientific journal JAMA Dermatology.

The company

- At the beginning of 2021, a rights issue and exercise of an over-allotment option were carried out, providing the company with approximately SEK 195 million before transaction costs.
- An Extraordinary General Meeting on March 11, 2021, decided on a directed new share issue of approximately SEK 28 million to Linc AB.
- In April it was announced that Magnus Christensen had been appointed interim CEO of Medivir.
- Malene Jensen was in July appointed Vice President Clinical Development.
- In October it was announced that Jens Lindberg had been appointed as new CEO of Medivir.

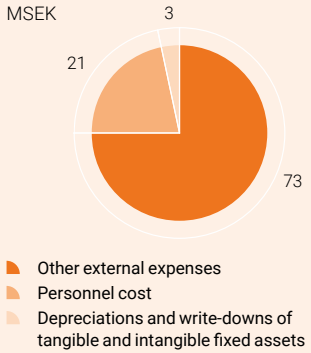
Significant events after the end of the year

- In January, it was announced that the WHO had selected fostroxacitabine bralpamide as the official generic name for the patented candidate drug MIV- 818, which is in clinical development in primary liver cancer.
- In January biomarker data from the fostroxacitabine bralpamide phase 1 study was presented as an e-poster at the EASL Liver Cancer Summit.
- Jens Lindberg assumed his position as CEO of Medivir on January 24, 2022.
- In February, a subgroup analysis of Medivir´s phase II study of MIV-711 for osteoarthritis was published, showing statistically significant reduction in OA pain.
- A new board is proposed through the re-election of Uli Hacksell, Lennart Hansson, Yilmaz Mahshid and Bengt Westermark as board members. The Nomination Committee proposes the election of Anette Lindqvist as new board member and that Uli Hacksell is re-elected Chairman of the Board. An van Es Johansson has declined re-election.

Key rarios

MSEK	2021	2020	2019	2018	2017
Net turnover	26	14	9	24	37
Operating profit	–62	–43	–126	–351	–363
Total short-term investments	221	70	135	286	468
Equity/assets ratio, %	84	74	63	73	83
Number of employees	9	11	51	75	88

Operating expenses 2021



CEO's message:

Summary of a successful and eventful year

On January 24, 2022, I took over as CEO of Medivir and after my first time on the job, it is clear to me why the company managed to deliver so well on business goals in 2021. We have an extremely competent and experienced team that works dedicatedly with both our cutting-edge project fostroxacitabine bralpamide (MIV-818) and with the business development for our other assets. I hope to be able to contribute to the further strengthening of our delivery capacity going forward. Under the leadership of the company's former CEO Yilmaz Mahshid, today a board member of Medivir, and our CFO Magnus Christensen, who has been the company's interim CEO since May, Medivir has made significant progress in 2021.

Medivir's drug development focuses on a very promising and proprietary clinical project, fostroxacitabine bralpamide (formerly MIV-818), with a clear therapeutic target, where the unmet medical needs remain large, despite recent clinical advances. Fostroxacitabine bralpamide has the potential to become the first liver-targeted and orally administered drug that can help patients with various cancers of the liver. Its unique mechanism of action in liver cancer means that it does not directly compete with other treatment options but instead enables attractive combination treatments with other drug alternatives in hepatocellular carcinoma (HCC). Liver cancer is the third leading cause of cancer-related deaths worldwide and HCC is the most common form of cancer that arises in the liver. The effect of today's medications is often limited and mortality remains at a high level.

After the end of the year, MIV-818 received the official generic name fostroxacitabine bralpamide from the World Health Organization WHO, something we see as an important step towards a product for the treatment of HCC.

The clinical development program for fostroxacitabine bralpamide has passed a number of milestones during the year. In April, it was announced that the top-line results from the monotherapy part of the phase Ib study were positive with a good safety and tolerability profile. The results were later presented in more detail at the ESMO Congress in September and aroused great interest. In May, the design for the next step, the phase 1b/2a combination study with fostroxacitabine bralpamide was presented. The regulatory approval from the British Medicines & Healthcare products Regulatory Agency (MHRA) for the study was obtained at the end of August, and from the South Korea Ministry of Food and Drug Safety (MFDS) in November.

In December, the first patient with HCC was dosed in the phase 1b/2a combination study with fostroxacitabine bralpamide, which is given in two different combinations, either with Lenvima®, a tyrosine kinase inhibitor, or with Keytruda®, an anti-PD-1 checkpoint inhibitor. Lenvima® and Keytruda® (approved in the USA) are currently approved as monotherapy treatments of HCC.

The licensing agreement with IGM Biosciences, Inc., which gives IGM the global and exclusive rights to develop birinapant, could potentially provide milestone payments up to a total of approximately USD 350 million as well as tiered royalties up to "mid-teens". At the time of signing in January 2021, Medivir received USD 1 million, and when IGM in early November initiated a phase I clinical trial in solid tumors with birinapant in

"Business development and collaborations are central to Medivir's success. Birinapant is a good example of this and we see opportunities for remetinostat and MIV-711, but also in other smaller projects"

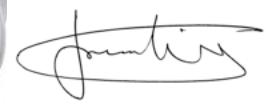
combination with its own DR5 agonist antibody IGM-8444, it was followed by an additional USD 1.5 million. Of course, we look forward to IGM's continued clinical development of birinapant.

Also for remetinostat, a number of steps forward made during the year should be noted. Positive results from the investigator-initiated phase II clinical trial of remetinostat in patients with squamous cell carcinoma were published in November in the scientific journal JAMA Dermatology. Promising results from the investigator-initiated phase II study with remetinostat for basal cell carcinoma were published in August in the scientific journal Clinical Cancer Research. Through a renegotiated multi-party agreement, Medivir was in August able to further strengthen the business development potential for remetinostat.

Business development and collaborations are central to Medivir's success. Birinapant is a good example of this and we see opportunities for remetinostat and MIV-711, but also in other smaller projects. In early 2021, a licensing agreement was entered into with Ubiquigent for the preclinical research program USP7.

Thanks to the financing that was successfully carried out at the beginning of the year and provided the company with approximately SEK 223 million before transaction costs, we are entering 2022 with resources and business development opportunities that provide good conditions for continuing the clinical development program for our cutting-edge project fostroxacitabine bralpamide. Our goal is to make it an effective drug for liver cancer that makes a real difference for patients and for healthcare, and thus also for our shareholders.

We have entered the new year full speed ahead after a 2021 where we delivered strongly on our focused strategy and it is with great confidence that I look forward to an equally eventful 2022.



Jens Lindberg
CEO

Jens Lindberg, to the right, took office as CEO of Medivir on January 24, 2022, and to the left Medivir's CFO Magnus Christensen, who from the Annual General Meeting in May 2021 until January 24, was also the company's interim CEO.

Vision:

Improving life for cancer patients through transformative drugs

Medivir in brief

Medivir develops innovative drugs with a focus on cancer where the unmet medical needs are high. The company targets indication areas where available therapies are limited or missing and there are great opportunities to offer significant improvements to patients. Medivir is focusing on the development of fostroxacitabine bralpamide (MIV-818), a pro-drug designed to provide a targeted anti-tumor effect in the liver and thus also minimize any side effects outside the liver. The company was founded as early as 1988 and has been listed on Nasdaq Stockholm since 1996. The company has developed two pharmaceutical products, Xerclear® and Olysio®, which have reached the market. Collaborations and partnerships are important parts of Medivir's business model, and the drug development is conducted either by Medivir or in partnership. An example of this is birinapant, which has been outlicensed to IGM Biosciences to be developed in combination with their own IGM-antibodies for the treatment of solid tumors.

Our focus and our projects

Our business focuses on in-house development of our wholly owned project for cancer indications where the medical needs are high. Medivir has chosen to develop fostroxacitabine bralpamide, which has been developed entirely within the company and which has great potential to offer patients with liver cancer a significantly improved treatment. Fostroxacitabine bralpamide is wholly owned by Medivir, i.e. we do not have to pay any future milestones or royalties to any third party.

We have two more drug projects, remetinostat, and MIV-711, in clinical development phase. Medivir does not conduct clinical development of these projects on its own, but instead seeks partners for the continued development.

Business concept, business model and strategy

Business concept

Medivir creates shareholder value by developing innovative cancer drugs for major unmet medical needs, on its own or in partnership with other companies.

Business model

Medivir strives to optimize the value of each individual project. For the commercialization of a specialist pharmaceutical, the company can choose to market on its own within certain territories, when the number of prescribing doctors is limited. In other indications that demand a large marketing organization Medivir intends to seek partners that can secure the fastest route to the market and commercial success. Medivir collaborates with expertise in academia, healthcare and the pharmaceutical industry to bring specialist knowledge, experience and specific competencies to its projects if and when needed.

Strategic priorities

1 **To efficiently take candidate drugs through clinical development**
Effectively and cross-functionally drive the development of own candidate drugs all the way to approved pharmaceuticals with large therapeutic benefit and commercial potential.

2 **To be a respected partner and generate revenue through partnerships**
Develop and nurture meaningful and mutually beneficial partnerships in order to accelerate the development and to reduce financial risk.

3 **To continuously develop an inspiring corporate culture based on business experience, professionalism, collaborative skills and creativity**
Cultivate a creative, inspiring and professional corporate culture that strengthens our ability to work more virtually.

What is cancer?

A cancerous tumor occurs when cells divide in an uncontrolled manner. Genetic changes result in the cells stimulating both their own growth and the growth of blood vessels to and from the tumor. Furthermore, the tumors become resistant to the body's immune responses which would otherwise cause the cancer cells to die. As tumors grow, they can become more aggressive and begin invading surrounding tissue. Often they also spread cancer cells to other tissues, forming subsidiary tumors (metastases). Treatment of cancer is hampered by the fact that pharmaceutical therapy can contribute to a rapid selection of resistant cancer cells within the tumor, which can then lead to a relapse.

What are the main objectives of drug treatment in cancer?

The primary goal is naturally to cure the patient. However, only certain cancers are so far possible to cure. The purpose of drug treatments for incurable cancers is therefore to extend the patient's life and/or improve the patient's quality of life during the remaining lifetime.

The pharmaceutical development process

The initial phases of pharmaceutical development normally involve studying and testing thousands of chemical compounds, with the most promising selected as possible candidate drugs. Safety and efficacy are tested in the preclinical development phase, before the trials on humans begin in the clinical phase. Additional clinical trials are sometimes carried out after approval and launch in order to optimize use.

Research and preclinical phase

Before a candidate drug is selected for clinical development it has been through a rigorous chain of studies. The initial phases of pharmaceutical development can involve testing thousands of chemical compounds. The molecules' properties are optimized with regard to safety, efficacy and pharmacokinetics, and their potential benefits in comparison with other similar pharmaceuticals are evaluated. In the preclinical phase, the candidate drug's safety and efficacy are thoroughly evaluated in animal models in order to establish whether its safety and efficacy profile is safe enough to enter trials on human beings.

Clinical phase

Clinical trials for a new pharmaceutical product means trials conducted on human beings: healthy volunteers and patients. The number of patients and/or volunteers can vary depending on the indication, but in general, you must include enough patients to be able to show significant effect of the drug. These trials are carefully regulated by the requirements of the regulatory agencies. Before a clinical trial can begin, both the regulatory agency and ethical review boards must approve the design of the clinical trial. Contacts with the regulatory authorities are generally numerous during the clinical phases. Any deviations from the established study protocols, unexpected side effects or new findings that have emerged during the course of the study are examples of things that are discussed and agreed with the regulatory authorities. A key success factor is that the company and the regulatory authorities have equal expectations of the drug and its potential role in the treatment of patients.

Phase I

Test subjects: Usually healthy volunteers but the studies may also include patients with the disease in question, particularly in the case of drugs aimed at the treatment of cancer.
Purpose: To establish safe doses and identify possible adverse events, and to understand how the pharmaceutical is absorbed, transported round the body, and excreted. Often also to measure early signs of efficacy, possibly through the use of so-called biomarkers.

Phase II

Test subjects: Patients with the disease/symptoms.
Purpose: To study the efficacy and adverse events profiles in order to determine an optimum dose or dosage range that can provide the desired clinical effect.

Phase III

Test subjects: Patients with the disease/symptoms.
Purpose: To study the efficacy and adverse events profiles in larger patient groups, including comparative studies with existing treatments or placebo, in order to show the benefit/risk profile in a statistically reliable way and thereby provide the necessary evidence to secure marketing authorizations and support reimbursement.

Market

Registration

Before a pharmaceutical product is approved an application for a license to market the pharmaceutical has to be submitted. The clinical program includes the clinical trials required to obtain approval to market a new medicinal product by regulatory authorities. The drug's CMC, or Chemistry, Manufacturing and Controls, is also examined. CMC refers to the documentation of the drug that defines not only the manufacturing process itself but also quality control, composition, specifications and stability of the product as well as the standard of the production facility (design, performance, quality requirements, operation and maintenance). The regulatory authorities make a careful examination of the documentation submitted by the company and then decide whether the drug should be approved and in which patient groups.

The latter phase of the clinical program focuses, in addition to the efficacy and safety of the drug, also on health economic aspects and forms the basis for price approval in various territories. After regulatory approval, the price is also negotiated with the relevant authorities and payers.

Launch and sale

Additional clinical trials may be conducted once a pharmaceutical has been approved by a regulatory authority and launched on the market, in order to optimize the drug's usage. These so-called phase IV trials are conducted in parallel with sales, and they may also further examine safety aspects.

Patent and market protection

Patent protection and regulatory protection, e.g. data exclusivity, orphan drug exclusivity, and pediatric extension, are key components of pharmaceutical development.

A focused project portfolio

Medivir focuses on the clinical development of the proprietary and wholly owned candidate drug fostroxacitabine bralpamide (MIV-818), for liver cancer. For two projects, remetinostat and MIV-711, we are seeking partnerships for further development of the projects. At the beginning of 2021, birinapant was outlicensed to IGM Biosciences. Xerclear is outlicensed to GlaxoSmithKline and Shijiazhuang Yuanmai Biotechnology.

PROPRIETARY PROJECTS

PROJECT/PRODUCT	DISEASE AREA	RESEARCH	PRECLINICAL	PHASE I	PHASE II	PHASE III	MARKET
Fostroxacitabine bralpamide (MIV-818) NUCLEOTIDE DNA POLYMERASE INHIBITOR (ORAL)	Liver cancer (hepatocellular carcinoma)	*Monotherapy study* *Combination study with Keytruda® or Lenvima®*					

PROJECTS FOR PARTNERING

PROJECT/PRODUCT	DISEASE AREA	RESEARCH	PRECLINICAL	PHASE I	PHASE II	PHASE III	MARKET
Remetinostat HDAC INHIBITOR (TOPICAL)	Cutaneous T-cell lymphoma (MF) Basal cell carcinoma[1] Squamous cell carcinoma[1]						
MIV-711 CATHEPSIN K-INHIBITOR (ORAL)	Osteoarthritis						

OUTLICENSED PROJECTS

PROJECT/PRODUCT	DISEASE AREA	PARTNER	PRECLINICAL	PHASE I	PHASE II	PHASE III	MARKET
Birinapant/IGM-8444 SMAC MIMETIC (INTRAVENOUS)	Solid tumors	IGM Biosciences					
Xerclear® (TOPICAL)	Labial herpes	GlaxoSmithKline Shijiazhuang Yuanmai Biotechnology					
USP-1	Cancer	Tango Therapeutics					
USP-7	Cancer	Ubiquigent Limited					

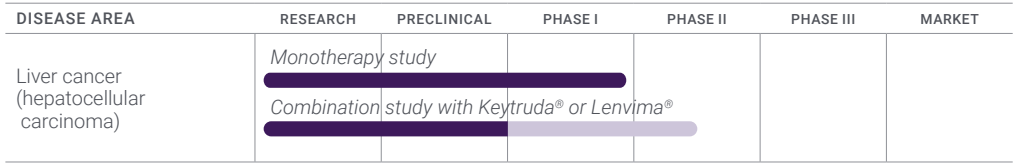
1) Conducted by Stanford University, US

Completed Ongoing

Fostroxacitabine bralpamide (MIV-818)

for the treatment of liver cancers

Primary liver cancer, most commonly arising from liver cells (hepatocellular carcinoma, HCC) is the third most common cause of cancer-related deaths in the world. Although existing treatments for HCC can extend patients' lives, treatment benefits are often marginal and mortality remains at a high level. Fostroxacitabine bralpamide has the potential to become the first liver-directed, orally administered drug that can help patients with various cancers of the liver.



Fostroxacitabine bralpamide is Medivir's proprietary prodrug with the liver as the target organ. Based on promising preclinical and clinical data, Medivir has chosen to focus on in-house clinical development.

Although existing treatments for liver cell carcinoma (hepatocellular carcinoma, HCC) can prolong the lives of patients, the treatment benefits are often marginal and mortality remains at a high level. Molecularly directed substances have had limited success in HCC because these tumors have a wide range of mutations. The lack of overall benefit together with the generally poor prognosis for patients with HCC result in a continued high medical need. Through its unique mechanism of action fostroxacitabine bralpamide has the potential to be effective independent of type of mutations. It also has the potential to be combined with a large number of other mechanisms of action within HCC.

Other forms of liver cancer that could be treated with fostroxacitabine bralpamide are intrahepatic cholangiocarcinoma - bile duct cancer - accounting for about 3 to 5 percent of liver cancer cases. Bile duct cancer has a poor prognosis and lacks approved treatments that effectively increase survival rates.

Liver-targeted antitumor effect

Fostroxacitabine bralpamide is a liver-directed orally administered prodrug of troxacitabine monophosphate. Intravenously administered troxacitabine has previously in clinical studies been shown to be effective against various forms of cancer.

In order to avoid the challenge of systemic side effects fostroxacitabine bralpamide is instead being developed as an orally administered drug with a high antitumor activity that targets the liver. The intention is to achieve maximum concentration of the active substance in the tumor, or the tumors, while minimizing the systemic toxicity in the rest of the body. The goal is to improve the antitumor effect while reducing side effects.

Combinations for improved effect

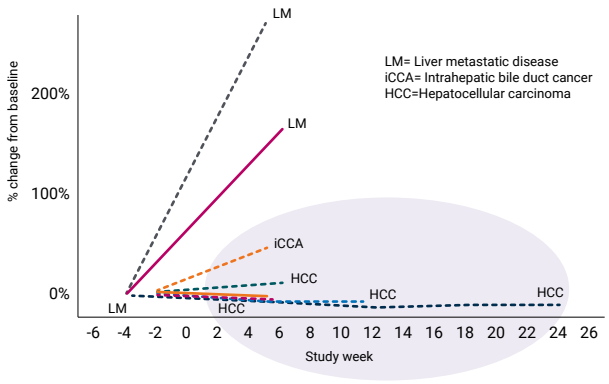
Thanks to its unique mechanism of action, there is a strong scientific rationale for potentially attractive combination treatments for fostroxacitabine bralpamide together with the most common anti-HCC drugs to achieve a better effect if possible. Among the drugs that are already approved or are under development the most common mechanisms are; stimulation of the immune system and blockage of the blood supply. Therefore, Medivir has now chosen to study fostroxacitabine bralpamide in combination with two products representing these two different mechanisms. With Keytruda® (anti-PD-1 checkpoint inhibitor / stimulation of the immune system) where the induction of DNA damage and cell death with fostroxacitabine bralpamide can lead to increased tumor antigen presentation and increased immune response with Keytruda®. And with Lenvima® (tyrosine kinase inhibitor / blockage of blood supply) where Lenvima® induces oxygen deficiency in the tumor which in turn leads to higher levels of the active metabolite of fostroxacitabine bralpamide in the liver. The initial goal is to develop a better treatment for HCC patients in the second-line treatment, but we also see clear potential for fostroxacitabine bralpamide in earlier treatment lines given the tumor-selective effect in the liver.

Phase 1a/1b monotherapy study

In the first fostroxacitabine bralpamide study, phase 1a, safety and tolerability at different doses were evaluated to determine dose levels for the phase 1b study. At the end of March 2021, the last patient with advanced liver cancer was included in the first part of the phase 1b study with fostroxacitabine bralpamide and in April it was announced that the last patient had completed the safety follow-up. The results were positive with a good safety and tolerability profile. Thus, the starting dose was determined for the initial part of the phase 1b/2a study, where fostroxacitabine bralpamide is given in combination with Keytruda® or Lenvima®.

During the ESMO congress in September, additional positive data from the completed dose escalation part of the phase 1b study were presented. A total of nine patients with various types of advanced cancer in the liver were included and evaluated. These patients had exhausted all possible approved treatments prior to being included in the study.

Positive effect on liver tumors in the phase 1b study



Source: Sarker et al. European Society for Medical Oncology (ESMO) Congress 2021.

A positive sign of efficacy was that four patients with HCC showed stable liver disease for a longer period of time. In addition, liver biopsies from patients confirmed that fostroxacitabine bralpamide reached the liver, and a selective effect of fostroxacitabine bralpamide on cancer cells in different cancer types.

The next step in the development of fostroxacitabine bralpamide is the phase 1b / 2a combination study.

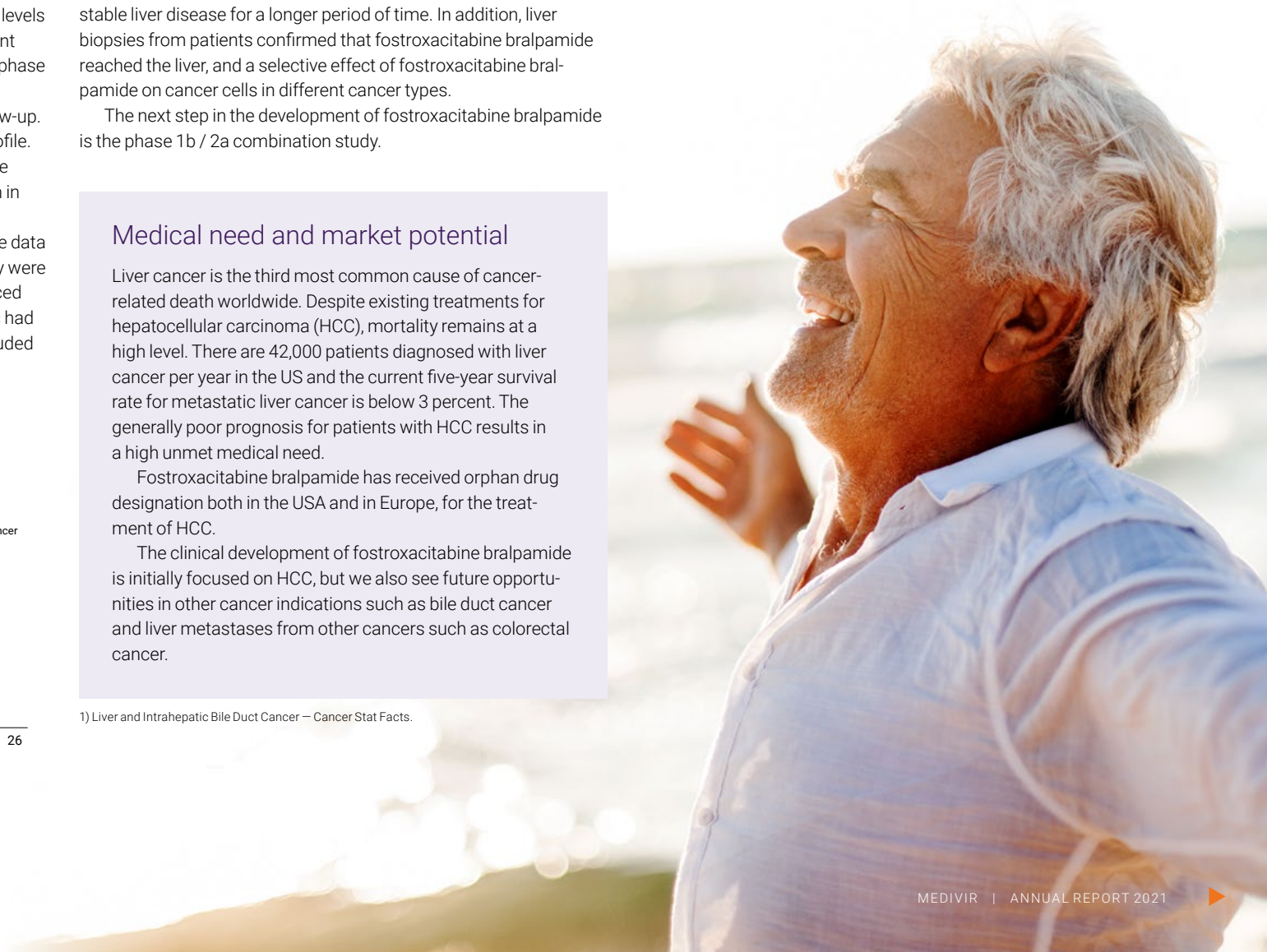
Medical need and market potential

Liver cancer is the third most common cause of cancer-related death worldwide. Despite existing treatments for hepatocellular carcinoma (HCC), mortality remains at a high level. There are 42,000 patients diagnosed with liver cancer per year in the US and the current five-year survival rate for metastatic liver cancer is below 3 percent. The generally poor prognosis for patients with HCC results in a high unmet medical need.

Fostroxacitabine bralpamide has received orphan drug designation both in the USA and in Europe, for the treatment of HCC.

The clinical development of fostroxacitabine bralpamide is initially focused on HCC, but we also see future opportunities in other cancer indications such as bile duct cancer and liver metastases from other cancers such as colorectal cancer.

1) Liver and Intrahepatic Bile Duct Cancer — Cancer Stat Facts.

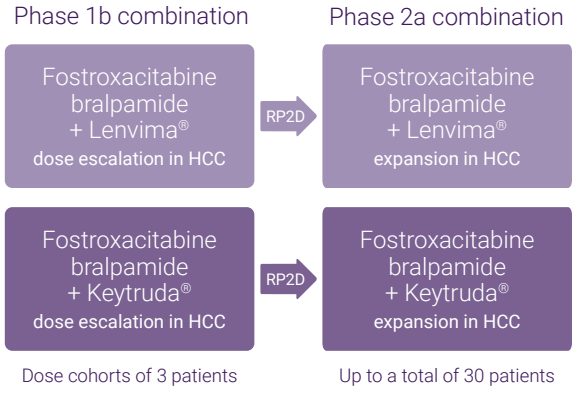


Ongoing phase 1b/2a study

The purpose of the 1b/2a study is to evaluate safety, tolerability and also to get an indication of the potential antitumor effect. In the study, fostroxacitabine bralpamide is administered in two different combinations, with either Lenvima® or Keytruda®. The study includes patients with HCC where the cancer has progressed during first-line treatment, or patients who do not tolerate first-line treatment. The goal is to develop a better drug for HCC patients in second-line treatment.

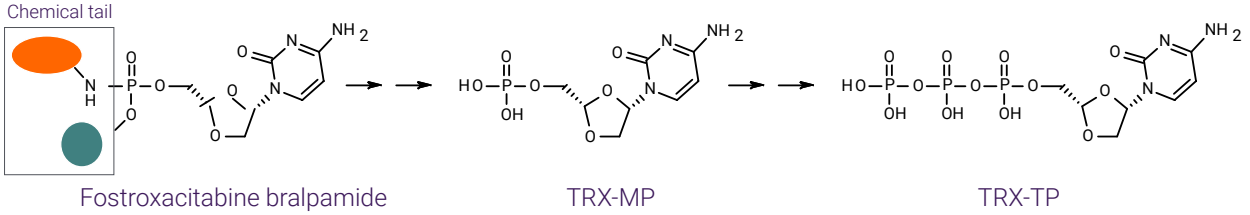
The study is an open-label multi-center study starting with a dose escalation part to establish the recommended phase 2 dose (RP2D) for each combination. Once RP2D has been established, further cohorts of up to in total 30 patients with HCC will be enrolled in the phase 2a part of the study, for an initial evaluation of safety and efficacy.

The study is initiated in the UK and will also be conducted at clinics in Spain and South Korea. The first patient in the study was dosed in December 2021.

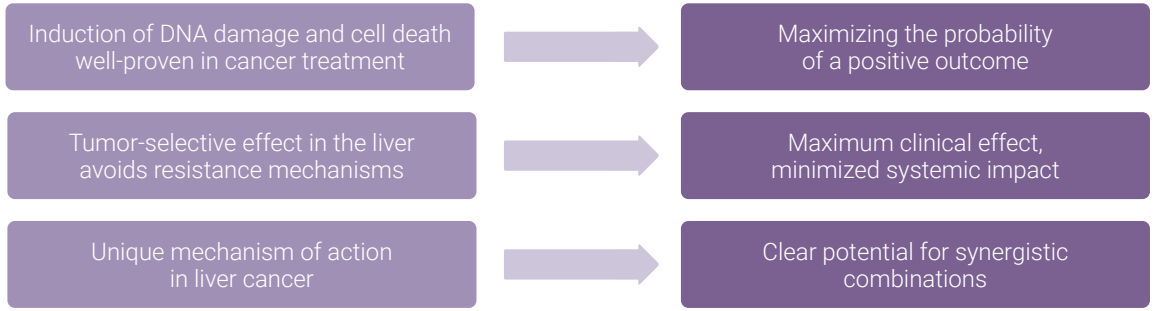


Fostroxacitabine bralpamide - A unique therapy directed to liver cancer

By providing troxacitabine monophosphate (TRX-MP) with a "chemical tail", Medivir has created a prodrug (fostroxacitabine bralpamide) that is given orally and which is stable in the gastrointestinal tract but is rapidly metabolized to its active form in the liver. It is inactive in itself but is gradually converted to TRX-MP, TRX-DP (diphosphate) and its active metabolite TRX-TP (see picture below) when taken up by liver cells. TRX-TP is then incorporated into DNA in rapidly dividing cancer cells, thereby causing DNA damage and cancer cell death. When fostroxacitabine bralpamide is absorbed from the gastrointestinal tract, the active form accumulates in the liver. Due to its liver-directed effect, minimal amounts of fostroxacitabine bralpamide enter the bloodstream, thereby reducing the risk of side effects.



Fostroxacitabine bralpamide - Main benefits

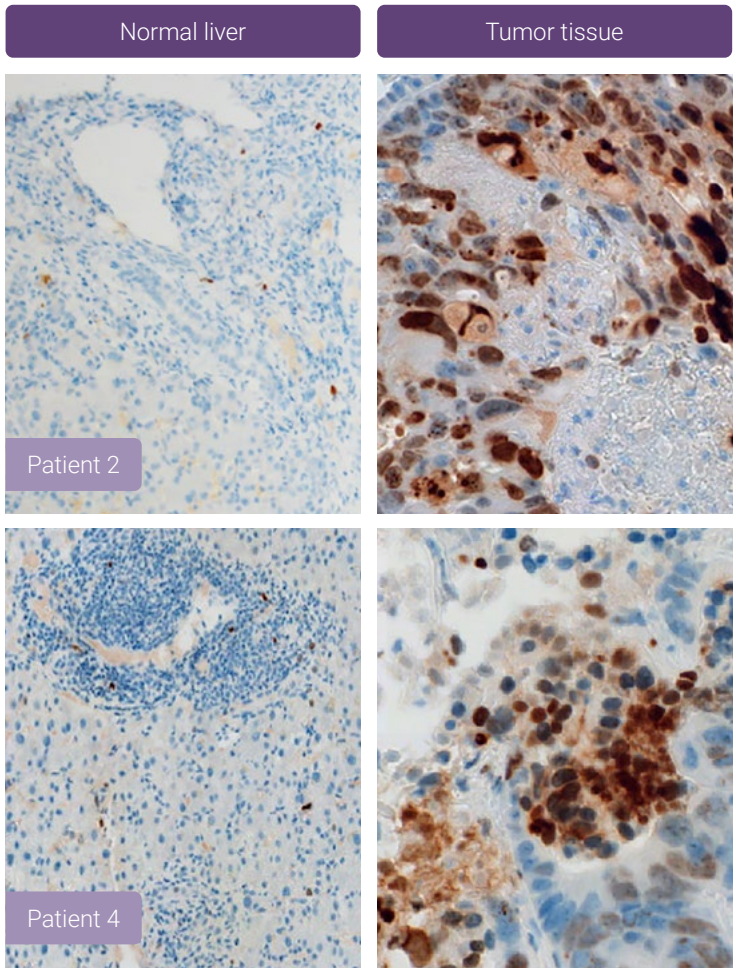


Selective signal of efficacy in liver cancer patients with minimal systemic impact

In Medivir's phase Ia study with fostroxacitabine bralpamide in patients with advanced liver cancer, biopsies were taken of both normal liver tissue and tissue from the liver tumor to study possible fostroxacitabine bralpamide-induced DNA damage. The results were clear. In tumor tissue, the desired DNA damage was observed while normal liver tissue was not affected by fostroxacitabine bralpamide treatment. As in previous preclinical studies, DNA damage in both oxygen-poor and oxygen-rich cancer tissue was observed from the patient biopsies.

The doses administered did not lead to serious side effects and only low levels of fostroxacitabine bralpamide in the blood were detected.

In summary, the data collected from the phase Ia study indicate that the intended effects were achieved, i.e. a clear tumor-selective effect in the liver with minimal impact on normal tissue. Thus, the study provided an early proof-of-concept. This provides strong support for the continued clinical development of fostroxacitabine bralpamide.



Biopsies from liver cancer patients treated with fostroxacitabine bralpamide. Cells with damaged DNA are brown in color.

Interview with James J. Harding, MD

Are we getting any closer to curing or improving the lives of more patients with cancers?

To better understand the different treatment alternatives that are currently used for liver cancer and what future developments we might see that could improve the situation for patients, we have talked to Doctor James J. Harding, MD, who is a medical oncologist at Memorial Sloan Kettering Cancer Center in New York. Dr. Harding specializes in caring for people with liver cancer, gallbladder cancer, and bile duct cancer, as well as other gastrointestinal cancers. He has also developed and is leading numerous national and international clinical trials of new cancer therapies within these indications.

James J. Harding, MD
Medical Oncologist, Memorial Sloan Kettering Cancer Center, New York

What do you regard as the major challenges in the combat against cancer?
Many solid tumors are cured with early detection followed by resection with or without various adjuvant or neoadjuvant therapies. A major challenge of solid tumors is when these cancers recur or present at later stages, either when they are too large for surgical resection, or they spread (metastasize) to distant organs. Late-stage solid tumors are typically not curable, but they are treatable. In the last decade, there have been several advances in the treatment of advanced-stage tumors which are lengthening life and improving quality of life. Other major challenges in cancer include issues of early detection, access to cancer screening as well as disparities in cancer care delivery and access to clinical trials.

There are a large number of clinical trials ongoing in in the field of cancer and liver cancer. Presuming that a number will eventually lead to new therapies, do you expect a major change for the better or will it be a gradual, step-by-step change?
I do not know if we have one revolutionary cancer drug on the horizon, though through continued clinical trials we will get closer to curing or improving the lives of more patients with cancers. All of cancer research is iterative and builds on the collective efforts of scientists, clinical investigators, clinicians, academic centers, pharmaceutical/biotech companies, and importantly, our patients. We are already realizing the success of personalized precision medicine as well as combination based immune therapy through these massive group efforts. We still have a long way to go, but I see progress every year and for HCC, I could only talk about 1 drug prior to 2017 and now we have over 10 available and many more in clinical development.

"A new compound that is effective and has a meaningful benefit to patients, either alone or in rational combinations, could be placed in any line of treatment."

A major change in oncology over the last decade is the emergence of immune checkpoint inhibitors as a therapy and a deeper understanding that the immune system can function to eliminate cancers. It is only in the last five years we have seen a lot of this activity in liver cancer. As we look into the future, we're going to see building on the platform of immune checkpoint inhibitors and adding new drugs in various combinations to improve outcomes.

Do you see anything in today's clinical research that looks particularly promising?
A focus of research is exploring these new combinations at earlier stage of disease as an adjuvant therapy as well as in combination with regional procedures. We are also evaluating novel agents that might further enhance the immune system to rid the body of cancer. Most HCC are not sensitive to immune activation by immune checkpoint inhibitors. Thus, we are evaluating several such immune activating treatments in various combinations in the hopes of improving outcomes and not worsening drug related toxicity. Such agents might include vaccines, cellular therapies, cytokines, novel chemotherapies, small molecules and other agents.

Which are the current treatment options for HCC? Depending on in which stage the patient is diagnosed?
For early-stage HCC, treatment might include ablation, surgical resection or transplant. For liver limited disease treatment that is more extensive, procedures such as hepatic arterial embolization with or without chemotherapy as well as radioembolization are used. For liver limited disease as well as metastatic disease, systemic treatment is used to control the disease and lengthen life. These treatments include immune checkpoint inhibitor combinations, tyrosine kinase inhibitors, and monoclonal antibodies to VEGF (Vascular Endothelial Growth Factor). The field of systemic therapy has advanced rapidly over the last several years.

For patients who are not fit for immune based treatments tyrosine kinase inhibitors such as sorafenib or lenvatinib could be considered in the front line. After failure of immune based combinations, a variety of tyrosine kinase inhibitors could be considered in the second and third line. Importantly, although these treatments have benefit, their effects in most patients remain modest, thus continued clinical development in the first, second line, and beyond is required.

And what could those treatments, if successful, mean for the patient?
In general, these treatments serve to prolong life and improve or prevent deterioration of quality of life. Combination immunotherapy appears to offer an objective response rate of 20–30% with an associated median overall survival between 16–19 months in the front-line. A subset of patients have durable disease control over years. Tyrosine kinase inhibitors or VEGF targeted monoclonals in the second line setting offer an objective response rate of about 4–12% with a median overall survival of 6-10 months. Thus, clearly active but clear room for improvement in terms of a drug development perspective.

What about diagnosis. Do most patients get diagnosed with HCC in quite a late stage?
HCC is a common disease in the world, ranging from 8–900,000 new cases per year. Most patients have underlying cirrhosis or other inflammatory conditions of liver. Unfortunately, most patients present with later stage disease, when curative ablation, surgery or transplant is no longer feasible. Several prospective clinical trials illustrate that screening for liver cancer in high-risk patients will identify patients at earlier stages of disease and rationally it would translate to enable earlier interventions and improved clinical outcomes.

Could earlier detection save lives, or lead to a longer life for patients?
In those patients, with established risk factors for HCC, most guidelines recommend screening for HCC, and available data suggest that early detection may alter the natural history of HCC by prompting early treatment. The issue though is that many times people are unaware of their underlying liver disease and thus do not undergo effective screening.

What can be done in order to improve diagnosis?
The diagnosis of HCC can be made with high quality multiphase CT or MRI of the liver. There are set imaging criteria that have a high sensitivity and specificity to the diagnosis HCC. That said, the gold standard remains pathologic review, but pursuit of biopsy may not be appropriate at all stages of disease and in all cases. Currently, our institution as well as many others, are interested in developing "liquid" biopsies to detect cancer at earlier stages of disease. The underlying idea behind this is that cancer shed particles, such as DNA, that can be identified at very low levels with new DNA sequencing technologies. Although these assays are investigational, they are now being evaluated as means for early diagnosis as well as monitoring response to surgery and systemic treatment on clinical studies.

You are familiar with Medivir's fostroxacitabine bralpamide (MIV-818). Where do you see that fostroxacitabine bralpamide would fit if the candidate drug continues to show promising results and eventually will become approved? What could it contribute in terms of outcome for patients?
The idea behind a prodrug with selective activation in the liver is an attractive approach for cancers that are liver predominant, such as HCC. Several studies have also suggested that chemotherapeutics may enhance the activity of immune checkpoint inhibitors and it will be interesting to see how this plays out in the context of both preclinical and clinical fostroxacitabine bralpamide development. As current therapies still have liabilities and are still not raising the bar to where we want treatment to be, there's certainly a potential space for such novel agents. A new compound that is effective and has a meaningful benefit to patients, either alone or in rational combinations, could be placed in any line of treatment. It depends on the magnitude of anticancer activity.

Lastly, what's your personal ambition for the coming years in the fight against cancer?
Continuing to develop new drugs for bile duct, liver and gallbladder cancer.

Projects for partnering

Medivir focuses primarily on in-house development of fostroxacitabine bralpamide and other business development. To enable further development and commercialization of our other clinical projects, Medivir is looking for industrial or academic partners or licensees.

Medivir has two clinical projects for licensing/partnerships:

- Remetinostat– for the treatment of different types of skin cancers.
- MIV-711 – with the potential to be the first disease-modifying drug in osteoarthritis.

Currently Medivir does not conduct any clinical development for these projects, but instead evaluates the possibilities of concluding a license or collaboration agreement for the continued development of each project.

Remetinostat

Remetinostat, an HDAC inhibitor applied to the skin in the form of a gel, degrades as it reaches the blood stream, reducing the risk of side effects.

Three phase II studies with remetinostat in MF-CTCL, basal cell carcinoma and squamous cell carcinoma have been conducted. Remetinostat has shown positive clinical efficacy and acceptable tolerability without systemic side effects in these three types of skin cancer and in different histological subtypes[1].

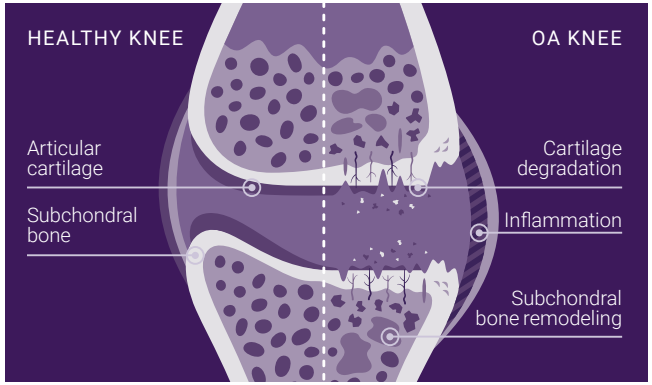
Medivir acquired remetinostat from TetraLogic in 2016. In August 2021, it was announced that Medivir strengthened the business development potential for remetinostat through a renegotiated multi-party agreement. The agreement has been renegotiated so that the compensation Medivir is obliged to pay in the event of a potential future out-licensing of remetinostat is based solely on the distribution of actual future revenues to Medivir. Medivir's goal is to find a partner for phase III and commercialization of remetinostat.

MIV-711

Medivir has conducted a phase II study with MIV-711, a cathepsin K inhibitor for the treatment of osteoarthritis, showing positive effects in both bone and cartilage in joints in osteoarthritis patients after only six months of treatment. Treatment with MIV-711 for a total of 12 months provided continued treatment effect on bone and cartilage, and the patients also retained the positive effects for self-reported pain as well as other clinical symptoms[2].

In February, a subgroup analysis of Medivir´s phase II study of MIV-711 for osteoarthritis was published, showing statistically significant reduction in OA pain.

Medivir's goal is to establish a license or collaboration agreement for the continued development of MIV-711 as the first disease-modifying drug for osteoarthritis.



Recent scientific work suggests that two processes, increased bone turnover and degradation of cartilage tissue, play important roles in the development of osteoarthritis.

1) References: Kilgour et al. Clin Cancer Res. 2021 Sep 1;27(17):4717-4725. doi: 10.1158/1078-0432.CCR-21-0560 and Kilgour et al. JAMA Dermatol. 2022 Jan 1;158(1):105-107. doi: 10.1001/jamadermatol.2021.4549.

2) Reference: Conaghan et al. Ann Intern Med. 2020 Jan 21;172(2):86-95 and Editorial Ann Intern Med. 2020 Jan 21;172(2):147-148.

Outlicensed projects

For outlicensed projects, there are potential future revenues, often in the form of milestones and royalties. Medivir's outlicensed clinical projects consist of birinapant, Xerclear and MIV-701.

Birinapant

Birinapant is a SMAC mimetic acquired in 2016 from TetraLogic Pharmaceuticals Corporation, subsequently developed by Medivir for the treatment of solid tumors. Birinapant has the potential to, in combination with other drugs, improve a number of treatments of solid tumors in order to increase treatment response and extend patient survival where available treatments do not provide the necessary survival or where the patient no longer has any treatment alternatives.

In January 2021, Medivir signed an exclusive licensing agreement with US-based IGM Biosciences for birinapant. Through the agreement, IGM is granted the global and exclusive rights to develop birinapant.

The agreement with IGM provided Medivir with an initial payment of USD 1 million after signing, which was followed by an additional USD 1.5 million in November 2021 when IGM initiated phase I clinical trials with birinapant in combination with its proprietary antibody, IGM-8444, a combination which has shown enhanced antitumor activity preclinically.

The terms of the agreement also entitle Medivir to milestone payments up to a total of approximately USD 350 million, given that birinapant is successfully developed and approved, as well as tiered royalties up to mid-teens on net sales. A portion of all revenue goes to TetraLogic, but the main part goes to Medivir.

Xerclear®

In 2009, Xerclear® (Zoviduo®) was approved for the treatment of labial herpes. The marketing rights to Xerclear® in the USA, Canada and Mexico were divested in 2010, while the corresponding rights in Europe and the rest of the world have been out-licensed to GlaxoSmithKline, with the exception of China, where Medivir in 2020 out-licensed the rights to Shijiazhuang Yuanmai Biotechnology Co Ltd. (SYB), and Israel and South America where Medivir has retained the rights.

Medivir receives royalties on Xerclear®/(Zoviduo®) sales from GlaxoSmithKline. In addition, Medivir would receive milestones when Zoviduo® is approved as an over the counter product in new markets.

After marketing approval and production in China, Medivir will receive a fixed royalty from SYB for each unit sold and the agreement guarantees a minimum sale during the first three years on the market amounting to single-digit million SEK.

MIV-701

In the spring of 2019, a licensing agreement was signed for one of Medivir's candidate drugs, MIV-701, with the French company Vetbiolix, granting Vetbiolix the right to develop the substance for veterinary use.

MIV-701 is a cathepsin K inhibitor that is not suitable for human development due to its rapid degradation in the blood, but which has excellent properties for animals. Medivir is entitled to additional milestone payments as well as royalties during the continued development.

Preclinical projects

In the first quarter of 2020 Medivir entered into a licensing agreement with the US-based biotech company Tango Therapeutics for Medivir's preclinical research program USP-1. Tango plans to evaluate USP-1 both as monotherapy and in combination with PARP inhibitors in patients with BRCA1-mutated breast, ovarian and prostate cancers. Medivir is entitled to multiple development and commercial milestone payments as well as royalties on future sales.

In February 2021 a licensing agreement with Ubiquigent was signed for the preclinical program USP-7. The agreement grants Ubiquigent an exclusive global license to develop and commercialize all of the program's related substances in all therapeutic indications in exchange for agreed revenue sharing with Medivir upon successful development or commercialization.

Sustainable development in a troubled world

Medivir's vision, to improve the life of cancer patients through transformative drugs, shows in itself that sustainability is central to the company.

The ability of people to live as healthy lives as possible requires access to effective medicines and treatments, high-quality and equal care, accurate diagnosis and preventive measures through prevention both before the disease occurs and to prevent recurrence. Good public health and quality of life among the population also means a benefit for the whole society; it benefits development in general, strengthens Sweden's economic prosperity and increases competitiveness. The pharmaceutical sector is one of the most research-intensive industries in Sweden. The companies' innovation-intensive operations are an important component in meeting society's health challenges and improving the quality of healthcare for patients. Here, new treatments and products are developed that prevent and diagnose diseases.

Medivir's biggest contribution to reducing its environmental footprint comes from the development of candidate drugs which have the desired beneficial effect but which also have a minimal environmental impact from a life-cycle perspective.

Medivir's operations are conducted in compliance with regulatory guidelines and industry standards that in a natural way integrates many of the most important sustainability issues. We also work according to the ten principles of the UN Global Compact Program, which includes human rights, working conditions, the environment and corruption.

Medivir's sustainability work focuses on conducting clinical development in accordance with ethical rules and guidelines, taking into account the environmental impact of both Medivir's own operations and those of our suppliers. Medivir also strives to ensure that it provides a safe and developmental work environment, attractive to both today's and tomorrow's employees.

Official regulatory approvals are always required for clinical studies, which are then carried out within the framework of the regulatory and ethical regulations of the countries in question. The requisite permits from regulatory authorities and ethics committees are only issued when Medivir is able to demonstrate satisfactory risk and benefit assessments.

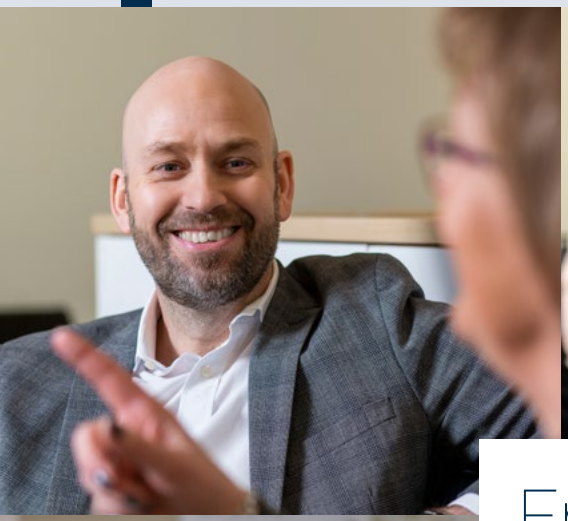
With consideration for the environment

Medivir's biggest contribution to reducing its environmental footprint comes from the development of candidate drugs which have the desired beneficial effect but which also have a minimal environmental impact from a life-cycle perspective.

Medivir strives to reduce its resource consumption by recycling materials wherever possible. Environmental issues also form part of the assessment aspect of all procurement processes for goods and services.

For Medivir, the sustainability work is not limited to its own internal business. For the production of substances and products for clinical development, Medivir employs subcontractors. When selecting subcontractors, applicable environmental and sustainability regulations are important factors to consider before entering into an agreement.

Medivir is a knowledge-intensive company that wants its employees to be able to attend international conferences and meetings in order to promote development and the exchange of ideas and experiences. During the recent years' Covid-19 pandemic, the use of telephone and web conferencing has greatly reduced the number of physical meetings. In general, the company strives to reduce the environmental impact through conscious choice of means of transport and to avoid unnecessary business trips.

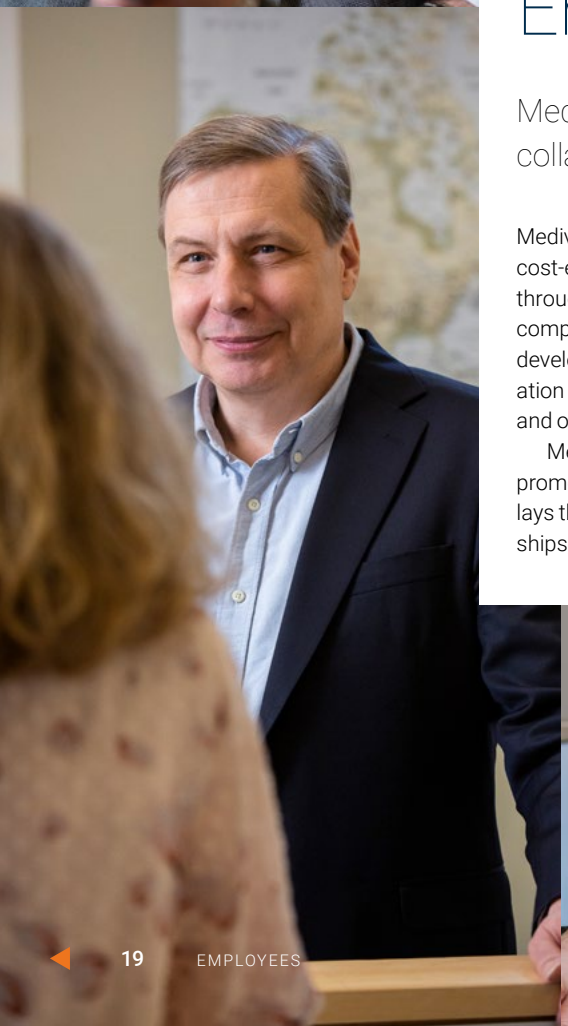



Employees

Medivir's success is based on the ability to collaborate, both internally and externally.

Medivir's drug development is organized to combine cost-effectiveness, quality and flexibility. This is achieved through a small internal organization with cutting edge competence within drug development and business developmental leadership. Medivir also prioritizes cooperation with external academic partners, industrial partners and other service providers.

Medivir strives to create a working environment that promotes health and well-being. A good working climate lays the foundation for job satisfaction and good relationships, low sick leave rates and low staff turnover rates.





The Medivir share

Medivir's class B share has been listed on the Nasdaq Stockholm since 1996, with all trade taking place on the Small Cap list.

Share structure, earnings per share, and equity

There were a total of 55,735,651 (24,287,818) class B shares in Medivir AB at the year-end with a nominal value of SEK 0.5. The average number of shares during the year was 52,814,998 (24,287,818). All shares are equally entitled to participation in Medivir's assets and profits. The share capital at the year-end was SEK 27.9 million (188.5) and the equity totaled SEK 281.1 million (141.9).

Shareholders

There were a total of 9,021 (8,767) shareholders at the year-end, 2,152 (1,580) of whom held more than 1,000 shares. The fifteen biggest shareholders accounted for 51 percent (40%) of the total number of shares and votes. Foreign owners accounted for 21 percent (27%) of the total equity.

Share price performance and turnover, 2021

Medivir's share price increased by 35 percent, from SEK 8.30 to SEK 11.20, in 2021. Nasdaq's Stockholm All Share Index (OMXSPI) increased by 33.7 percent during the same period. Medivir's market capitalization at the end of 2021 was SEK 0.60 billion (0.20 bn), based on the closing price paid at the year-end of SEK 11.20. A total of 39,014,898 Medivir shares were traded on the Nasdaq Stockholm exchange in 2021, corresponding to a turnover rate of 74 percent. The average daily trading volume during the year was 154,209 shares. The Medivir share is primarily traded on the Nasdaq Stockholm.

Share-related incentive plans

The intention of long-term incentive plans is to create the conditions for retaining and recruiting competent staff to the Group, as well as offering employees an attractive opportunity to become a partner in the company to promote and stimulate continued corporate loyalty by combining shareholders and employees' interests.

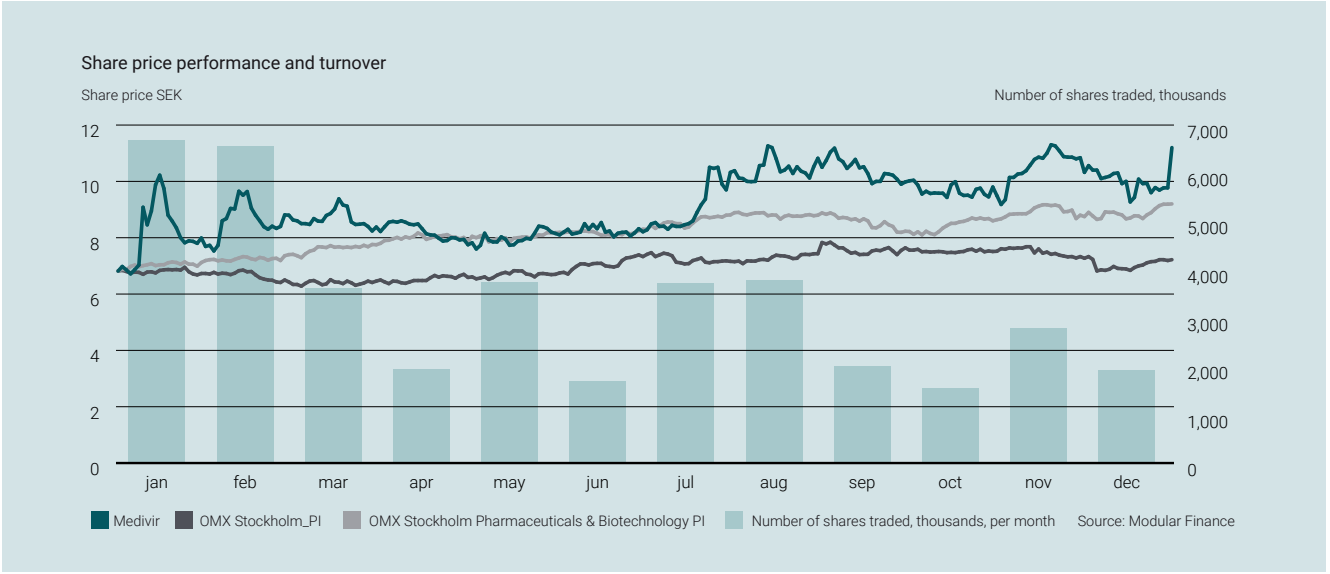
At the beginning of the period, there were 636,699 outstanding warrants in the ongoing incentive program. In January, 57,835 warrants expired in the 2017 program. No shares were subscribed for. During the period, 535,000 warrants were added to the program in 2021. The total number of outstanding warrants at the end of the period amounted to 1,113,864.

In May 2018, the Annual General Meeting approved a new long-term incentive plan. In the second quarter of 2018, Medivir's employees purchased 51,864 warrants with a market value of SEK 5.63 each and a strike price of SEK 52.75 per share. The warrants can be exercised to subscribe for new class B shares during the period from 16 December 2021 to 15 January 2022, inclusive.

In May 2020, the Board of Directors proposed and the AGM approved a new long-term incentive program with the same structure. During the second quarter 2020, Medivir employees bought 227 000 warrants at a market value of 1.30 each with an exercise price of SEK 31.40 per share. In the third quarter 2020, Medivir employees bought an additional 300 000 warrants. These warrants were issued at a market value of SEK 1.00 each with an exercise price of SEK 31.40 per share. The total 527 000 warrants may be exercised to subscribe for new class B shares during the period from 1 December 2023 up to and including 15 December 2023.

In May 2021, the Board of Directors proposed and the AGM approved a new long-term incentive program. During the second quarter 2021, Medivir employees bought 230 000 warrants at a market value of 1.00 each with an exercise price of SEK 13.79 per share. In the fourth quarter 2021, Medivir employees bought an additional 305 000 warrants of which incoming CEO bought 240 000. These warrants were issued at a market value of SEK 1.71 each with an exercise price of SEK 13.79 per share.The warrants may be exercised to subscribe for new class B shares during the period from 1 December 2024 up to and including 15 December 2024.

For a more detailed description, see Note 4 on pages 48–49.



Medivir's 15 largest shareholders 30 December 2021[1]

Name	Class B Shares	% of votes	% of capital
Linc AB	5,840,172	10.5	10.5
Avanza Pension	5,606,824	10.1	10.1
Nordea Nordic Small Cap Fund	4,656,574	8.4	8.4
HealthInvest Partners AB	4,300,000	7.7	7.7
Ålandsbanken	1,139,481	2.0	2.0
Nordnet Pensionsförsäkring AB	1,068,449	1.9	1.9
NGL Förvaltning AB	1,000,000	1.8	1.8
Bank Julius Baer & Co Ltd	889,350	1.6	1.6
Jan Stefan Nydahl	699,954	1.3	1.3
SIX SIS AG	667,792	1.2	1.2
SEB life international assurance	640,000	1.1	1.1
Banque Pictet & Cie SA	522,250	0.9	0.9
Jonas Fredrik Jonsson	515,201	0.9	0.9
SEB Investment Management	502,770	0.9	0.9
Gryningskust Holding AB	470,000	0.8	0.8
Total, 15 largest shareholders	**28,518,817**	**51.2**	**51.2**
Total, other shareholders	**27,216,834**	**48.8**	**48.8**
TOTAL	**55,735,651**	**100**	**100**

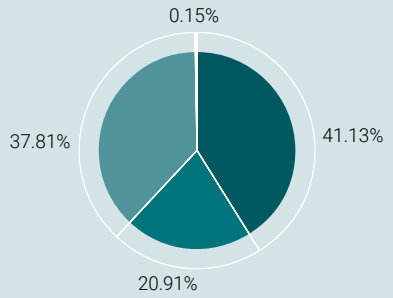
1) Source: Euroclear Sweden. Ownership data in the table may comprise composite data from multiple entries in Euroclear's statistics. These composite entries are designed to show an institution's or private person's total holdings in Medivir.

This composite entry approach has not been taken in other tables for the Medivir share.

Shareholder breakdown by size of holding 30 December 2021

Innehav	Antal aktieägare	Antal AK B	Innehav (%)	Röster (%)
1 – 500	5,841	741,376	1.33	1.33
501 – 1,000	1,028	806,370	1.45	1.45
1,001 – 5,000	1,409	3,372,020	6.05	6.05
5,001 – 10,000	320	2,396,703	4.30	4.30
10,001 – 15,000	110	1,344,133	2.41	2.41
15,001 – 20,000	84	1,510,839	2.71	2.71
20,001 –	229	45,564,210	81.75	81.75
Totalt	**9,021**	**55,735,651**	**100**	**100**

Shareholder categories, % of capital



Source: VPC Analys

Share Capital Performance

Year	Transaction	Nominal amount, SEK	Change in share capital, SEK	Total share amount, SEK	Total no. of class A shares	Total no. of class B shares	Total no. of shares
2011	Exercise of options 2007–2012	5	496,705	143,462,850	660,000	28,032,570	28,692,570
	Non-cash issue	5	12,806,285	156,269,135	660,000	30,593,827	31,253,827
2012	Exercise of options 2007–2012	5	31,000	156,300,135	660,000	30,600,027	31,260,027
2015	Redemption program and bonus issue	6	858,635	157,158,770	606,358	26,359,679	26,966,037
2017	Redemption program and bonus issue	8	533,818	157,692,558	474,769	19,844,208	20,318,977
2018	New share issue	8	30,801,590	188,494,179	474,769	23,813,049	24,287,818
2018	Conversion of class A shares to class B shares	8	–	188,494,179	–	24,287,818	24,287,818
2021	Reduction of share capital	7	-20,908,234	167,585,944	--	24,287,218	24,287,218
2021	New share issue	7	167,507,195	335,093,139	--	48,564,223	48,564,223
2021	Reduction of share capital	4	-146,598,960	188,494,179	--	48,564,223	48,564,223
2021	Directed share issue	4	13,861,920	202,356,099	--	52,135,651	52,135,651
2021	Directed share issue	4	13,972,818	216,328,917	--	55,735,651	55,735,651
2021	Reduction of share capital	0.5	-188,461,091	27,867,826	--	55,735,651	55,735,651

Analysts who cover Medivir

Klas Palin
Erik Penser Bank

Richard Ramanius
Redeye

Ulrik Trattner,
Carnegie Investment Bank

Joe Pantginis,
H.C. Wainwright & Co

Contents

Directors' Report

The Board of Directors and the President of Medivir AB (publ.), corporate ID no. 556238–4361, whose place of incorporation is Huddinge, Sweden, hereby submit the Annual Report for the operations of the Group and the Parent Company, Medivir AB, (publ.) for the 2021 fiscal year. All figures refer to the 2021 fiscal year of the Group, unless otherwise indicated. Comparisons, unless otherwise indicated, are made with the 2020 fiscal year.

The Medivir Group comprises the Parent Company, Medivir AB, and five subsidiary companies, three of which are registered in the UK. The subsidiary companies are currently dormant. The Parent Company's shares are listed on the NASDAQ Stockholm Stock Exchange list for small companies (Small Cap). For additional information, see www.medivir.se.

Medivir develops innovative drugs with a focus on cancer where the unmet medical needs are high. This strategy is aimed at indication areas where available therapies are limited or missing and there are great opportunities to offer significant improvements to patients.

For a detailed description of Medivir's project portfolio, please see pages 9–17.

Significant events in 2021

Fostroxacitabine bralpamide (MIV-818)

- In April, it was announced that the overall results from the first part of the phase Ib study with the company's leading candidate drug, fostroxacitabine bralpamide, were promising and show a good safety and tolerability profile.
- In May, Medivir presented the design for the phase 1b/2a combination study with fostroxacitabine bralpamide for liver cancer.
- At the end of August, Medivir received regulatory approval from the UK Medicines Agency (MHRA) for the phase 1b/2a combination study with fostroxacitabine bralpamide.
- In September, the results of the completed dose escalation phase of the phase 1b monotherapy therapy with fostroxacitabine bralpamide were presented at the ESMO Congress.
- In December, the first patient with HCC began treatment in the phase 1b/2a combination study with fostroxacitabine bralpamide.

Other projects

- In January, Medivir signed an exclusive licensing agreement with IGM Biosciences, Inc. for birinapant.
- In February, Medivir entered into a licensing agreement with Ubiquigent for the preclinical USP-7 research program.
- In May, positive results from an investigator-initiated phase II clinical study of remetinostat in patients with squamous cell carcinoma (SCC) were published on clinicaltrials.gov.
- In August, positive data from the phase II study with remetinostat in basal cell carcinoma (BCC) patients were published in the scientific journal Clinical Cancer Research.
- In August, Medivir announced that it is strengthening the business development potential of remetinostat through a renegotiated multi-party agreement.
- In early November, IGM Biosciences, Inc. initiated a clinical study in solid cancers with birinapant (aka IGM-9427) in combination with IGM's DR5 agonist antibody IGM-8444.
- In mid-November, the results from the investigator-initiated phase II clinical study of remetinostat in patients with squamous cell carcinoma were published in the scientific journal JAMA Dermatology.

The company

- In early 2021, the company raised SEK 195 million before transactions costs in a rights issue in which the over-allotment option was exercised.
- An extraordinary general meeting was held on March 11, 2021, that resolved on a directed issue of shares of about SEK 28 million to Linc AB.
- In April, Medivir announced that CFO Magnus Christensen had been appointed as interim CEO.
- In July, Medivir appointed Malene Jensen as Vice President Clinical Development.
- In late October, Medivir announced that it appointed Jens Lindberg as its new CEO. Jens assumed his position as CEO on January 24, 2022.

Long-term incentive plans

At the beginning of the period there were 636,699 outstanding warrants in the current incentive plan. In January 2021, 57,835 warrants matured in the 2017 plan. No shares were subscribed for. During the period, 535,000 warrants were added to the 2021 plan. The total number of outstanding warrants at the end of the period amounted to 1,113,864.

In May 2018, the Board of Directors and the Annual General Meeting approved a new long-term incentive plan. In the second quarter of 2018, Medivir's employees purchased 51,864 warrants with a market value of SEK 5.63 each and a strike price of SEK 52.75 per share. The warrants can be exercised to subscribe for new class B shares during the period from December 16, 2021 through January 15, 2022. The 2018 valuation calculation was based on the following figures: term, 3.66 years; strike price, SEK 52.75; VWAP, SEK 39.66; risk-free interest rate, -0.16 percent; volatility, 32 percent. After recalculation because of the rights issue in the first quarter of 2021, each such warrant entitles the holder to subscribe for 1.16 new Class B shares in the company at a subscription price of SEK 45.52.

In May 2020, the Board of Directors and the Annual General Meeting approved a new long-term incentive plan. In the second quarter of 2020, Medivir's employees purchased 227,000 warrants with a market value of SEK 1.30 each and a strike price of SEK 31.40 per share. Medivir's employees purchased a further 300,000 warrants in the third quarter of 2020. These warrants were issued at a market value of SEK 1.00 with a strike price of SEK 31.40 per share. The total of 527,000 warrants can be exercised to subscribe for new class B shares during the period from December 1, 2023 through December 15, 2023. The 2020 valuation calculation was based on the following figures: term, 3.58 years; strike price, SEK 31.40; VWAP, SEK 15.70; risk-free interest rate, 0.0 percent; volatility, 41 percent. After recalculation because of the rights issue in the first quarter of 2021, each such warrant entitles the holder to subscribe for 1.16 new Class B shares in the company at a subscription price of SEK 27.10.

In May 2021, the Board of Directors and the Annual General Meeting approved a new long-term incentive plan. In the second quarter of 2021, Medivir's employees purchased 230,000 warrants with a market value of SEK 1.00 each and a strike price of SEK 13.79 per share. In the fourth quarter 2021, Medivir employees bought an additional 305,000 warrants of which incoming CEO bought 240,000. These warrants were issued at a market price of SEK 1.71 with an exercise price of SEK 13.79 per share. The warrants can be exercised to subscribe for new class B shares during the period from December 1, 2024 through December 15, 2024. The 2021 valuation calculation was based on the following figures: term, 3.60 years; strike price, SEK 13.79; VWAP, SEK 7.88; risk-free interest rate, 0.4 percent; volatility, 41 percent.

Significant events after the end of the fiscal year

- In January, it was announced that the WHO had selected fostroxacitabine bralpamide as the official generic name for the patented candidate drug MIV-818, which is in clinical development in primary liver cancer.
- In January biomarker data from the fostroxacitabine bralpamide-phase 1 study was presented as an e-poster at the EASL Liver Cancer Summit.
- Jens Lindberg assumed his position as CEO of Medivir on January 24, 2022.
- In February, a subgroup analysis of Medivir´s phase II study of MIV-711 for osteoarthritis was published, showing statistically significant reduction in OA pain.
- Medivir's Nomination Committee has announced that for the 2022 Annual General Meeting it will propose re-election of Uli Hacksell, Lennart Hansson, Yilmaz Mahshid and Bengt Westermark, and new election of Anette Lindqvist as board members. The Nomination Committee will propose a re-election of Uli Hacksell as the Chairman of the Board. An van Es Johansson has declined re-election.

The Group's results and financial position

Revenues, expenses, and results

Net turnover for the period from January–December 2021 was SEK 25.5 million (13.9), a year-on-year increase of SEK 11.6 million. The increase relates to revenue attributable to the licensing agreement entered into regarding birinapant. During the first quarter, reimbursement was received for previous clinical studies and is reported as other operating income.

Other external costs totaled SEK -73.3 million (-52.9), an increase of SEK 20.3 million that mainly relates to higher costs for clinical studies, as well a milestone payment related to birinapant.

Personnel costs totaled SEK -21.4 million (-24.9) a decrease of SEK 3.5 million that mainly relates to fewer employees compared with the previous year. The total overheads amounted to SEK -97.9 million (-84.2), an increase of 13.7 million.

Depreciation, amortization and impairment for the period totaled SEK -2.6 million (-4.4).

Net financial items totaled SEK -0.5 million (0.3), a decrease of SEK 0.8 million, mainly attributable to higher interest expenses.

The operating loss totaled SEK -62.1 million (-42.9), a decline of SEK 19.2 million. The tax for the period totaled SEK -0.5 million (0.0). The loss for the period totaled SEK -63.1 million (-42.6), a decline of SEK 20.5 million. The lower result mainly relates to the positive effect of renegotiated leases in the previous year, which are recognized as other operating income, as well as higher clinical costs in 2021.

Cash flow and financial position

Cash and cash equivalents, including short-term investments with a maximum term of three months, totaled SEK 221.2 million (70.0), corresponding to an increase of SEK 151.2 million. The corresponding amount at the beginning of 2021 was SEK 70.0 million (134.5).

Medivir's financial assets are, in accordance with its financial policy, invested in low-risk, interest-bearing securities.

The cash flow from operating activities totaled SEK -48.7 million (-58.1), with changes in working capital accounting for SEK 12.4 million (-2.3) of this total.

Cash flow from financing activities totaled SEK 199.4 million (-12.1).

Investments, depreciation, amortization and impairment

Investments in tangible and intangible fixed assets during the period totaled SEK 0.0 million (5.4).

Depreciation, amortization and impairment of property, plant and equipment and intangible fixed assets during the period were charged against earnings in the sum of SEK -2.6 million (-4.4) and SEK -0.0 million (-0.0), respectively.

Royalty undertakings

A part of Medivir's research and development projects work has been carried out exclusively in-house, for which reason Medivir is entitled to all revenues relating to these innovations. Medivir also conducts research and development work that originates from universities and pharmaceutical companies, and Medivir is consequently entitled to the revenues generated by these projects but obliged to pay royalties on the same.

Royalty costs during the period totaled SEK 0.8 million (1.7).

Breakdown of net sales

SEK million	2021	2020
Upfront and milestone payments	21,342	5,110
Royalty	4,195	8,838
Total	**25,538**	**13,948**

Patents
Patent protection and regulatory protection, such as data exclusivity, orphan drug exclusivity, and pediatric extension, are key components of pharmaceutical development, both for those projects that are developed in-house and those that are inlicensed. At the end of the year, Medivir's patent portfolio comprised 18 patent families, including 16 proprietary and 2 exclusively inlicensed from Harvard and Princeton Universities. In total, over 285 granted patents protect the company's candidate drugs. In addition, Medivir has outlicensed about 8 patent families in preclinical projects that are now being conducted by partners. Medivir is of the opinion that its proprietary and inlicensed patent protection, as well as regulatory protection, are strong and therefore provide adequate and effective protection for Medivir's current and future commercial position. The company is not currently subject to any claims relating to liability etc. with regard to alleged infringements of third-party intellectual property rights. In addition to patent protection, the FDA has granted orphan drug designation in the US for the company's candidate drugs: remetinostat for the treatment of Mycosis Fungoides (MF) cutaneous T-cell lymphoma (MF-CTCL), and fostroxacitabine bralpamide (MIV-818) for the treatment of hepatocellular cancer. The European Commission has also granted orphan drug designation for fostroxacitabine bralpamide within the EU.

Risk factors

An effective risk assessment reconciles Medivir's business opportunities and results with the requirements of shareholders and other stakeholders for stable, long-term value growth and control. If competing products take market shares or competing research projects achieve better efficacy and reach the market more quickly, the future value of Medivir's product and project portfolio may be lower than originally expected. The process of research and pharmaceutical development, all the way up to approved registration, is both highly risky and capital-intensive. The majority of the projects begun never achieve market registration. Medivir's ability to conduct clinical studies, to enter into partnerships, and to successfully develop its candidate drugs to market launch and sales, are crucial in terms of the company's future.

Development
Drug development is associated with a high level of risk. Development projects are abandoned during the process when the substances being developed either prove unable to demonstrate the desired efficacy or display risks of unwanted side effects.

Safety and efficacy criteria in clinical trials
Before launching any of Medivir's candidate drugs, Medivir and/or its partner must demonstrate that the pharmaceutical compound complies with the stringent safety and efficacy norms set by the regulatory authorities in the countries in which Medivir plans to market the drug.

The process of obtaining regulatory authorization to market a new candidate drug usually demands extensive preclinical and clinical trials, which are extremely costly and take a very long time. The FDA, EMA and other regulatory authorities may delay, restrict or refuse authorization for a number of reasons, including the possibility that a candidate drug is unsafe or ineffective. If Medivir is unable to obtain authorization for its existing or future candidate drugs, it will be unable to market or sell them. Any deficiencies or delays in the implementation of preclinical or clinical trials will reduce or delay Medivir's ability to generate revenues from the commercialization of these candidate drugs and may have a significant negative effect on Medivir's ability to retain and complement its project portfolio.

Regulatory approval
Medivir is exposed to regulatory decisions such as the permits required to commercialize pharmaceuticals and regulatory changes with regard to pricing and discounting of pharmaceuticals, or altered conditions for prescribing a particular pharmaceutical product.

Production
Medivir has no proprietary production facilities and the company is consequently dependent on subcontractors for pharmaceutical production and for production for projects in preclinical and clinical development.

The relevant compound must be produced in a sufficient quantity and with sufficient quality. The risk exists that Medivir will not have the ability to satisfy its production needs at a reasonable cost at the appropriate time. Moreover, production processes must take into account the environment, working conditions, and human rights.

Competition
Medivir is not the only company that carries out development projects, for which reason successful competing development projects may make completing a project less attractive for marketing reasons. Competitors may develop, market and sell pharmaceuticals that are more effective, safer and cheaper than Medivir's. Once a product has been approved, competitors may also have both greater manufacturing and distribution capacity than Medivir and superior sales and marketing prospects.

Commercial success and market acceptance
Even if Medivir's candidate drugs receive regulatory approval, there is no guarantee that the medication will achieve acceptance among physicians, patients or drug payors. The degree of market acceptance depends on a number of different factors, including the incidence and degree of any side effects, the availability of alternative therapies, price and cost effectiveness, and sales and marketing strategies.

Product liability and insurance coverage
Medivir's operations entail product liability – something that is unavoidable in conjunction with research and development, preclinical trials and clinical trials, and the production, marketing and sale of pharmaceuticals. Even if Medivir considers its existing insurance coverage to be sufficient, the extent and amount of indemnity provided by the insurance coverage is limited, for which reason there is no guarantee that Medivir will be fully recompensed for any damage incurred under its current insurance policy. Moreover, there is no guarantee that suitable insurance coverage can be obtained at an acceptable cost, that such insurance cover can actually be arranged, or that product liability claims or other claims will not have a significantly negative effect on Medivir's operations and financial position.

Patent protection
Medivir's future success is largely dependent on the company's ability to secure and retain protection for the intellectual property rights attributable to Medivir's products. Assessing the potential for achieving patent protection for inventions within the pharmaceutical and biotechnology areas is generally difficult and entails addressing complex legal and scientific issues. There is no guarantee that Medivir will be able to secure or retain patents for either its products or its technologies. Even if patents are issued, they may be contested, invalidated or circumvented, which will limit Medivir's ability to prevent competitors from marketing similar products, thereby reducing the time for which Medivir has patent protection for its products.

Collaboration risks
Entering into collaboration agreements with pharmaceutical and biotechnology companies for the development and sales of the company's potential products is a significant component of Medivir's strategy. The success of such partnerships may vary. Conflicts or differences of opinion may arise between Medivir's partners or counterparties with regard to the interpretation of clinical data, achieving milestone payments, and interpretation of financial remuneration for or title to patents and similar rights developed within the frameworks of these partnerships.

Reliance on key employees
Medivir is highly reliant on certain key employees. The ability to recruit and retain qualified employees is of the utmost importance in ensuring the requisite level of expertise within the company.

Financial risks
Developing new drugs is expensive and takes a long time. Medivir's future potential for revenues of its own depend on the ability, over time, to outlicense or commercialize research and development projects and thereby receive revenues in the form of milestone payments, ongoing royalty payments, or sales revenues. The company might also, from time to time, need to acquire new capital via new share issues. The future profit performance is uncertain. Current and future partnership agreements may have a significant impact on Medivir's future revenues and cash position. For a detailed presentation of financial risks, such as currency risk, interest rate risk, credit risk and liquidity risk, see Note 7 on pages 50-52.

Related party transactions
There are existing agreements between companies owned by former senior executives and Medivir entered into in 2005, conferring entitlement to royalties on products within the field of infectious diseases that the company has developed based on patented inventions that the company has acquired from the parties in question. There have been no related party transactions during the period.

Information security
Medivir's IT systems are exposed to risks such as computer viruses, unauthorized intrusions, natural disasters and breakdowns in the telecommunications or electricity networks. Such events could disrupt the company's operations, delay development, delay submission of applications for authorization to regulatory authorities and increase the company's costs.

Covid-19 pandemic
The Covid-19 pandemic has marked the past year in many ways. It has caused severe pressure on healthcare and in many cases also caused delays and complicated recruitment to clinical trials. Medivir has implemented measures to protect its employees and accept its social responsibility, while also trying to minimize the negative impact the Covid-19 pandemic may have on its operations. Medivir's clinical trials have not been significantly delayed by the pandemic. Medivir will continuously monitor the situation moving forward in order to be able to introduce further measures if necessary.

Employees
At the end of the period Medivir had 9 (9) employees (recalculated as full-time positions), 67% (56%) of whom were women.

Salaries, remuneration, and social security contributions totaled SEK 20,886 thousand (24,290); for further information, see Note 4, pages 48–49. For details of guidelines for remuneration to senior

executives approved at the 2021 AGM, see the Corporate Governance Report on pages 28-36. See Note 4 with regard to remuneration disbursed to senior executives in the 2021 fiscal year.

Legal issues

Medivir is not and has not been party to any legal proceedings or arbitration proceedings during the past 12 months that had or could have a material effect on Medivir's financial position or profitability.

Environmental work and occupational health and safety

Medivir creates sustainable value through its development of drugs that contribute to giving people better/longer lives. Medivir also strives to be a responsible business partner and employer and consequently conducts an active program of environmental and occupational health and safety work that ensures the company complies fully with all environmental and occupational health and safety-related legislation. In addition, Medivir's Occupational Health and Safety Policy, and our Environmental Policy, both emphasize the importance of maintaining a good working environment and of minimizing the environmental impact of our operations. Incident reporting is an important tool in ensuring a high standard of occupational health and safety, and all incidents and accidents are, therefore, followed up. The company is not involved in any environmental disputes and no workplace accidents were reported to the Swedish Work Environment Authority in 2021. For additional information on Medivir's environmental and occupational health & safety work, see page 18.

Parent Company in brief

Medivir AB (publ), corporate identity number 556238-4361 is the Parent Company of the Group. The operations comprise drug development, as well as administrative and managerial functions.

Net turnover totaled SEK 25.5 million (13.9).

Combined operating expenses totaled SEK -98.2 million (-84.6), an increase of SEK 13.6 million.

The operating loss was SEK -62.5 million (-45.8), a decline of SEK 16.7 million.

Net financial items amounted to SEK 7.2 million (0.8), an increase of SEK 6.3 million.

The tax for the period totaled SEK 0.0 million (0.0). The loss for the period totaled SEK -55.3 million (-44.9), a decline of SEK 10.4 million. The lower result mainly relates to the positive effect of renegotiated leases in the previous year, which are recognized as other operating income, as well as higher clinical costs in 2021.

Cash and cash equivalents, including short-term investments with a maximum term of three months, totaled SEK 220.6 million (62.3).

Summary of future development work

In the future, Medivir intends to primarily invest in clinical pharmaceutical projects in oncology.

The Board of Directors and the management are of the opinion that existing cash and cash equivalents are sufficient to meet the company's needs in completing ongoing clinical activities.

Proposed treatment of non-restricted equity

The following non-restricted equity is available for disposition by the Annual General Meeting.

	SEK
Share premium reserve	628,170,898
Accumulated loss	-320,601,278
Net profit for the year	-55,313,665
Total	**252,255,955**

The Board of Directors proposes that the Annual General Meeting resolve that the above amount, namely SEK 252,255,955, be carried forward.

Dividend

The Board of Directors proposes that no dividend be paid for the 2021 fiscal year.

Corporate Governance Report

The Parent Company is the Swedish public limited company, Medivir AB, whose shares are listed on the NASDAQ Stockholm stock exchange. Good corporate governance is an essential component of Medivir's efforts to create value for its shareholders and we endeavor at all times to:

- Generate optimum conditions for active and responsible corporate governance.
- Achieve a well-balanced division of responsibility between owners, the Board of Directors, and the company management.
- Maintain a high level of transparency in relationships with owners, the capital market, employees and society at large.

Compliance with the Swedish Code of Corporate Governance ("the Code")

Medivir has applied the Code since July 1, 2008 and has undertaken to follow best practice, wherever possible, with regard to corporate governance. The company has not deviated from any of the provisions of the Code in 2021.

Decision-making at shareholders' meetings

Medivir's shareholders exercise their right of decision at the Annual General Meeting and any Extraordinary General Meetings. See pages 20–21 for more information about Medivir's share and shareholders.

AGM

Shareholders exercise their control over the company at the AGM or at EGMs. Minutes from and information on Medivir's General Meetings can be found on the website.

2021 Annual General Meeting

The Annual General Meeting was held on May 5, 2021. In all, 13 (13) shareholders attended, either in person or through proxies, representing 28.16 percent (11.96) of the votes. Helena Levander, Chairperson of the Board, was elected to serve as Chairperson of the AGM.

Matters resolved by the AGM:

- Re-election of Board Members Uli Hacksell, Lennart Hansson, Bengt Julander, Helena Levander, Bengt Westermark, and An van Es Johansson and new election of Yilmaz Mahshid. Uli Hacksell was elected to serve as Chairman of the Board.
- The Auditors' fees for the period until the next AGM shall be payable upon approval of their invoice within the framework of the amount quoted.
- Remuneration guidelines to senior executives.
- Procedures for the appointment of the Nomination Committee and its work.
- The Directors' fees for the period until the next AGM were set at a maximum of SEK 1,675,000, divided as follows: The Chairman shall receive SEK 675,000, and the other Members who are not employed by the company shall each receive SEK 250,000.
- Authorization of the Board on one or more occasions before the next AGM, with or without deviation from the shareholders' preferential rights, to approve the new issue of class B shares in a number that shall not collectively exceed 20 percent of the total number of shares outstanding in the company after exercise of this authorization. Issuance of new shares under the authorization shall be carried out on market terms.
- Resolution on the issue of warrants under a new incentive program.
- Amendment to the articles of association in accordance with the Board's proposal.

Extraordinary General Meetings 2021

The extraordinary general meeting in January 2021 resolved to issue class B shares with preferential rights to existing shareholders to raise about SEK 170 million before transactions costs, as well as the exercise of the overallotment option of SEK 25 million. An additional extraordinary general meeting was held in March 2021 that resolved on a directed issue of shares of about SEK 28 million.

The model reflects the situation as of Dec. 31, 2021 * Tom Morris is hired on a consultancy basis.

2022 Annual General Meeting

The AGM 2022 will be held on May 5, at IVA Conference Centre, Grev Turegatan 16, Stockholm.

Nomination Committee

Under the Nomination Committee procedure adopted at the 2021 AGM, the Chairman of the Board shall contact the three largest shareholders in terms of the number of votes at the end of the third quarter and offer them the opportunity to each appoint a representative to the Nomination Committee. If any of these shareholders waive their right to appoint a representative, the right shall pass to the shareholder with the next largest shareholding after these shareholders. According to the procedure, the Chairman of the Board shall also be a member of the Nomination Committee. The Committee members shall jointly elect a Chairman to lead the work of the Committee.

Nomination Committee duties

The duties have changed over the years in order to comply with the requirements of the Code. The primary duty of the Committee continues, however, to be to propose candidates for election to the Board of Directors. In order to ensure its ability to evaluate the expertise and experience required of Board Members, the Committee must keep itself informed of the Group's strategy and the challenges it will face. The Committee must also take into consideration all applicable rules governing the independence of the Board Members. The Committee shall also draw up proposals for resolution by the AGM regarding the remuneration and fees payable to: Board Members elected by the AGM but who are not employed by the company, the auditor and Members of the Nomination Committee.

To date, the Committee has not proposed payment of any remuneration to its members. The Nomination Committee proposes candidates for the position of auditor in consultation with the Board of Directors. The Nomination Committee is also tasked with proposing a candidate for election as Chairman of the AGM.

The work of the Nomination Committee ahead of the 2022 AGM

The work begins with a review of a checklist detailing all of the duties of the Committee as prescribed by the Swedish Code of Corporate Governance and by the Nomination Committee's Rules of Procedure as adopted by the AGM. A timetable is also set for the work. A good understanding of Medivir's operations is vital in enabling the members of the Committee to carry out their duties. The Chairman of the Board is responsible for the annual appraisal of the work of the Board, including the efforts of the individual Members of the Board. In 2021 the Board Members responded to a digital questionnaire and the results were compiled by an external supplier. A report based on the results was then jointly discussed at the December Board Meeting, which provided the Board and its Chairman with a good picture of how the Board can improve its work. The Nomination Committee was also informed of the results of these appraisals, including the appraisal of the Chairman of the Board. The Committee interviewed all Board Members as part of the task of evaluating the Board of Directors. The Committee is thus able to assess the expertise and experience required for Board Members. The Nomination Committee also studied the Group's appraisals of the quality and efficiency of the Auditor's work, including recommendations for auditors and audit fees. The Nomination Committee had held six meetings by March 15, 2022. The Committee's full proposals for the 2022 AGM were published in conjunction with publication of the notice convening the AGM.

The composition of the 2021–2022 Nomination Committee was as follows:

- Karl Tobieson, Chairman of the Nomination Committee, and representing Linc AB
- Jan Särlvik, representing Nordea Fonder
- Anders Hallberg, representing HealthInvest Partners
- Uli Hacksell, Chairman of the Board Medivir AB

Medivir's Nomination Committee has announced that it will propose to the 2022 Annual General Meeting the re-election of board members Uli Hacksell, Lennart Hansson, Yilmaz Mahshid and Bengt Westermark and the election of Anette Lindqvist as new board member. As Chairman of the Board, the Nomination Committee will propose re-election of Uli Hacksell. An van Es Johansson has declined re-election.

Members of the Nomination Committee

The Nomination Committee, ahead of the 2022 AGM (appointed by the biggest shareholders in terms of the number of votes held on Sept. 30, 2021)

Name	Representing	Proportion of votes, % Sept. 30, 2021
Karl Tobieson	Linc AB	10.5
Jan Särlvik	Nordea Fonder	9.0
Anders Hallberg	HealthInvest Partners	7.5
Uli Hacksell	Medivir's Chairman of the Board (convenor)	0.4
Total		**27.4**

Duties and work of the Board of Directors

The primary duty of the Board is to manage the Group's operations on behalf of the owners in such a way that the interests of the owners, in terms of a long-term healthy return on capital invested, are optimally protected. The Board manages and decides on Group-wide issues such as:

- Strategic orientation and significant objectives.
- Significant issues in relation to the optimization of capital structure, investments, acquisitions, and divestments.
- Monitoring and control of operations, financial position, information provision and organizational issues, including appraisals of the Group's executive management.
- Appointment and, when required, dismissal of the CEO.
- Overall responsibility for setting up efficient systems for internal control and risk management.
- Significant policies.

Composition of the Board of Directors

The Members of the Board shall serve from the end of the AGM at which they were elected until the end of the next AGM.

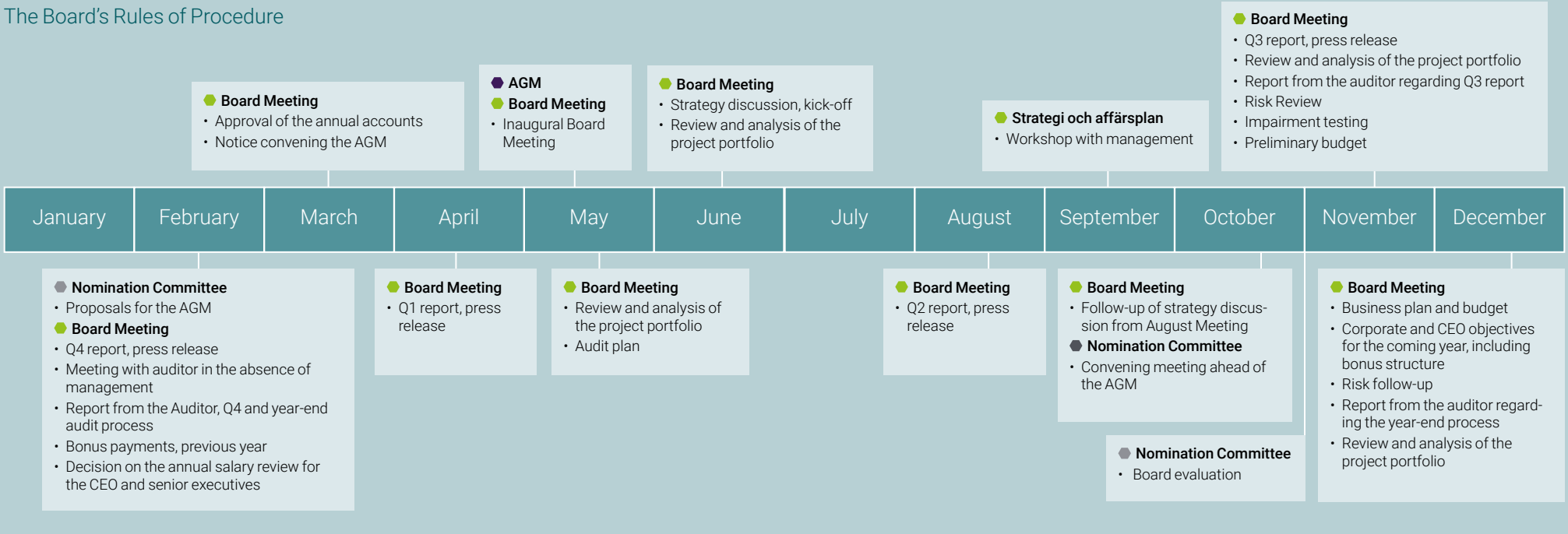
There is no limit on the number of consecutive periods during which a person may be a Board Member. The Board of Directors elected by the shareholders at the 2021 AGM until the end of the 2022 AGM comprised five Members of the Board and no Deputy Members, including the Chairman of the Board. Women make up 20 percent of the Board. The CEO and CFO also attend Board Meetings. However, they are not present for matters that may involve a conflict of interest, or where it is otherwise inappropriate for them to attend, such as in conjunction with the evaluation of the CEO's work. See page 35 for a presentation of the Members of the Board.

Rules of Procedure and Board Meetings

The Board of Directors adopts written Rules of Procedure every year, clarifying the duties of the Board and regulating the division of labor of the Board, including the role of the Chairman, the decision-making process within the Board, the Board's schedule of meetings, notices convening Board Meetings, agendas and minutes.

The Rules of Procedure also regulate how the Board shall receive information and documentation in order to ensure its ability to take well-founded decisions. The Board adopts written instructions for the CEO each year, clarifying the CEO's responsibility for the ongoing administration, methods of reporting to the Board, the requirement for internal control instruments, and other matters requiring a decision by the Board or which must be reported to the Board. The Rules of Procedure require an inaugural Board Meeting to be held immediately after the AGM. The Board normally also holds a minimum of six additional Meetings each year. Four of these Meetings are held in conjunction with the publication of the Group's annual and interim reports. Each meeting addresses the company's project portfolio and business development. In addition, at least one meeting addresses specific long-term strategy issues. The budget and economic outlook are addressed at the final Meeting of each calendar year. Additional meetings, incl. telephone conferences, are held as required.

The Board's Rules of Procedure



Responsibilities of the Chairman of the Board

The Chairman is responsible for ensuring that the work of the Board is well-organized, conducted efficiently, and that the Board fulfills its obligations. The Chairman monitors company operations in dialogue with the CEO and is responsible for ensuring that other Board Members receive the information and documentation required to enable a high standard of discussion and decision-making, and for monitoring the implementation of the Board's decisions. The Chairman is responsible for conducting an annual appraisal of the Board's work and for ensuring that the Nomination Committee is provided with the results of the appraisals. The Board has evaluated its work during the year by means of an online questionnaire comprising ca. 50 questions in seven areas. The Board has completed the same questionnaire for four years, for which reason a good description of the trend was obtained. This year's evaluation of the board of directors shows an even and strong result where all seven question areas receives a higher ranking than the previous year. Among the strongest areas are the board's competence, composition and working climate. The results of the evaluation were presented to the Nomination Committee. The Chairman represents Medivir on ownership issues.

The work of the Board of Directors in 2021

The Board has held 24 minuted Meetings in 2021 at which the Members had the opportunity to participate virtually. The attendance of the individual Members at these Meetings is shown in the table below. All meetings followed an approved agenda which, together with the documentation for every item, was provided to the Members before the relevant meeting. An ordinary Board Meeting usually lasts for just over half a day in order to ensure sufficient time for presentations and discussions.

The CEO and CFO participate in the majority of Board Meetings. Reviews of the current business position, developments relating to ongoing projects, the Group's results and financial position, liquidity and the outlook for the rest of the year are conducted at every ordinary Board Meeting.

A member of Group management usually reviews a relevant strategic issue. The work of the Board during the year largely focused on:

- Development of the project portfolio.
- Financial development and capital acquisition.
- Interim Reports, the Year-end Report, and the Annual Report.
- Collaborations and partnerships.
- Overview of corporate management.
- Reviews of proposals regarding salaries, variable and fixed remuneration.
- Review of the results of, and proposals for, long-term incentive plans.
- Reviews of the company's risk management, governance, and internal controls.
- Reviews of reports from the company's Auditor elected by the AGM, including the Auditor's audit plan.

The Board of Directors' attendance and fees[1]

				ATTENDANCE (TOTAL NUMBER OF MEETINGS)	TOTAL REMUNERATION
Members elected by the AGM	**Elected**	**Born**	**Independent**	**Board Meetings**	
Uli Hacksell, Chairman	2018	1950	Yes	24/24	675,000
Lennart Hansson	2018	1956	Yes	23/24	250,000
Bengt Julander[2,4]	2017	1953	No	9/12	-
Helena Levander[2]	2015	1957	Yes	12/12	-
Yilmaz Mahshid[3]	2021	1979	Yes	12/12	250,000
An van Es Johansson	2019	1960	Yes	22/24	250,000
Bengt Westermark	2017	1945	Yes	24/24	250,000

1) The attendance of the Board members refers to the year 2021. Total remuneration refers to fees paid to the Board of Directors during the period from May 2021 – April 2022. The fee payable to Members of the Board elected by the Annual General Meeting is determined by the Annual General Meeting in line with a proposal by the Nomination Committee. Fees excludes travel expenses. Differences arise between the maximum fee approved by the Annual General Meeting and the actual amount disbursed, as the actual amount disbursed during the calendar year is a combination of the fees paid between the two most recent General Meetings. See Note 4 on pages 48-49 for the actual amounts disbursed.
2) Resigned at the 2021 AGM.
3) Appointed at the 2021 AGM.
4) Independent in relation to the company and the company management, but not independent in relation to the company's major shareholders.

Group management

The Board appoints the CEO and, where necessary, the Deputy CEO. The CEO leads the work of Group management and is responsible, together with Group management, for ensuring that the operating activities are conducted in accordance with the provisions of the Swedish Companies Act, other legislation and regulations, applicable regulations for listed companies, the Articles of Association, and the CEO's Instructions. Group management has a broad composition of individuals with in-depth and extensive experience of R&D, registration and approval of pharmaceuticals, and the requisite expertise in commercial development, accounting, finance and communication. For a presentation of Group management, see page 36. The role of Group management is to:

- Set goals, allocate resources, and follow up on the performance of the company and the development of the projects.
- Produce information and documentation that enables the Board to take well-founded decisions.
- Implement the strategy adopted by the Board throughout the organization on the basis of the annual strategic work.
- Following up on established goals is a key tool in the management of our operational work.

Guidelines for remuneration to senior executives

Remuneration principles for senior executives at Medivir are determined by the AGM. The proposed guidelines for 2022 are essentially in line with the guidelines applied to date, but have been adapted as a result of certain changes in the Companies Act.

In this context, senior executives refers to the CEO and other members of Group management. The guidelines apply to employment contracts entered into after the adoption of the guidelines by the AGM or AGM-approved amendments to existing terms. Medivir shall offer a competitive total compensation package that promotes recruitment and retention of qualified senior executives. Remuneration payable to senior executives may comprise a fixed salary, performance-related pay, incentive plans approved by the AGM, pensions and other benefits. The fixed salary shall take into account the extent of the individual's responsibilities and their experience.

Performance-based pay, as a cash bonus, may comprise a maximum of 50% of the annual fixed salary. Performance-related pay shall be linked to predetermined and quantifiable criteria formulated in order to promote the company's long-term value creation.

A remuneration report covering the types of remuneration regulated by guidelines adopted by the AGM has been prepared separately and will be presented at the AGM in May 2022.

Evaluation of principles for remuneration to senior executives

In 2021, Medivir has complied with the remuneration principles for senior executives approved by the AGM.

Long-term incentive plans

The purpose of long-term incentive plans is to generate the conditions for retaining and recruiting competent personnel and to offer employees an attractive opportunity to acquire a stake in the Group, so as to encourage continued company loyalty by combining the interests of the shareholders and the employees.

At the beginning of the period, there were 636,699 outstanding warrants in the ongoing incentive program. In January, 57,835 warrants expired in the 2017 program. No shares were subscribed for. During the period, 535,000 warrants were added to the program in 2021. The total number of outstanding warrants at the end of the period amounted to 1,113,864.

Remuneration to senior executives (SEK thousand)

Funktion	Year	Fixed salary	Performance-related pay	Benefits	Severance pay	Total	Pension	Total
Former CEO, Uli Hacksell[1]	**2021**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2020	1,710	0	0	0	1,710	0	1,710
CEO Yilmaz Mahshid[2, 4]	**2021**	**725**	**0**	**33**	**0**	**758**	**249**	**1,007**
	2020	569	669	18	0	1,256	200	1,456
CEO Magnus Christensen[3]	**2021**	**1,429**	**239**	**0**	**0**	**1,668**	**372**	**2,040**
	2020	–	–	–	–	–	–	–
Other senior executives[4]	**2021**	**3,661**	**1,077**	**55**	**0**	**4,793**	**1,675**	**6,468**
	2020	5,197	1,510	39	0	6,746	1,673	8,419
Total	**2021**	**5,815**	**1,316**	**88**	**0**	**7,219**	**2,296**	**9,515**
	2020	7,476	2,179	57	0	9,711	1,873	11,585

1) Uli Hacksell worked as CEO through September 30, 2020.
2) Yilmaz Mahshid acted as CEO during the period 14 September 2020 - 5 May 2021.
3) Remuneration only refers to the period after May 5, 2021, when Magnus Christensen took over as interim CEO.
4) For 2020 and 2021, it includes a subsidy in accordance with the warrant programs approved at the Annual General Meetings in May 2020 and May 2021, respectively. In 2021, the incoming CEO bought 240,000 and other senior executives bought a total of 260,000 warrants. In 2020, the CEO bought 300,000 warrants and other senior executives bought a total of 185,000 warrants.

Audit and audit consulting costs (SEK thousand)

	GROUP	
	2021	**2020**
PwC		
Audit engagement	384	444
Auditing activities other than audit engagement	135	121
Tax advice	45	52
Valuation services	–	–
Other services	116	350
Total, PwC	**680**	**967**
Other auditors		
Audit engagement	–	–
Total	**–**	**–**
Total	**680**	**967**

In May 2018, the Annual General Meeting approved a new long-term incentive plan with the same structure. In the second quarter of 2018, Medivir's employees purchased 51,864 warrants with a market value of SEK 5.63 each and a strike price of SEK 52.75 per share. The warrants can be exercised to subscribe for new class B shares during the period from December 16, 2021 through January 15, 2022. The 2018 valuation calculation was based on the following figures: term, 3.66 years; strike price, SEK 52.75; VWAP, SEK 39.66; risk-free interest rate, -0.16 percent; volatility, 32 percent. After recalculation caused by the rights issue during the first quarter of 2021, each such warrant entitles the holder to subscribe for 1.16 new B shares in the company at a subscription price of SEK 45.52.

In May 2020, the Board of Directors and the AGM approved a new long-term incentive plan with essentially the same structure. In the second quarter of 2020, Medivir's employees purchased 227,000 warrants with a market value of SEK 1.30 each and a strike price of SEK 31.40 per share. Medivir's employees purchased a further 300,000 warrants in the third quarter of 2020. These warrants were issued at a market value of SEK 1.00 with a strike price of SEK 31.40 per share. The total of 527,000 warrants can be exercised to subscribe for new class B shares during the period from December 1, 2023 through December 15, 2023. The 2020 valuation calculation was based on the following figures: term, 3.58 years; strike price, SEK 31.40; VWAP, SEK 15.70; risk-free interest rate, 0.0 percent; volatility, 41 percent. After recalculation caused by the rights issue during the first quarter of 2021, each such warrant entitles the holder to subscribe for 1.16 new B shares in the company at a subscription price of SEK 27.10.

In May 2021, the Board of Directors proposed and the AGM approved a new long-term incentive program. During the second quarter 2021, Medivir employees bought 230 000 warrants at a market value of 1.00 each with an exercise price of SEK 13.79 per share. In the fourth quarter 2021, Medivir employees bought an additional 305 000 warrants of which incoming CEO bought 240 000. These warrants were issued at a market value of SEK 1.71 each with an exercise price of SEK 13.79 per share.The warrants may be exercised to subscribe for new class B shares during the period from 1 December 2024 up to and including 15 December 2024. The valuation calculation for 2021 was based on the following figures: term, 3.60 years; strike price, SEK 13.79; VWAP, SEK 7.88; risk-free interest rate, 0.4 percent; volatility, 41 percent.

Election of auditors

The duties of the Nomination Committee include proposing an auditor to the AGM.

Öhrlings PricewaterhouseCoopers AB (PwC) was appointed as the company's external auditors for a one-year period up to and including the 2022 AGM. Tobias Stråhle, Authorized Public Accountant, is the Auditor-in-Charge for Medivir.

- The auditors work according to an audit plan and report their observations on a rolling basis to the Board, both during the course of the audit and in conjunction with the preparation of the annual accounts.
- The auditors review one interim report and the annual financial statement in order to assess their accuracy, completeness and the correspondence of the accounts with generally accepted accounting practice and relevant accounting principles.
- The Auditor-in-Charge attends the AGM at which he or she presents details of the audit work and observations made.

Auditors' fees

Fees for auditing Medivir's accounts are determined by the AGM in line with proposals by the Nomination Committee. Auditors' fees in 2021 and 2020 are shown in the table on page 32.

The Board of Directors' Internal Controls Report

Internal control

The following presentation comprises the Board of Directors' report on Internal Controls. The purpose of internal controls is to shed light on Medivir's systems for monitoring and controlling operational risks in relation both to strategy and operational practice and to compliance with legislative and regulatory requirements. It shall also provide reasonable assurance of the reliability of the external financial reporting. The internal controls include, amongst other things, a control environment, risk assessment, control activities, information and communication, and monitoring.

The Board has evaluated the need to appoint a special function for internal audit, but has assessed that the company's size and the nature of the business do not justify this.

Control environment

Medivir's internal control structure is based on the division of labor between the Board of Directors, the CEO and other members of the management team. Medivir is also subject to the guidelines and regulations issued by the Swedish Medical Products Agency with regard to research and trials of potential new pharmaceutical products.

Medivir's control environment is based on:

- Steering documents, such as the Board's Rules of Procedure and the CEO's Instructions, quality systems, policies and guidelines.
- Medivir's core values and Code of Conduct.
- The company's organization and the way in which it conducts its operations, with clearly defined roles and areas of responsibility, and delegation of authority.
- The company's quality process and its guidelines, which ensure compliance with the permits issued by the Swedish Medical Products Agency.
- Group-wide planning processes, such as the process for appraisal of the R&D portfolio, the budget process, and performance reviews.

In addition to external laws and regulations, the internal control environment comprises policies and guidelines. These internal steering documents are updated regularly in line with changes in both internal and external requirements. The internal steering documents include:

- The Articles of Association
- The Board of Directors' Rules of Procedure and the written instructions for the CEO
- Guidelines for remuneration to senior executives
- Quality Manual
- Finance Policy
- Information Policy
- IT policy
- Accounting and HR Manuals
- Code of Conduct

Operational and financial reports are drawn up on a monthly and quarterly basis for the Group, the Parent company, the subsidiary companies, operating units and projects. The process includes specific controls that shall be carried out in order to ensure that the reports are of a high quality.

Risk assessment

An effective risk assessment reconciles Medivir's business opportunities and results with the requirements of shareholders and other stakeholders for stable, long-term value growth and control. Medivir continuously updates its risk analysis with regard to the assessment of operational risks. The risk work is reported annually to Group management and the Board of Directors.

Medivir is exposed to the following main risk categories:

- Strategic risks and external risks – such as regulatory approval, competition, price changes and patent protection.
- Operating risks – such as partnerships, uncertainty in the context of research projects, disruptions to production, data security and reliance on key persons and partnerships.
- Financial risks – such as liquidity, interest, currency and credit risks.

Medivir's risk assessment is designed to identify and evaluate the most significant risks and to ensure that there are sufficient control points in place during the processes to manage these risks. Policies and guidelines are important steering tools. For a more detailed presentation of risk exposure and the way in which Medivir handles it, see pages 50-52.

Control activities

Procedures and activities have been structured to handle and remedy significant risks. The activities include regular reviews of the research portfolio, internal audits of the quality manual and of compliance with documented procedures for handling clinical projects, review and control of significant suppliers, and monitoring and following up of financial analyses and key ratios.

Risk management during the current Covid-19-pandemic

During the year, the Board's risk assessment paid special attention to how the consequences of the covid-19-pandemic affect the company and what possible risks the pandemic may pose to the company's future development and any risks that may affect financial reporting going forward.

Information and communication

Medivir has information and communication pathways that are designed to promote the completeness and accuracy of the external communication. The Board of Directors approves the consolidated annual accounts and the year-end financial statement, and tasks the CEO with presenting quarterly reports in accordance with the Board's Rules of Procedure. All financial reports are published in accordance with applicable regulations. External information is communicated through channels such as the Medivir website (www.medivir.com), where quarterly reports, year-end financial statements, annual reports, press releases and news are published. The Board of Directors and management receive ongoing reports on the Group's position, profit performance, and operational development in terms of the status both of research projects and other business-critical areas. The most important communication channels within the company include the intranet, where quality systems, policies, guidelines and information are published, and regular information meetings for all members of staff.

Monitoring

The Board of Directors regularly reviews the Group's development projects and business development strategy, as well as all financial reporting and liquidity.

The Board of Directors' follow up of internal control is mainly carried out by Medivir's auditors, who review operations in accordance with a set audit plan and follow up annually on selected aspects of the internal controls annually within the framework of the statutory audit. Once an audit is completed, observations are reported back to the Board on a rolling basis. The Auditor-in-Charge also attends at least one Board meeting per year and reports the observations made during the audit for the year and the operational routines. The practice on these occasions is to set time aside for specific discussions not attended by the CEO or other employees.

Board of Directors

Uli Hacksell

Born: 1950.

Title: Member of the Board since 2018.

Education: Pharmacist and PhD.

Background: Senior positions at major pharmaceutical and biotech companies for over 25 years and more than 10 years' experience as CEO of publicly held companies. As CEO of ACADIA Pharmaceuticals between 2000 and 2015, he led its development from a private start-up company to a public, multibillion-dollar company. In the 1990s, he held senior positions at Astra AB, prior to which he was a Professor of Organic Chemistry at Uppsala University.

Other directorships: Chairman of the Board of Annexin Pharmaceuticals AB. Member of the Boards of Active Biotech, InDex Pharmaceuticals AB and SynAct Pharma AB.

Shares in Medivir: 250,000 class B shares.

Lennart Hansson

Born: 1956.

Title: Member of the Board since 2018.

Education: Ph.D. in Genetics from Umeå University.

Background: Extensive experience in senior positions in the fields of pharmaceutical and commercial development in both biotech and pharmaceutical companies, such as KabiGen AB, Symbicom AB, AstraZeneca, and Biovitrum AB, and as CEO of Arexis AB. Responsible for Industrifonden's life sciences operations between 2008 and 2016. He has held seats on the Boards of over 30 companies and is also a co-founder of two pharmaceutical development companies.

Other directorships: Member of the Boards of InDex Pharmaceuticals AB and Calliditas Therapeutics AB. Chairman of the Boards of Cinclus Pharma Holding AB, Ignitus AB and Sixera Pharma AB.

Shares in Medivir: 20,000 class B shares.

Yilmaz Mahshid

Born: 1979.

Title: Member of the Board since 2021.

Education: Ph.D. Medical Sciences, Karolinska Institutet.

Background: Former CFO at Pled-Pharma and among others responsible for the listing of the company at Nasdaq Stockholm Main Market. Prior to that Investment Manager & Controller at Industrifonden and healthcare analyst at Pareto Securities and Öhman Fondkommission. Started his career as a researcher at Karolinska Institutet and later at the pharmaceutical companies Biolipox and Orexo. Board assignments in Index Pharmaceuticals, Mahshid Advisors and Venaticus Capital.

Other directorships: Member of the Board of Mahshid Advisors.

Shares in Medivir: 25,000 class B shares.

Warrants in Medivir: 300,000.

An van Es-Johansson

Born: 1960.

Title: Member of the Board since 2019.

Education: Physician from Erasmus University, Rotterdam, the Netherlands.

Background: Extensive international experience in the life science sector and has held several leading positions in Clinical Development, Medical Affairs, Business Development and Commercial at Pharmacia and Swedish Orphan Biovitrum in Sweden, Eli Lilly in the Netherlands and Roche in the US and Switzerland. She has also worked in biotech and at startup companies. An is an entrepreneur and professional coach.

Other directorships: She is a Member of the Boards of Lumos Pharma, Savara Pharmaceuticals Inc, PLUS Therapeutics and Agendia BV.

Shares in Medivir: 0.

Bengt Westermark

Born: 1945.

Title: Member of the Board since 2017.

Education: Professor of Tumor Biology at Uppsala University, Faculty of Medicine, since 1986.

Background: Dean of the Faculty of Medicine at Uppsala University, 1996–2002, and Vice-Rector of Medicine and Pharmacy, 1999–2002. Chairman of the research board of the Swedish Cancer Society, 2003–2013. He has published over 300 papers in scientific journals, primarily on the mechanisms governing the uncontrolled growth of cancer cells. Member of the Royal Swedish Academy of Sciences, the European Molecular Biology Organisation, and the European Academy of Cancer Sciences.

Other directorships: Member of the Board of Hamlet Pharma AB and various advisory groups for medical research funding.

Shares in Medivir: 16,000 class B shares.

Refers to the shareholding om March 15, 2022. See websitre for current holdings,

Management

Jens Lindberg

Born: 1971.

Title: Chief Executive Officer.

Education: Bachelor of Science in Business Administration.

Employed: 2022.

Background: 25 years of experience from pharmaceutical industry spanning global and local responsibilities. Has led product strategy development for late stage compounds preparing for regulatory approval and commercialisation as well as execution of launch for multiple compounds in specialty care. Primary area of focus in the past 10 years in the field of Oncology. Experience also includes interim CEO role for Sedana Medical AB and Director Investor Relations at AstraZeneca.

Shares in Medivir: 0 class B shares.

Warrants in Medivir: 240,000.

Magnus Christensen

Born: 1974.

Title: Chief Financial Officer.

Education: B.Sc. in Economics and Business Administration.

Employed: 2019.

Background: Twenty years of experience in business and finance. Previously CFO at O'Learys Trademark AB. Prior to that, Interim CFO at Rebtel and Head of Business Control at ICA Sverige AB. Prior senior positions at Scan AB and SkiStar AB. Experience of finance in listed, private equity and private companies.

Shares in Medivir: 21,000 class B shares.

Warrants in Medivir: 172,500.

Christina Herder

Born: 1961.

Title: EVP, Chief Operating Officer.

Education: Ph.D. in Physical Chemistry from Royal Institute of Technology and Executive MBA from Stockholm University.

Employed: 2017*.

Background: Former CEO of Modus Therapeutics. Prior to that, Director, Corporate Development at Sobi. Responsible for building and leading the Project & Portfolio Management function at Biovitrum. Also Member of the Boards of PCI Biotech, Idogen, Elicera och Beactica.

Shares in Medivir: 10,000 class B shares.

Warrants in Medivir: 50,000.

*Consultant since January 1, 2022

Malene Jensen

Born: 1970.

Title: VP Clinical Development.

Education: PhD in Clinical Neuroscience, Karolinska Institutet, MSc in Molecular Biology, Stockholm University.

Employed: 2021.

Background: More than 15 years' experience of clinical development from large and small pharma such as Sedana Medical, Affibody and Astra Zeneca, as well as from academic innovation platforms. Has led development projects for biologics, small molecules and medical device within several therapeutic areas. More than 20 years' experience of project- and portfolio management.

Shares in Medivir: 0 class B shares.

Warrants in Medivir: 65 000.

Tom Morris

Born: 1963.

Title: Interim Chief Medical Officer.

Education: BSc in Physiology from the University of Wales, medical degrees from the University of Wales College of Medicine and Master of Laws degree from Cardiff Law School.

Employed: 2020*.

Background: More than 20 years of experience within drug development, mostly in oncology. Previously at Medeval Ltd and more recently at AstraZeneca. He has overseen the clinical development of several global drug programs, interacting with regulatory agencies, external clinical experts and academic groups worldwide. Fellow and former Board member of The Faculty of Pharmaceutical Medicine, and previously chair of its Ethical Issues committee and a member of its Professional Standards Committee.

Shares in Medivir: 0 class B shares.

Warrants in Medivir: 0.

*Consultant

Fredrik Öberg

Born: 1965.

Title: Chief Scientific Officer.

Education: Doktor in Medicinsk Vetenskap vid Uppsala Universitet.

Employed: 2011.

Background: More than 25 years of experience in cancer research. Over the past 10 years, focused on industrial drug discovery in oncology. Prior to that he managed an academic research group at Uppsala University as principal investigator, and has initiated several innovative scientific projects in cancer biology. He has published more than 50 scientific articles and holds several patents. Associate professor of Experimental Pathology at Uppsala University.

Shares in Medivir: 69,172 class B shares.

Warrants in Medivir: 157,500.

Refers to the shareholding om March 15, 2022. See websitre for current holdings.

Financial Reports

Income Statements

Summary of the Group's Income Statement, SEK k	NOTE	GROUP 2021	GROUP 2020	PARENT COMPANY 2021	PARENT COMPANY 2019
Net sales	1	25,538	13,948	25,538	13,948
Other operating income	25	10,200	27,307	10,189	24,909
Total income		**35,738**	**41,255**	**35,726**	**38,857**
Other external costs	3, 5	-73,277	-52,932	-75,876	-56,191
Personnel costs	4	-21,415	-24,931	-21,415	-24,931
Depreciation, amortization and impairment	12, 13, 14	-2,595	-4,430	-330	-1,631
Other operating expenses		-571	-1,862	-571	-1,861
Operating profit/loss		**-62,118**	**-42,900**	**-62,464**	**-45,757**
Profit/loss from participations in Group companies	6	–	–	6,663	–
Interest income and similar profit/loss items	8	490	827	490	827
Interest expenses and similar profit/loss items	9	-950	-547	-3	-7
Profit/loss after financial items		**-62,579**	**-42,620**	**-55,314**	**-44,937**
Tax	10	-546	–	–	–
Net profit/loss for the year		**-63,125**	**-42,620**	**-55,314**	**-44,937**
Net profit/loss for the year attributable to:					
Parent Company shareholders		-63,125	-42,620	-55,314	-44,937
Earnings per share, calculated from the profit/loss attributable to: Parent Company shareholders during the year					
Earnings per share (SEK per share)	11				
Basic earnings per share, all operations		-1.20	-1.75	-1.05	-1.85
Diluted earnings per share, all operations		-1.20	-1.75	-1.05	-1.85
Average number of shares, '000		52,815	24,288	52,815	24,288
Average number of shares after dilution, '000		52,815	24,288	52,815	24,288
Number of shares at year-end, '000		55,736	24,288	55,736	24,288

– = not applicable

Statement of Comprehensive Income

Consolidated Statement of Comprehensive Income, SEK k	GROUP 2021	GROUP 2020	PARENT COMPANY 2021	PARENT COMPANY 2020
Net profit/loss for the year	**-63,125**	**-42,620**	**-55,314**	**-44,937**
Other comprehensive income				
Items that may be reclassified in the Income Statement				
Translation differences	490	-527	–	–
Total other comprehensive income	**490**	**-527**	–	–
Total comprehensive income for the year	**-62,635**	**-43,147**	**-55,314**	**-44,937**

– = not applicable

Balance Sheets

SEK k	NOTE	GROUP 2021 Dec. 31	GROUP 2020 Dec. 31	PARENT COMPANY 2021 Dec. 31	PARENT COMPANY 2020 Dec. 31
ASSETS					
Fixed assets					
Intangible fixed assets					
Acquired research and development		96,312	96,312	96,312	96,312
Capitalized research and development		0	8	0	8
Total intangible fixed assets	12	**96,312**	**96,320**	**96,312**	**96,320**
Property, plant and equipment					
Buildings and land	13	171	428	171	428
Equipment, tools, fixtures and fittings	13	0	92	0	92
Right-of-use assets	14	13,426	15,691	–	–
Total property, plant and equipment		**13,597**	**16,211**	**171**	**520**
Financial fixed assets					
Participations in Group companies	15	–	–	100	100
Financial assets	7, 16	0	0	0	0
Total financial fixed assets		**0**	**0**	**100**	**100**
Total fixed assets		**109,909**	**112,531**	**96,583**	**96,940**
Current assets					
Current receivables					
Accounts receivable	7	–	15	–	15
Receivables from Group companies		–	–	–	75
Tax receivables		1,446	778	1,446	778
Other receivables		1,294	3,199	918	3,135
Prepaid expenses and accrued income	17	2,010	4,932	2,696	4,823
Financial receivable lease	14	–	–	–	–
Total current receivables		**4,750**	**8,924**	**5,060**	**8,826**
Short-term investments					
Other short-term investments	18	206,477	55,969	206,477	55,969
Cash and bank balances	18	14,690	14,038	14,084	6,380
Total short-term investments		**221,167**	**70,007**	**220,561**	**62,349**
Total current assets		**225,917**	**78,931**	**225,621**	**71,175**
TOTAL ASSETS		**335,825**	**191,462**	**322,204**	**168,115**

– = not applicable

SEK k	NOTE	GROUP 2021 Dec. 31	GROUP 2020 Dec. 31	PARENT COMPANY 2021 Dec. 31	PARENT COMPANY 2020 Dec. 31
EQUITY AND LIABILITIES					
Equity, Group					
Share capital		27,868	188,494	–	–
Other capital contributed		804,944	420,804	–	–
Exchange rate difference		-3,248	-3,738	–	–
Accumulated profit/loss		-548,419	-463,655	–	–
Total equity, Group		**281,146**	**141,905**	**–**	**–**
Equity, Parent Company					
Restricted equity					
Share capital		–	–	27,868	188,494
Total restricted equity		**–**	**–**	**27,868**	**188,494**
Non-restricted equity					
Non-restricted share premium fund		–	–	628,171	600,750
Accumulated profit/loss		–	–	-320,601	-609,990
Net profit/loss for the year		–	–	-55,314	-44,937
Total non-restricted equity	27	**–**	**–**	**252,256**	**-54,177**
Total equity, Parent Company		**–**	**–**	**280,124**	**134,317**
Provisions					
Other provisions	19	–	–	–	–
Total provisions		**–**	**–**	**–**	**–**
Non-current liabilities					
Lease debt	24	12,964	14,888	–	–
Total non-current liabilities		**12,964**	**14,888**	**–**	**–**
Current liabilities					
Accounts payable	7	10,338	6,808	10,341	6,810
Liabilities to Group companies	2	–	–	1,407	714
Provisions	19	–	–	–	–
Lease debt, short-term	24	1,054	1,600	–	–
Other liabilities		1,153	848	1,162	857
Accrued expenses and deferred income	20	29,171	25,414	29,170	25,417
Total current liabilities		**41,716**	**34,670**	**42,080**	**33,798**
Total equity and liabilities		**335,825**	**191,462**	**322,204**	**168,115**

Pledged assets are reported in Note 21, and Undertakings and Contingent Liabilities in Note 22.

Changes in Equity

Group, SEK k	Share capital	Other capital contributed	Translation reserve	Accumulated profit/loss	Total equity	Number of shares
Opening balance, January 1, 2020	**188,494**	**420,208**	**-3,211**	**-421,035**	**184,456**	**24,287,818[1]**
Net profit/loss for the year	–	–	–	-42,620	-42,620	–
Exchange rate differences	–	–	-527	-	-527	–
Total comprehensive income for the period	–	–	**-527**	**-42,620**	**-43,147**	**–**
New share issue	–	–	–	–	–	–
Warrants	–	595	–	–	595	–
Transaction costs	–	–	–	–	–	–
Closing balance, December 31, 2020	**188,494**	**420,804**	**-3,738**	**-463,655**	**141,905**	**24,287,818[2]**
Opening balance, January 1, 2021	**188,494**	**420,804**	**-3,738**	**-463,655**	**141,905**	**24,287,818[3]**
Net profit/loss for the year	–	–	–	-63,125	-63,125	–
Exchange rate differences	–	–	490	-	490	–
Total comprehensive income for the period	–	–	**-490**	**-63,125**	**-62,635**	**–**
Reduction of issued capital	-355,968	355,968	–	–	–	
New share issue	195,342	27,421	–	–	222,763	31,447,833
Warrants	–	752	–	–	752	–
Transaction costs	–	–	–	-21,639	-21,639	–
Closing balance, December 31, 2021	**27,868**	**804,944**	**-3,248**	**-548,419**	**281,146**	**55,735,651[4]**

1) Opening number of shares in 2020: 0 class A shares and 24,287,818 class B shares, nominal value: SEK 8 (of which 11,413 class B shares held by the company).
2) Closing number of shares in 2020: 0 class A shares and 24,287,818 class B shares, nominal value: SEK 8 (of which 11,413 class B shares held by the company).
3) Opening number of shares in 2021: 0 class A shares and 24,287,818 class B shares, nominal value: SEK 8 (of which 11,413 class B shares held by the company).
4) Closing number of shares in 2021: 0 class A shares and 55,735,651 class B shares, nominal value: SEK 0.50 (of which 11,413 class B shares held by the company).

Parent Company, SEK k	Share capital	Non-restricted share premium fund	Accumulated profit/loss	Net profit/ loss for the year	Total equity	Number of shares
Opening balance, January 1, 2020	**188,494**	**600,750**	**-487,708**	**-122,282**	**179,254**	**24,287,818[1]**
Appropriation of profits:						
Profit/loss for the previous year brought forward	–	–	-122,282	122,282	–	–
Net profit/loss for the year	–	–	–	-44,937	-44,937	–
Closing balance, December 31, 2020	**188,494**	**600,750**	**-609,990**	**-44,937**	**134,317**	**24,287,818[2]**
Opening balance, January 1, 2021	**188,494**	**600,750**	**-609,990**	**-44,937**	**134,317**	**24,287,818[3]**
Appropriation of profits:						
Profit/loss for the previous year brought forward	–	–	-44,937	44,937	–	–
Net profit/loss for the year	–	–	–	-55,314	-55,314	–
Reduction of issued capital	-355,968	–	355,968	–	–	–
New share issue	195,342	27,421	–	–	222,763	31,447,833
Transaction costs	–	–	-21,642	–	-21,642	–
Closing balance, December 31, 2021	**27,868**	**628,171**	**-320,601**	**-55,314**	**280,124**	**55,735,651[4]**

1) Opening number of shares in 2020: 0 class A shares and 24,287,818 class B shares, nominal value: SEK 8 (of which 11,413 class B shares held by the company).
2) Closing number of shares in 2020: 0 class A shares and 24,287,818 class B shares, nominal value: SEK 8 (of which 11,413 class B shares held by the company).
3) Opening number of shares in 2021: 0 class A shares and 24,287,818 class B shares, nominal value: SEK 8 (of which 11,413 class B shares held by the company).
4) Closing number of shares in 2021: 0 class A shares and 55,735,651 class B shares, nominal value: SEK 0.50 (of which 11,413 class B shares held by the company).

The nominal value has been calculated as the share capital divided by the total number of shares. Proposed dividend for 2021: SEK 0 per share.

Statements of Cash Flow

		GROUP		PARENT COMPANY	
Total operations, SEK k	**NOTE**	**2021**	**2020**	**2021**	**2020**
Operating activities					
Profit/loss after financial items		-62,579	-42,620	-55,314	-44,937
Adjustment for non-cash items	23	2,622	-13,937	357	-15,273
		-59,957	**-56,557**	**-54,957**	**-60,210**
Tax paid		-1,214	799	-668	799
Cash flow from operating activities before changes in working capital		**-61,171**	**-55,758**	**-55,625**	**-59,411**
Cash flow from changes in working capital					
Increase (–)/decrease (+) in current receivables		4,843	8,580	4,434	674
Increase (+)/decrease (–) in current liabilities		7,594	-10,875	8,283	-7,079
Cash flow from operating activities		**48,734**	**-58,053**	**-42,908**	**-65,816**
Investing activities					
Acquisition of property, plant and equipment		–	-2,684	–	–
Sale of property, plant and equipment		–	1,706	–	1,706
Divestment of/reduction in financial assets	24	–	6,346	–	–
Cash flow from investing activities		**–**	**5,368**	**–**	**1,706**
Financing activities					
Warrants issue		752	595	–	–
Amortization of debt	24	-2,475	-12,713	–	–
New share issue		222,763	–	222,763	–
Transaction costs		-21,639	–	-21,642	–
Cash flow from financing activities		**199,400**	**-12,118**	**201,121**	–
Cash flow for the year		**150,666**	**-64,803**	**158,212**	**-64,110**
Cash and cash equivalents at the beginning of the year		70,007	134,509	62,349	125,697
Exchange rate differences, cash and cash equivalents		494	301	–	762
Cash and cash equivalents at the end of the year	18	**221,167**	**70,007**	**220,561**	**62,349**

– = not applicable

Accounting policies 2021

Group

Medivir prepares its Consolidated Accounts in accordance with IFRS, International Financial Reporting Standards, as endorsed by the EU. In addition to the stated IFRS, the Group also observes the Swedish Financial Reporting Board's recommendation, RFR 1 Supplementary Accounting Rules for Groups, and applicable pronouncements from the Swedish Financial Reporting Board. The Group utilizes the cost for Balance Sheet item valuation, unless otherwise indicated. IFRS are under constant development. A number of standards and interpretations were published during the preparation of the consolidated accounts as of December 31, 2021, only some of which have come into effect. An assessment of the impact that the introduction of these standards and statements has had, and may have, on Medivir's financial statements follows. Comments are restricted to those changes that have had, or could have, a significant effect on Medivir's accounting.

New and amended standards from January 1, 2021

A number of new standards and interpretations enter into force for financial years commencing after January 1, 2020 and have not been applied in the preparation of this financial report. These new standards and interpretations are not expected to have a material impact on the Group's financial reports on current or future periods, nor on future transactions.

Parent Company

Medivir AB continues, as in previous years, to apply those accounting principles relevant to legal entities that prepare Consolidated Accounts and which are listed on a stock exchange. Medivir AB complies with the Swedish Financial Reporting Board's recommendation, RFR 2 Accounting principles for legal entities. The Parent Company shall, in accordance with RFR 2, structure its reports in accordance with all applicable IFRS unless the recommendation permits an exemption from application. The Parent Company's principles are consequently consistent with those of the Group, unless otherwise indicated below. The Parent Company applies the exception set forth in RFR 2 in order not to report leasing in accordance with IFRS 16.

Consolidated accounts

The Consolidated Accounts have been prepared using acquisition accounting, whereby the subsidiary's equity at the time of acquisition is eliminated. The equity of the acquired subsidiary is measured on the acquisition date on the basis of the fair value of identifiable assets and liabilities assumed. Cost consists of the fair value of assets submitted as payment, issued equity instruments, and liabilities arising or assumed as of the transfer date. In cases where the cost of shares in the subsidiary exceeds the fair value of the assets and liabilities acquired, the difference is recognized as goodwill. Costs directly attributable to the acquisition are reported in the Group under other operating expenses in the Income Statement as they arise. In the Parent Company, transaction costs are included in the acquisition value of equity in subsidiaries.

Subsidiaries comprise all companies over which the Group exercises a controlling influence. The Group controls a company when it is exposed to or entitled to a variable return from its holding in the company and has the ability to affect the return through the exercise of its influence over the company. Subsidiaries are consolidated from the day when controlling influence is transferred to the Group. They are deconsolidated from the date when the controlling influence ceases.

For each acquisition, the Group determines whether potential non-controlling interests in the acquired company are recognized at fair value or at the holding's proportional share of the carrying amount of the acquired company's identifiable net assets. The preparation of Medivir's Consolidated Accounts includes the elimination of intra-group receivables and liabilities and of intra-group income and expenses between Group companies and the Consolidated Income Statement and the Consolidated Balance Sheet are consequently reported without intra-group transactions.

Translation of foreign currencies

Functional currency and reporting currency

Items included in the financial statements for the various entities within the Group are valued in the currency used in the economic environment in which the respective company is primarily active (functional currency). The Swedish krona (SEK), which is the Parent Company's functional currency and reporting currency, is the currency utilized in the Consolidated Accounts.

Transactions and Balance Sheet items

Transactions in foreign currencies are translated to the functional currency at exchange rates applicable on the transaction date or the date when the item is translated. Exchange rate profits and losses arising when paying for such transactions and when translating monetary assets and liabilities in foreign currencies at the closing day rate are reported in the Income Statement. Profits are reported under operating income and losses under operating expenses.

Group companies

The profit/loss and financial position of all Group companies whose functional currency differs from the reporting currency are translated to the Group's reporting currency (SEK) as follows:

- Assets and liabilities for each Balance Sheet item are translated at the closing day rate.
- Income and expenses for each Income Statement item are translated at the average exchange rate. If the average exchange rate is not a reasonable estimate of the total exchange rate effects for the year from each transaction date, income and expenses are translated at the closing day rate instead. All exchange rate differences arising are reported under other comprehensive income and accumulated as a separate portion of the equity.

The Income Statement

Medivir applies a classification by type of cost approach to the presentation of the Income Statement in accordance with the description in IAS 1, Presentation of Financial Statements.

Costs in the Income Statement are broken down into Other external costs, Personnel costs, Depreciation, amortization and impairment, and Other operating expenses:

Other external costs

Other external costs relate to services bought by Medivir. These mainly comprise clinical phase projects conducted through contracted research organizations.

Personnel costs

Personnel costs comprise costs for employed personnel.

Depreciation, amortization and impairment

Depreciation, amortization and impairment relate to scheduled depreciation for the year, but also non-recurrent depreciation, amortization and impairment, when relevant.

Financial instruments, reporting, disclosure and classification

For information on financial risks and investments, see Note 7, Financial Risks, on pages 50-52. Purchases and sales of financial instruments are reported on the transaction date – the date when Medivir undertakes to buy or sell the asset. Financial instruments are derecognized from the Balance Sheet when the right to receive cash flows from the instrument has expired or been transferred and the Group has transferred essentially all risks and benefits associated with title to the asset.

Financial instruments

Medivir divides its financial instruments into the following categories, in accordance with IFRS 9: amortized cost, and fair value through profit or loss. The classification for interest-bearing assets is based on the nature of the assets' cash flow and business model. Investments in equity instruments shall be valued at fair value under IFRS 9. Medivir has elected to report the change in value of such instruments via profit or loss.

Financial assets valued at fair value via profit or loss

Investments in fixed income funds are valued at fair value via profit or loss as the Group's business model entails managing the funds on the basis of increase in value and to realize profits or losses continuously through the divestment of parts of the investments. Equity instruments, which the Group has elected to report at fair value via profit or loss, are also included in this category. A profit or loss on a financial asset that is reported at fair value via profit or loss is reported net in the Income Statement for the period in which the profit or loss arises.

Financial assets valued at amortized cost

Interest-bearing assets (debt instruments) held in order to cash in contractual cash flows, and where these cash flows solely comprise capital sums and interest, are valued at amortized cost. The reported value of these assets is adjusted for any anticipated credit losses (see Impairment testing section below). Interest income from these financial assets is reported using the effective interest method and is reported as financial income. The Group's financial assets valued at amortized cost comprise accounts receivable and cash and bank balances.

Financial liabilities valued at amortized cost

The Group's financial liabilities are classified as valued at amortized cost using the effective interest method. Financial liabilities valued at amortized cost comprise accounts payable and other liabilities. Liabilities are initially reported at fair value, net after transaction costs. Liabilities are subsequently reported at amortized cost and any difference between the amount received (net after transaction costs) and the repayment amount are reported in the Statement of Comprehensive Income over the loan period, using the effective interest method. Borrowing is classified as short-term in the Balance Sheet if the company does not have an unconditional right to postpone settlement of the debt for at least twelve months after the end of the reporting period. Dividends paid are reported as a liability after the approval by the AGM of the dividend payment. Accounts payable and other operating expenses have a short anticipated term and are valued without discounting at nominal amounts.

Impairment testing for financial assets

The Group assesses future anticipated credit losses in connection with assets reported at amortized cost, based on forward-looking information, in conjunction with the preparation of every financial report. The Group's financial assets for which anticipated credit losses are assessed comprise, in every significant respect, accounts receivable and other receivables. The Group applies the simplified approach for credit provision, i.e. the provision will correspond to the anticipated loss throughout the lifespan of the account receivable.

Intangible fixed assets

Trademarks and brands, product rights

Trademarks and brands, and product rights acquired separately are recognized at historical cost in the Group. Trademarks and brands, and product rights acquired through a business combination are recognized at fair value on the acquisition date. Trademarks and brands, and product rights have a defined useful life and are recognized at historical cost less accumulated impairment. Amortization is calculated on a straight-line basis over their estimated useful life of 10–15 years.

Research and Development costs – in-house development

Pharmaceutical development expenses are capitalized in accordance with IAS 38 Intangible assets, when the following criteria are fulfilled:

- It is technically possible to complete the pharmaceutical.
- The company's management intends to complete the pharmaceutical and the conditions for sale are in place.
- The asset is expected to provide future economic benefits.
- Medivir adjudges that the resources required to complete the development of the asset are available.
- Developmental expenses can be reliably calculated.

Medivir's judgment of this principle with regard to ongoing development projects is presented on page 54 (Research & Development costs). Development costs for the product are reported, as of the date when the above criteria are fulfilled, as intangible fixed assets at historical cost. Expenses arising before this date will continue to be reported as costs. Historical costs include direct costs for the completion of the pharmaceutical, including patents, registration application costs, and product tests including remuneration to employees.

Amortization is calculated on a straight-line basis in order to spread the development costs over the estimated useful life. Amortization begins when the pharmaceutical is approved for sale. Useful life is based on the underlying patent term.

Medivir's other research and development costs are reported as they arise as costs for patent and technology rights, and other similar assets, developed in-house. Against the background of the contents of the "Research and development costs" section on page 54, other research work performed by Medivir is judged to be associated with such uncertainty that IAS 38's capitalization criteria cannot be considered satisfied, primarily because of the difficulties in judging whether it is technically possible to complete the pharmaceutical.

Development projects acquired
Amortization of intangible assets acquired, e.g. customer relationships or trademarks and brands, is calculated on a straight-line basis over the useful life. Amortization of other intangible assets acquired, such as development projects, is calculated on a straight-line basis over the useful life – linked to the term of patents obtained. Birinapant and remetinostat are not yet completed and amortization has not yet begun.

Property, plant and equipment
Property, plant and equipment are reported at historical cost less depreciation. Cost includes expenses directly attributable to the acquisition of the asset. Scheduled depreciation has been calculated on the basis of original cost with depreciation rates based on estimates of the economic useful lives of the assets. The Group applies the following depreciation periods: buildings, 20 years; equipment, tools, fixtures and fittings, 5–10 years; and IT hardware, 3 years.

Impairment
Property, plant and equipment and intangible fixed assets are subject to impairment testing and impairment losses are recognized whenever internal or external indications of potential impairment are identified, in accordance with IAS 36. An impairment is effected in the amount by which the asset's carrying value exceeds the recoverable amount. The recoverable amount is whichever is the higher of the asset's fair value, less selling expenses, and its value in use. The term, value in use, refers to the sum of the present value of expected future cash flows and the estimated residual value at the end of the useful life. When calculating the value in use, future cash flows are discounted at an interest rate that takes into account the market's assessment of risk-free interest and risk. In the Group, the calculation is based on results achieved, forecasts and business plans. When conducting impairment testing, assets are grouped together at the lowest level at which there are separate, identifiable cash flows (cash-generating units). Intangible assets that are not in use are not amortized, but are subject to annual impairment testing. If the recoverable amount is less than the carrying amount, an impairment loss is recognized. The recoverable amount comprises whichever is the higher of the fair value and the value in use. The value in use is calculated on the basis of the estimated future cash flows, based on the competitive situation and estimated market shares. Investments in subsidiaries are valued in the Parent Company at historical cost and impairment testing is carried out at each year-end. The subsidiary's equity forms a key criterion for assessment in this context. Supplementary investments may be made in the form of new share issues or shareholders' contributions.

Shareholders' equity
Transaction costs directly attributable to the issuance of new shares or options are reported in equity as a deduction from issue proceeds under Accumulated profit/loss.

Net debt
Medivir has positive net debt, as reported in Note 24. The company's cash and cash equivalents comprise bank balances. The short-term investments comprise the company's fund portfolio, which has a short maturity that can be converted to cash and cash equivalents without significant change in value. Calculation of net debt also includes interest-bearing receivables (leases). Liabilities include interest-bearing debt instruments (leases).

Revenue recognition principles
Out-licensing and collaboration agreements
Remuneration may, in the context of out-licensing and collaboration agreements, be payable in the form of upfront fees when the agreement is entered into, milestone payments, payments during the term of the agreement for a number of full-time equivalent research positions (FTEs), and/or royalties. Revenues from agreements with Medivir's partners in the research projects are recognized when Medivir's various discrete undertakings under the terms of the contract are fulfilled. When Medivir becomes a party to an agreement, it is analyzed in order to determine the number of discrete performance undertakings it contains. The remuneration received or which will be received under the terms of the agreement, the transaction price, are spread over each discrete undertaking on the basis of the respective undertaking's relative share of the estimated independent retail price of the undertakings. The allocated amount is subsequently recognized when the undertaking is fulfilled. See below for details of the way in which the various component elements are reported in Medivir's accounts.

Performance undertakings
The agreements often include remuneration for the use of Medivir's incorporeal rights that are licensed to the counterparty and remuneration for research work carried out by Medivir.

These undertakings are analyzed to determine whether they constitute discrete performance undertakings that shall be reported individually or whether they shall be regarded as a single undertaking. The license is deemed to comprise a separate undertaking in those cases where the license can be used without associated consultancy services from Medivir.

Reporting of discrete licenses
Licenses identified as separate performance undertakings are classified either as "right to access" or "right to use". A "right to access" license entails the right to access Medivir's rights as found during the licensing period, i.e. the IP right changes and Medivir conducts operations which have a material effect on the intangible asset to which the customer has a right. A "right to use" license entails the right to use Medivir's IP right as found at the time when the license is granted. Right to access licenses are reported over time, i.e. over the period of time during which the customer is entitled to use the license, while right to use licenses are reported at a given point in time, i.e. at the point in time when the customer gains control over the license. Discrete licenses are usually classified as "right to use" licenses because the research positions that could affect the value and benefit of the license are reported separately as a discrete performance undertaking.

In cases where Medivir receives an upfront payment when the agreement is entered into, it is allocated partly, as described above, to the licensing undertaking, and partly to the research positions. The part allocated to the license is recognized when the counterparty has obtained control over the license. Additional potential remunerations, i.e. variable payments that depend on certain milestones being achieved in the course of future performances in the context of pharmaceutical development, are not recognized until it is adjudged very probable that a significant reversal of accumulated revenues will not occur when uncertainty ceases to exist with regard to milestone achievement. This point in time is deemed to occur only when achievement of the milestone has been confirmed by the counterparty. A counterparty can also compensate Medivir for the use of an IP right by means of the payment of royalties on the future sales of a pharmaceutical based on the IP right. Revenues for sales-based royalties guaranteed in return for an IP license are only recognized when the subsequent sale is made.

Reporting of discrete research positions
The percentage of the agreement's transaction price allocated to the undertaking to provide research positions is recognized over time based on the degree of fulfillment of the undertaking. Variable remuneration for the positions that may also be payable, depending on milestones in a project being reached, are recognized in the manner described above. Variable income is recognized when uncertainty ceases to exist with regard to whether the milestone will be reached. This point in time is deemed to occur only when achievement of the milestone has been confirmed by the counterparty.

Reporting when Licensing and research positions comprise an undertaking
If the license is not distinct from the research positions which the customer shall receive in connection with the license, the license and consultancy positions are reported as a combined performance undertaking. An assessment is performed as to whether revenues for the combined performance undertaking shall be reported at a single point in time or over time, depending on when control over both the license and the consultancy services have been transferred to the customer. If the license that forms part of the combined performance undertaking is deemed to constitute the dominant element, relative to the research positions, the "right to access" and "right to use" criteria are applied – see above under discrete licenses – in order to determine when the customer obtains control over the combined undertaking and thereby to determine when the point in time for revenue recognition occurs. If the license is not deemed to constitute the dominant element of the combined undertaking, the revenue is recognized over the period of time during which the research positions are provided. Additional potential remuneration based on milestone achievement is recognized using the principles described above. Royalties from the counterparty's use of the license in a finished pharmaceutical product are recognized in accordance with the principle described above.

Operating segments
IFRS 8 requires segment information to be presented from the management's perspective, which means that it is presented in the way used in internal reporting. The basis for identifying reportable segments is internal reporting as it is reported to and followed up on by the chief operating decision maker. The company has, in this context, identified the Group President/CEO as the chief operating decision maker, who assesses the operating segment's results on the basis of the operating profit/loss metric presented in the Income Statement. Medivir has only one segment, namely pharmaceuticals. This segment comprises the Group's project portfolio and the in-house developed pharmaceutical product Xerclear.

Leases
The Group leases various buildings, machinery and cars. Leases are normally signed for fixed periods of three to ten years, but there may be an extension option, which is described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The leases do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.
Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the Group's exercising that option to end the lease agreement.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the group's incremental borrowing rate. Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs,
- restoration costs

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Shortterm leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.
- Interest expense is included in finance cost.
- Expense relating to short-term leases is included in other external costs.
- Expense relating to leases of lowvalue assets that are not short-term leases are included in other external costs.
- Expense relating to variable lease payments not included in lease liabilities are included in other external costs.

Pension liabilities and pension costs

Medivir's ITP (supplementary pensions for salaried employees) scheme is insured with Alecta and should be regarded as a defined benefit pension scheme in accordance with the UFR 10 statement from the Swedish Financial Reporting Board. In accordance with UFR 10, the company shall report its proportional share of the defined benefit undertakings and the plan assets and costs associated with the scheme. Alecta is unable to provide sufficient information and the scheme is consequently reported, until further notice, as if it were a defined contribution plan. Alecta's surplus can be distributed among the policyholders and/or the beneficiaries.

At the end of 2021, Alecta's surplus in the form of the collective consolidation ratio was preliminarily calculated by Alecta at 172% (148%). The Group is of the opinion that the current premiums should cover existing undertakings. Other pension schemes within the Group are defined contribution schemes. The premiums paid are reported as personnel costs when they fall due for payment. The anticipated pension costs for 2022 are estimated at SEK 3,500 thousand.

Severance pay

Severance pay is booked as an expense when the obligation to pay the remuneration arises.

Short-term compensation to employees

Liabilities for salaries, bonuses and other compensation, including non-monetary benefits and paid absences, which are expected to be settled within 12 months after the end of the financial year, are reported as current liabilities at the undiscounted amount that is expected to be paid when the debts are settled. The cost is reported in the statement of comprehensive income as the services are performed by the employees. The debt is reported as liabilities to employees in the consolidated balance sheet.

Rights agreements

The Medivir Group has entered into various forms of agreement, both with parties external to the Group and with related parties, with regard to various rights linked to pharmaceutical development and finished pharmaceutical products (see above under the Intangible fixed assets section for the various kinds of rights acquired). Medivir may, depending on the nature and content of the agreement, have an existing or potential future undertaking to transfer resources to a party as remuneration for the rights and the use thereof. Medivir may consequently have rights in the Balance Sheet that may generate future revenues in the form of pharmaceutical sales or partnership agreements (see above under Revenues) but which may also result in another party receiving payments based on this return. This may result in Medivir reporting liabilities and provisions in the Balance Sheet with related costs in the Income Statement and/or disclosing contingent liabilities in the Notes. Different types of remuneration circumstances are presented below.

Royalty costs and provisions from in-licensed rights

Some of the pharmaceuticals that generate revenues for Medivir are based on inventions and rights that originally belonged to external parties and to which Medivir has obtained contractual right of disposal. Medivir's right of disposal over these incorporeal rights entail payments in the form of royalties. The payments in these agreements are based on the revenues that Medivir receives from any milestone payments or sales of finished pharmaceutical products. Royalty provisions are recognized when it is probable that payments will be made to the counterparty from whom the right was acquired and when the amount can be reliably estimated. These two preconditions for recognition as provisions are often not fulfilled until Medivir receives feedback and confirmation from the other parties that sales of the pharmaceutical product have occurred or on the successful completion of a pharmaceutical trial as part of a partnership agreement that generates a milestone payment to Medivir. The payments made to the rights holders may be made either to parties external to the Group or to related parties. Payments made to related parties are also reported as a supplementary disclosure (Note 4).

Contingent liabilities

Payments may have to be disbursed in future for a number of in-licensed rights on the basis of future events, such as a successful clinical phase pharmaceutical trial or future product sales. When the criteria for provision recognition (probable and reliable estimation of amounts) have not been met, but the possibility exists that future payments may have to be disbursed by Medivir for the usufruct, this fact is recognized as a Contingent liability in the Notes, together with estimations of the possible outcome.

Contingent assets

Other parties have acquired the usufruct for a number of the rights at Medivir's disposal (often as a result of Medivir having entered into so-called Out-licensing and collaboration agreements – see above under Revenues), and which may generate revenues for the Group in the future. These revenues are, however, contingent upon uncertain future events that are, to some extent, beyond the company's control. Such contingent assets are not reported as disclosures in the Notes until they become probable. When the uncertainty with regard to the outcome has ceased and Medivir is entitled to receive remuneration from a counterparty, the principles described above in the section entitled "Revenues" are applied.

Income tax

The tax expense for the period consists of current tax and deferred tax. Tax is recognized in the Income Statement apart from when tax relates to items recognized in other comprehensive income or directly in equity. In such cases, tax is also recognized in other comprehensive income and equity, respectively. Current tax is tax to be paid or received for the current year and restatements of current tax relating to previous years. Deferred tax is recognized in accordance with the balance sheet method on all temporary differences that arise between the taxable values of assets and liabilities and their carrying amounts in the consolidated accounts. Deferred tax receivables are recognized to the extent it is likely that future taxable profits will be available. Note 10 lists, amongst other things, the estimated deductible deficits accumulated in the Group. The Group's taxable deficits have no expiry date. The treatment of deferred tax on temporary differences is reported and explained in Note 10 on page 53. The various components of consolidated total tax are also explained in this Note.

Statements of Cash Flows

The Statement of Cash Flows has been reported by applying the indirect method. Reported cash flow only includes transactions involving payments made or received. Cash and bank balances, and short-term investments such as commercial papers and fixed income and bond funds with a maximum term of three months, are reported as cash and cash equivalents in the Statement of Cash Flows.

Significant estimates and judgments

The company management and the Board of Directors must, in order to be able to prepare the accounts in accordance with generally accepted accounting practices and in compliance with IFRS, make estimates and assumptions regarding the future. These estimates and assumptions affect both recognized revenue and cost items and asset and liability items, as well as other disclosures. Estimates and judgments are evaluated continuously and are based on historical experience and other factors, including expectations of future events regarded as reasonable under the prevailing circumstances. Segments that include such estimates and assumptions that may have a material impact on the Group's operating results and financial position are presented below.

Revenues

Medivir does not apply successive revenue recognition for impending potential milestone payments within the research projects due to the constant uncertainty regarding the extent of the progress made by the project and the likelihood that the next goal/milestone will be achieved. The income side consequently only shows confirmed and non-refundable income that can be considered to have accrued. Allocation to particular periods could show how Medivir successively receives revenues from the counterparty's utilization of incorporeal rights, but if successive revenue recognition were to be applied, there is a risk that income would be reported that is uncertain in terms of whether Medivir would ever receive any payment. An announcement by the counterparty that the project was to be discontinued, for example, could, under such circumstances, mean that Medivir had reported its profit or loss inaccurately.

Research and development costs

Research costs, including registration costs, are reported on an ongoing basis as costs as long as it remains uncertain what the future economic benefits arising from these costs will be. Pharmaceutical development is generally a complex and risky activity and the majority of research projects will never result in a pharmaceutical on the market. Product development costs shall be capitalized when it is likely that the project will succeed. Every research project is unique and must be judged individually on the basis of its own preconditions. The earliest date for capitalization to occur is adjudged to be upon completion of the phase III trials, but a number of uncertainty factors may still remain, even after completion of phase III trials, such that the criteria for capitalization cannot be considered to be satisfied. Where this is the case, capitalization does not occur until the pharmaceutical is approved by the relevant regulatory authority. Premature capitalization entails a risk of a project failing and of it being impossible to justify offset costs which must, instead, be carried directly as an expense. This would, in turn, mean that the previous year's results, and those for the year in question, would be misleading due to overly optimistic probability assessments.

Intangible fixed assets

The Group conducts impairment testing every year with regard to intangible assets with an unidentified useful life, and as yet uncompleted development projects. Other intangible assets are subject to impairment testing when events or changes indicate that the carrying amounts are not recoverable. When calculating the value in use, future cash flows are discounted at an interest rate that takes into account the market's assessment of risk-free interest and risk (WACC). In the Group, the calculation is based on results achieved, forecasts and business plans. The underlying assumptions about forecasted revenues, costs and margins are based on both internal and external sources of information. When conducting impairment testing, assets are grouped together at the lowest level at which there are separate, identifiable cash flows (cash-generating units). The estimations and assumptions made by the management in conjunction with impairment testing can have a significant impact on the Group's reported profit or loss. Impairment is effected if the estimated value in use is less than the carrying amount and is charged to the profit or loss for the year. See also Note 12, on page 54, for significant assumptions and a description of the effect of reasonable possible changes in the assumptions that form the basis for the calculations.

Tax

Deferred tax is calculated on the basis of the management's and Board of Directors' judgment of possible future utilization of the accumulated deficits within the Group. A revised judgment of the way in which the deductible loss carry forward can be recovered through future taxable surpluses may affect reported tax in the results of the operations and the balance in forthcoming periods. See also Note 10, on page 53.

Other information

The financial reports are presented in thousands of kronor (SEK k) unless otherwise indicated. Rounding off may mean that certain tables in the Notes do not add up.

Notes

01 Segment reporting

Medivir has only one segment, namely pharmaceuticals. This segment comprises the Group's project portfolio and the in-house developed pharmaceutical product Xerclear.

The company monitors the operations through the operating profit/loss, which is presented in the Income Statement.

	GROUP		PARENT COMPANY	
SEK k	**2021**	**2020**	**2021**	**2020**
Breakdown of net sales				
Out-licensing and collaboration agreements				
Non-recurrent payments	21,342	5,110	21,342	5,110
Research collaborations	–	–	–	–
Royalty	4,195	8,838	4,195	8,838
Total	**25,538**	**13,948**	**25,538**	**13,948**
Geographic breakdown of net sales				
Sweden	216	44	216	44
Nordic region, other	318	541	318	541
Europe, other	3,661	8,253	3,661	8,253
USA	21,342	5,110	21,342	5,110
Total	**25,538**	**13,948**	**25,538**	**13,948**
External customers who account for more than 10% of net sales (SEK k)				
Customer #1	21,342	8,839	21,342	8,839
Customer #2	4,195	3,599	4,195	3,599
Customer #3	–	1,510	–	1,510

02 Intra-Group transactions

Parent Company
Intra-Group sales totaled SEK 0 thousand (0). Intra-Group purchases amounted to SEK 0 thousand (0).

03 Audit costs and audit consulting

Remuneration paid to the statutory audit firm and its network by the Medivir Group in 2021 totaled SEK 680 thousand (967), of which SEK 680 thousand (967) was paid to the statutory audit firm, Öhrlings PricewaterhouseCoopers AB, which sum can be broken down into the following categories:

Group and Parent Company
The cost of audit engagements for Medivir by the audit firm and its network totaled SEK 384 thousand (444) in 2021, of which SEK 384 thousand (444) was paid to the audit firm.

Other statutory engagements on behalf of Medivir by the audit firm and its network in 2021 cost a total of SEK 135 thousand (121), SEK 135 thousand (121) of which was paid to the audit firm.

Tax advice provided for Medivir by the audit firm and its network in 2021 cost SEK 45 thousand (52), SEK 45 thousand (52) of which was paid to the audit firm.

Other services provided for Medivir by the audit firm and its network in 2021 cost SEK 116 thousand (350), SEK 116 thousand (350) of which was paid to the audit firm.

04 Average number of employees, salaries, other remuneration, and social security contributions

	GROUP			
	2021		**2020**	
Average number of employees	**Women**	**Men**	**Women**	**Men**
Sweden	5	4	6	5
UK	–	–	–	–
Total	**5**	**4**	**6**	**5**

	GROUP	
Salaries, remuneration, social security contributions and pension costs, SEK thousand [1, 2]	**2021**	**2020**
Salaries and remuneration		
Yilmaz Mahshid (CEO from 14 Sep 2020 to 5 May 2021)	758	1,256
Yilmaz Mahshid (Member of the Board from 5 May 2021)	167	–
Magnus Christensen (interim CEO from 5 May 2021)	1,668	–
Uli Hacksell (CEO from 15 Oct 2018 to 30 Sep 2020)	–	1,710
Uli Hacksell (Member of the Board from 1 Oct 2020 to 5 May 2021)	80	60
Uli Hacksell (Chairman of the Board from 5 May 2021)	450	–
Lennart Hansson (Member of the Board from 3 May 2018)	247	240
Helena Levander (Chairperson of the Board from 9 May 2019 to 5 May 2021)	217	650
An van Es Johansson (Member of the Board from 9 May 2019)	247	240
Bengt Julander (Member of the Board from 3 May 2017 to 5 May 2021)	80	240
Bengt Westermark (Member of the Board from 3 May 2017)	247	240
Total, Board of Directors and CEO	**4,160**	**4,636**
Other senior executives	4,793	6,746
Other employees	4,488	5,186
Salaries and remuneration, total	**13,441**	**16,568**
Statutory and contractual social security contributions	**4,204**	**4,454**
Pension costs		
of which for the CEO: SEK 621 thousand (200)[3]	**3,241**	**3,268**
Total salaries, remuneration, social security contributions, and pension costs	**20,886**	**24,290**
Other personnel related costs	529	641
Total personnel costs	**21,415**	**24,931**

1) The number of employees for the Parent Company, and their salaries, remuneration, social security contributions, and pension costs correspond to those of the Group and this Note consequently only shows the figures for the Group.
2) For the year 2021, it includes a subsidy in accordance with the program Warrants 2021:1 that was approved at the Annual General Meeting in May 2021. For the year 2020, it includes a subsidy in accordance with the program Warrants 2020:1 that was approved at the Annual General Meeting in May 2020.
3) Pension cost 2021 to the CEO amounted to SEK 621 thousand, of which SEK 372 thousand to Magnus Christensen and SEK 249 thousand to Yilmaz Mahshid. In 2020 SEK 200 thousand to Yilmaz Mahshid and SEK 0 thousand to Uli Hacksell.

04 cont.

Board of Directors
SEK 1,733 thousand (1,670) was paid in Directors' fees to the Board of Directors of Medivir during the financial year, SEK 667 thousand (650) of which was paid to the Chairman of the Board. Members of the Board are also reimbursed for travel expenses in conjunction with Board Meetings, etc. There is no pension plan for the Board of Directors.

Guidelines for remuneration to senior executives
Medivir shall offer a competitive total compensation package that promotes recruitment and retention of qualified senior executives. Remuneration payable to senior executives may comprise a fixed salary, performance-related pay, incentive plans approved by the AGM, pensions and other benefits. The fixed salary shall take into account the extent of the individual's responsibilities and their experience. Performance-related pay paid in cash shall total a maximum of 50 percent of the annual fixed salary. Performance-related pay shall be linked to predetermined and quantifiable criteria formulated in order to promote the company's long-term value creation. The guidelines in their entirety are presented on Medivir's web site.

Pensions
Pensions shall be premium-based for the CEO and other senior executives, and the premium may comprise up to 25 percent of the fixed salary. The Board of Directors shall be entitled, the above provisions notwithstanding, to offer other alternative solutions which, from a costs point of view, are equivalent to the above.

Severance pay, etc.
A maximum mutual notice period of six months shall apply. No severance pay or similar remuneration shall, as a basic principle, be payable but may – up to a one-off amount corresponding to a maximum of 100 percent of the annual remuneration – be agreed with reference to any change of control. An additional entitlement to severance pay corresponding to a maximum of 100 percent of the annual remuneration may also apply for the CEO in the event of the company terminating the employment of the CEO or of the CEO resigning due to a significant breach of contract on the part of the company.

Remuneration for the Chief Executive Officer
Salaries and other remuneration paid to the CEO during the year totaled SEK 2,154 thousand, of which SEK 1,429 thousand to Magnus Christensen and SEK 725 thousand to Yilmaz Mahshid. Last year SEK 2,279 thousand was paid of which SEK 1,710 thousand to Uli Hacksell and SEK 569 thousand to Yilmaz Mahshid.

Bonuses totaled SEK 239 thousand, of which SEK 239 thousand to Magnus Christensen and SEK 0 thousand to Yilmaz Mahshid. Last year's bonuses to the CEO amounted to SEK 669 thousand, of which SEK 0 thousand to Uli Hacksell and SEK 669 thousand to Yilmaz Mahshid.

Other benefits totaled SEK 33 thousand, of which SEK 0 thousand to Magnus Christenssen and SEK 33 thousand to Yilmaz Mahshid. Last year amounted to SEK 18 thousand of which SEK 0 thousand to Uli Hacksell and SEK 18 thousand to Yilmaz Mahshid.

Pension provisions during the year totaled SEK 621 thousand, of which SEK 372 thousand to Magnus Christensen and SEK 249 thousand to Yilmaz Mahshid. Last year totaled SEK 200 thousand, of which SEK 0 thousand to Uli Hacksell and SEK 200 thousand to Yilmaz Mahshid.

For the CEO, a notice period of six months applies and from the company a notice period of twelve months. The CEO is entitled to severance pay corresponding to twelve times the value of the fixed monthly salary at the time when notice of termination was given if the notice is given by the company or if the CEO gives notice due to significant breach of contract on the part of the company. Any bonuses are maximized to a value of 50 percent of the annual fixed salary.

Other senior executives
The term, other senior executives, refers, in addition to the CEO, to the people who, together with the CEO, have comprised Group management during the year. Group management, excluding the CEO, comprises four people (two women and two men). Salaries totaling SEK 3,661 thousand (5,197) have been paid to other senior executives, together with SEK 1,077 thousand (1,510) in performance-related pay, SEK 0 thousand (0) in severance pay, and SEK 55 thousand (39) in benefits, comprising a total of SEK 4,793 thousand (6,746) in remuneration paid. Pension provisions have been made in the sum of SEK 1,675 thousand (1,673).

Fixed salaries and performance-related pay
The CEO and Group management, as well as other employees receive performance-related pay in addition to their fixed salaries. The performance-related pay follows a system adopted by the Board of Directors, based on company-wide goals.

The level of the performance-related pay per individual is maximized to between 10 and 50 percent of the basic salary received and is disbursed every year in cash for the previous year.

Long-term incentive plans
The purpose of long-term incentive plans is to generate the conditions for retaining and recruiting competent personnel and to offer employees an attractive opportunity to acquire a stake in the Group, so as to encourage continued company loyalty by combining the interests of the shareholders and the employees. An account of the stock option-related incentive program introduced by the company in 2017 is provided below. Medivir's share-related incentive plan is reported in accordance with "IFRS 2 – Share-based Payment".

Stock option program 2017 (LTI-2017)
The 2017 Annual General Meeting approved the Board's proposal to introduce a stock option program on condition that the company does not thereby incur any costs. The right to subscribe is vested in all of the company's senior executives and other permanent employees of Medivir. The company issued a total of 102,500 warrants to subscribe, free of charge, to the subsidiary company, Medivir Personal AB, without preferential rights for existing shareholders. The warrants may be exercised to subscribe for new class B shares during the period from 16 December 2020 up to and including 15 January 2021, and the subscription price (strike price) per share shall correspond to 133 percent of the volume-weighted average rate of the class B share according to the official NASDAQ Stockholm price list during the period from 4–17 May 2017, namely SEK 89.36/share.

Medivir AB employees were allocated and subscribed for a combined total of 57,835 in 2017. The subscription period ended on January 15, 2021 and no shares were subscribed under the program.

Stock option program 2018 (LTI-2018)
In May 2018, the Annual General Meeting approved a new longterm incentive plan with the same structure. In the second quarter of 2018, Medivir's employees purchased 51,864 warrants with a market value of SEK 5.63 each and a strike price of SEK 52.75 per share. The warrants can be exercised to subscribe for new class B shares during the period from December 16, 2021 through January 15, 2022. The 2018 valuation calculation was based on the following figures: term, 3.66 years; strike price, SEK 52.75; VWAP, SEK 39.66; risk-free interest rate, -0.16 percent; volatility, 32 percent. The subscription period ended on January 15, 2022 and no shares were subscribed under the program.

Stock option program 2020 (LTI-2020)
At the Annual General Meeting on May 5, 2020, the shareholders decided to issue 600,000 warrants for the benefit of the comany´s employees. All options were subscribed for free of charge by the wholly owned subsidiary Medivir Personal AB. The total of 600,000 warrants can be exercised for subscription of new B shares during the period 1 December 2023 until December 15, 2023. In the second quarter of 2020, Medivir's employees purchased 227,000 warrants with a market value of SEK 1.30 each and a strike price of SEK 31.40 per share. Of these 227,000 warrants, senior executives bought 185,000 warrants. During the third quarter of 2020, Medivir´s CEO purchased 300,000 warrants. These warrants were issued at a market value of SEK 1.00 with a strike price of SEK 31.40 per share. The 2020 valuation calculation was based on the following figures: term, 3.58 years; strike price, SEK 31.40; VWAP, SEK 15.70; risk-free interest rate, 0.0 percent; volatility, 41 percent.

On December 31, there were a total of 636,699 (106,699) outstanding warrants within the framework of LTI 2017, 2018 and 2020.

Stock option program 2021 (LTI-2021)
In May 2021, the Board of Directors and the Annual General Meeting approved a new long-term incentive plan. In the second quarter of 2021, Medivir's employees purchased 230,000 warrants with a market value of SEK 1.00 each and a strike price of SEK 13.79 per share. In the fourth quarter 2021, Medivir employees bought an additional 305,000 warrants of which incoming CEO bought 240,000. These warrants were issued at a market price of SEK 1.71 with an exercise price of SEK 13.79 per share. The warrants can be exercised to subscribe for new class B shares during the period from December 1, 2024 through December 15, 2024. The 2021 valuation calculation was based on the following figures: term, 3.60 years; strike price, SEK 13.79; VWAP, SEK 7.88; risk-free interest rate, 0.4 percent; volatility, 41 percent. On December 31there were a total of 535.000 (0) outstanding warrants in the program.

On December 31, there were a total of 1,113,864 (106,699) outstanding warrants within the framework of LTI 2018, 2020 and 2021.

05 Leasing agreements including property rent

	GROUP		PARENT COMPANY	
SEK thousand	**2021**	**2020**	**2021**	**2020**
Costs for the year[1]	–	–	3,083	4,689
Nominal value of future minimum lease payments for irrevocable leasing agreements including property rent:				
Within one year	–	–	2,780	3,084
Between two and five years	–	–	10,688	10,598
Over five years	–	–	5,344	7,800
Total	**–**	**–**	**18,812**	**21,482**

1) Costs for the year refer primarily to the rental of premises by Medivir AB.

06 Profit/loss from participations in Group companies

	GROUP		PARENT COMPANY	
SEK thousand	**2021**	**2020**	**2021**	**2020**
Dividends from subsidiaries	–	–	6,663	–
Total	**–**	**–**	**6,663**	**–**

07 Financial risks

The Group is, by virtue of its operations, exposed to different types of risks. The operations are affected by a number of factors that can impact the company's profit or loss and its financial position. The strategy entails the ongoing identification and management of risks, as far as possible. The risks can be divided into operational risks and financial risks and the section below describes the financial risk factors that are adjudged to be of the greatest significance in terms of Medivir's development, together with the way in which Medivir manages them in order to minimize the risk level. The main financial risks that arise as a result of the management of financial instruments comprise market risks (interest risk, currency risk and share price risk), credit risk, and liquidity and cash flow risk. Operational risks are described in a separate section of the Directors' Report.

Financial policy

Medivir has established a Group policy for its financial operations. The policy defines the financial risks and describes the way in which the company shall manage these risks. The policy states that the company must, at all times, maintain a liquidity that corresponds to at least twelve months' known future net cash disbursements.

Medivir has an agreement with SHB regarding the management of the company's funds. The investment regulations linked to the agreement specify how the funds may be invested. In the current capital market, investments of liquid assets shall be made in such a way that the capital invested, first and foremost, is protected, and, if possible, provides a reliable and secure return. Investments are made in interest-bearing instruments, fixed income funds, and cash or cash equivalent instruments. Underlying instruments shall have a low risk level and a risk spread shall be sought when investing cash and cash equivalents. Investments may only be made in specified securities, which are low risk securities (such as Swedish bondsand papers issued by the Swedish State and A1-rated commercial papers).

Capital risk

An effective risk assessment reconciles Medivir's business opportunities and results with the requirements of shareholders and other stakeholders for sustainable profitability, stable long-term value growth, and control. The process of research and pharmaceutical development, all the way up to approved registration, is both highly risky and capital-intensive.

The Group's objective with regard to its capital structure is to secure the Group's ability to continue its operations such that it can continue to generate a return for its shareholders and benefits for other stakeholders, and to maintain an optimal capital structure in order to keep capital costs down.

To maintain, progress and expand its research portfolio, and thereby generate future value through both milestone payments and royalties, Medivir must have a strong capital base.

The consolidated equity totals SEK 281,146 thousand (141,905). The cash and cash equivalent position and short-term investments total SEK 221,167 thousand (70,007), and the equity/assets ratio is therefore 83.7 percent (74.1%).

The connection between categories and Medivir's Balance Sheet items

The Group, 31 Dec. 2021, SEK thousand	Financial assets recognized at fair value in the Income Statement	Financial assets valued at amortized cost	Financial liabilities valued at amortized cost	Total
Other short-term investments	206,477	–	–	206,477
Cash and bank balances	–	14,690	–	14,690
Accounts payable	–	–	-10,338	-10,388
Financial leasing liabilities	–	–	-14,018	-14,018
Total	**206,477**	**14,690**	**-24,356**	**196,811**

The Group, 31 Dec. 2020, SEK thousand	Financial assets recognized at fair value in the Income Statement	Financial assets valued at amortized cost	Financial liabilities valued at amortized cost	Total
Accounts receivable	–	15	–	15
Other short-term investments	55,969	–	–	55,969
Cash and bank balances	–	14,038	–	14,038
Accounts payable	–	–	-6,808	-6,808
Financial leasing liabilities	–	–	-16,488	-16,488
Total	**55,969**	**14,053**	**-23,296**	**46,726**

07 cont.

Parent Company, 31 Dec. 2021, SEK thousand	Financial assets recognized at fair value in the Income Statement	Financial assets valued at amortized cost	Financial liabilities valued at amortized cost	Total
Other short-term investments	206,477	–	–	206,477
Cash and bank balances	–	14,084	–	14,084
Accounts payable	–	–	-10,341	-10,341
Total	**206,477**	**14,084**	**-10,341**	**210,220**

Parent Company, 31 Dec. 2020, SEK thousand	Financial assets recognized at fair value in the Income Statement	Financial assets valued at amortized cost	Financial liabilities valued at amortized cost	Total
Accounts receivable	–	15	–	15
Other short-term investments	55,969	–	–	55,969
Cash and bank balances	–	6,379	–	6,379
Accounts payable	–	–	-4,407	-4,407
Total	**55,696**	**6,394**	**-4,407**	**57,956**

	Carrying amount	Recognition at fair value at the end of the period, based on:		
The Group, 31 Dec. 2021, SEK thousand		**Level 1**	**Level 2**	**Level 3**
Financial assets recognized at fair value in the Income Statement:				
Short-term investments	206,477	206,477	–	–
Total assets	**206,477**	**206,477**	–	–

	Carrying amount	Recognition at fair value at the end of the period, based on:		
The Group, 31 Dec. 2020, SEK thousand		**Level 1**	**Level 2**	**Level 3**
Financial assets recognized at fair value in the Income Statement:				
Short-term investments	55,969	55,969	–	–
Total assets	**55,969**	**55,969**	–	–

Financial assets and liabilities recognized at fair value
The table below shows financial instruments valued at fair value, based on the way in which they have been classified in the value hierarchy. The different levels are defined as follows:

Level 1 fair value is determined on the basis of listed prices on an active market for identical financial assets and liabilities.

Level 2 fair value is determined on the basis of observable information other than listed prices included in level 1.

Level 3 fair value is determined on the basis of valuation models where material input data is based on non-observable data. The Group has level 1 short-term investments. The short-term investments in the form of fixed income funds are managed as a single group of financial assets and are recognized at fair value in the Income Statement.

Other financial assets and liabilities
The fair value of financial instruments such as accounts receivable, loan receivables, accounts payable and other non-interest-bearing financial assets and liabilities which are recognized at amortized cost less any amortization is deemed to correspond to the reported value due to the short anticipated term.

Market risks
Interest risk
Interest risk is the risk of a negative impact on cash flow or financial assets and liabilities resulting from changes in market rates of interest. Interest risk arises in two ways; the Group's investments in interest-bearing assets whose value changes when interest rates change and the cost of the Group's borrowings when interest rates change.

Medivir's cash and cash equivalents are invested in instruments such as bank and corporate commercial papers, fixed income and bond funds, fixed bank investments and special deposits. Changes in market rates of interest consequently affect Medivir's profit/loss by reducing or increasing returns on financial assets.

The Group's cash and cash equivalents, including short-term investments with a maximum term of three months, totaled SEK 221,167 thousand (70,007) on 31 December 2021. SEK 206,477 thousand (55,969) of this sum was invested in fixed income funds.

An average return on cash and cash equivalents of 0.37 percent (1.12%) was achieved in 2021. The return has fluctuated during the year between 0 percent and 0.38 percent (-1.16% and 1.12%). Assuming an average of existing short-term investments during the year, if the average return had been 1 percentage point higher or lower, the annualized positive or negative effect on the profit/loss would have been approximately SEK 550 thousand (700) on a full-year basis. Falling interest rates result in a reduction in the return on the Group's cash or cash equivalents.

Currency risk
Currency risk is the risk that the fair value or future cash flows associated with financial instruments vary due to changes in foreign exchange rates.
– The profit/loss is affected when costs and revenues in foreign currencies are translated into Swedish kronor (transaction risk).
– The Balance Sheet is affected when assets and liabilities in foreign currencies are translated into Swedish kronor (translation risk).

In accordance with Medivir's financial policy, the Group has not made use of currency hedging in 2021. Income and expenses have consequently been affected by fluctuations in foreign currency exchange rates. The company's operating profit/loss was affected during the financial year by a net of SEK 1,058 thousand (-241) in exchange rate profits/losses and the exchange rate items component of net financial items totals SEK 0 thousand (0).

All trading in foreign currency was conducted at the best rate of exchange attainable at the point of exchange. Many of Medivir's contracts involve payments in GBP, EUR and USD, and accounts payable and accounts receivable consequently have currency exposure.

The Group's transactions in foreign currency consist of revenues from partners, pharmaceutical sales, purchases of services and goods and other operating costs.

The Group's transactions in its most common currencies and the theoretical effect on profit or loss arising if the average rates of exchange for each currency change by 5 percent are shown below.

07 cont.

2021	Net sales	Costs	Operating profit/loss	Change +/– 5%
EUR	4,569	-19,277	-14,708	+/–735
USD	21,342	-4,683	16,660	+/–833
GBP	–	-7,243	-7,243	+/–362
DKK	–	-1,373	-1,373	+/–69
SEK	-374	-28,295	-28,699	+/–0
Other currencies	–	-12,405	-12,405	+/–620
Total	**25,538**	**-73,277**	**-47,738**	**+/–954**

2020	Net sales	Costs	Operating profit/loss	Change +/– 5%
EUR	8,838	355	9,193	+/– 460
USD	5,110	-14,770	-9,660	+/–483
GBP	–	-13,126	-13,126	+/– 656
DKK	–	-2,204	-2,204	+/– 110
SEK	–	-19,589	-19,589	+/– 0
Other currencies	–	-3,598	-3,598	+/– 180
Total	**13,948**	**-52,932**	**-38,984**	**+/– 970**

The table shows the currency exposed operating income and operating expenses as net amounts per currency in SEK thousand for continuing operations.

A sensitivity analysis shows that a strengthening of the Swedish krona by 5 percent against the above currencies' exchange rates would have entailed an improvement in the Group's net profit/loss of SEK 954 thousand (970). A corresponding weakening of the Swedish krona would have yielded a deterioration in the net profit/loss of SEK 954 thousand (970).

Share price risk of unlisted shares

In 2007, Medivir received shares in conjunction with the new share issue conducted by Epiphany Biosciences, Medivir's licensing partner for the MIV-606 (EPB-348) shingles project and shares in conjunction with the new share issue conducted by Presidio Pharmaceuticals, Inc., Medivir's licensing partner for the MIV-410 (PTI-801) compound. The value of the shares held, which totaled SEK 18,793 thousand, is now impaired to SEK 0. Medivir has classified the shares as financial assets held for sale in accordance with IFRS 9.

Credit risk (counterparty risk)

Credit risk is the risk that a counterparty is unable to fulfil its contracted obligations to Medivir, thus causing a financial loss for the company.

Medivir invests its cash and cash equivalents with Swedish asset managers. Investments are short-term with a good risk diversification and a credit rating within the segment "investment grade", i.e. at the lowest a BBB rating according to Standard & Poor or equivalent. During the year, these investments did not experience any value changes resulting from changes to asset managers' credit risk. The credit risks in relation to the above investments are deemed to be minor.

Medivir may also be exposed to credit risk in accounts receivable.

Medivir's partnership agreements are with established pharmaceutical companies and historically, Medivir has never needed to impair accounts receivable. Medivir had SEK 0 thousand (15) in outstanding accounts receivable on the reporting date. The accounts receivable are reported at amortized cost, taking into account expected credit loss provisions. Accounts receivable in foreign currencies are converted at the closing day rate. Accounts receivable are exposed to credit risk and, in principle, to exchange rate risk. On 31 December 2021, however, all accounts receivable were denominated in Swedish kronor and hence no exchange rate risk exists. When assessing the impairment requirement for accounts receivable, the company primarily takes into account such factors as the time passed since the due date, evaluations of the customer's solvency, indications of insolvency, and individual agreements with the customer in question. In 2021, a bad debt loss of SEK 0 thousand (23) was reported.

	GROUP		PARENT COMPANY	
Age analysis, accounts receivable, SEK thousand	**2021**	**2020**	**2021**	**2020**
Not due	–	15	–	15
Total	**–**	**15**	**–**	**15**

Other receivables total SEK 1,294 thousand (3,199), of which SEK 0 thousand (0) was due on the reporting date.

Liquidity and cash flow risk

Liquidity risk is the risk of Medivir experiencing future difficulties in fulfilling their obligations associated with financial liabilities. A financial liability is each liability in the form of a contracted obligation to pay cash or other financial assets to another company, or to exchange a financial asset or financial liability with another company subject to terms that may be disadvantageous for the company.

Medivir's management and Board of Directors have continuous access to information on the company's equity and cash and cash equivalents. Liquidity and cash flow forecasts are prepared continuously on the basis of anticipated cash flows in order to monitor liquidity capacity.

Medivir had a negative debt/equity ratio at the period end, i.e. the available cash and bank balances and short-term investments, as well as interest-bearing receivables, exceed the Group's interest-bearing liabilities (leases). Current liabilities and ongoing operating expenses for 2022 are covered by Medivir's cash position. The company's management is of the opinion that Medivir is a going concern.

The following table shows the contractual undiscounted cash flows from the Group's financial liabilities, broken down by the time which, on the closing day, remains until the contractual due date.

	GROUP			PARENT COMPANY		
31 Dec. 2021	**Less than 1 year**	**2–3 years**	**More than 3 years**	**Less than 1 year**	**2–3 years**	**More than 3 years**
Accounts payable	10,388	–	–	10,341	–	–
Leasing agreements	2,780	5,344	10,688	2,780	5,344	10,688

	GROUP			PARENT COMPANY		
31 Dec. 2020	**Less than 1 year**	**2–3 years**	**More than 3 years**	**Less than 1 year**	**2–3 years**	**More than 3 years**
Accounts payable	6,808	–	–	6,810	–	–
Leasing agreements	3,084	5,398	13,000	3,084	5,398	13,000

The amounts maturing within 12 months are consistent with the reported amounts, because the discount effect is insignificant.

08 Interest income and similar profit/loss items

	GROUP		PARENT COMPANY	
SEK thousand	**2021**	**2020**	**2021**	**2020**
Interest income, other	–	1	–	1
Interest income, lease	–	–	–	–
Dividends from fixed income fund	–	64	–	64
Exchange rate differences	–	–	–	–
Change in fair value of fixed income fund, unrealized	490	762	490	762
Total	**490**	**827**	**490**	**827**

09 Interest expenses and similar profit/loss items

	GROUP		PARENT COMPANY	
SEK thousand	**2021**	**2020**	**2021**	**2020**
Interest expenses, Group companies	–	–	–	–
Interest expenses, other	-3	-7	-3	-7
Interest expenses, lease	-947	-540	–	–
Exchange rate differences	–	–	–	–
Change in fair value of fixed income fund, unrealized	–	–	–	–
Total	**-950**	**-547**	**-3**	**-7**

10 Tax

	GROUP		PARENT COMPANY	
SEK thousand	**2021**	**2020**	**2021**	**2020**
Tax on profit/loss for the year				
Current tax	-546	–	–	–
Tax on profit/loss for the year	**-546**	**–**	**–**	**–**
Applicable tax rate for the Parent Company	20.6%	21.4%	20.6%	21.4%
Difference between the Group's tax reported in the Income Statement and tax based on applicable tax rate				
Profit/loss before tax	-62,579	-42,620	-55,314	-44,937
Tax at the applicable rate for the Parent Company	12,891	9,121	11,395	9,616
Tax effect of non-deductible costs	-8	-48	-8	-48
Tax effect of non-taxable income	1,591	131	1,426	–
Tax effect of loss carry-forwards not previously capitalized	-15,020	-9,204	-12,813	-9,568
Reported tax	**-546**	**0**	**0**	**0**

At the year-end, the total accumulated taxable loss of the Group was SEK 1,221 million (1,159) of which SEK 0 million (0) has been capitalized. The remaining loss comprises primarily losses within the Parent Company. There is no time restriction on the utilization of capitalized loss.

11 Earnings per share

	GROUP	
	2021	**2020**
Total operations		
Basic earnings per share, SEK[1]	-1.20	-1.75
Diluted earnings per share, SEK[2]	-1.20	-1.75
Net profit/loss for the year, SEK thousand	-63,125	-42,620
Average number of shares, '000[3]	52,815	24,288

1) Basic earnings per share – the profit/loss after financial items less the tax expense for the period divided by the average number of shares.
2) Diluted earnings per share – the profit/loss after financial items less the tax expense for the period divided by the average number of shares and outstanding share warrants, adjusted for any dilution effect.
3) The average number of shares is a calculated average over 12 months in 2021.

Earnings per share have been calculated as the net profit/loss for the year divided by the average number of shares during the year.

12 Intangible fixed assets

	GROUP		PARENT COMPANY	
2021, SEK thousand	**Acquired R&D**	**Capitalized R&D expenditure**	**Acquired R&D**	**Capitalized R&D expenditure**
Cost at beginning of the year	119,084	4,323	119,084	4,323
Additions	–	–	–	–
Sales and disposals	–	–	–	–
Closing accumulated cost	**119,084**	**4,323**	**119,084**	**4,323**
Depreciation at beginning of the year	-3,895	-2,894	-3,895	-2,894
Depreciation for the year	–	-8	–	-8
Sales and disposals	–	–	–	–
Accumulated depreciation at year-end	**-3,895**	**-2,923**	**-3,895**	**-2,923**
Depreciation at beginning of the year	-18,877	-1,400	-18,877	-1,400
Depreciation for the year	–	–	–	–
Sales and disposals	–	–	–	–
Closing accumulated depreciation	**-18,877**	**-1,400**	**-18,877**	**-1,400**
Book value at year-end	**96,312**	**0**	**96,312**	**0**

	GROUP		PARENT COMPANY	
2020, SEK thousand	**Acquired R&D**	**Capitalized R&D expenditure**	**Acquired R&D**	**Capitalized R&D expenditure**
Cost at beginning of the year	119,084	4,323	119,084	4,323
Additions	–	–	–	–
Sales and disposals	–	–	–	–
Closing accumulated cost	**119,084**	**4,323**	**119,084**	**4,323**
Depreciation at beginning of the year	-3,895	-2,894	-3,895	-2,894
Depreciation for the year	–	-21	–	-21
Sales and disposals	–	–	–	–
Accumulated depreciation at year-end	**-3,895**	**-2,915**	**-3,895**	**-2,915**
Depreciation at beginning of the year	-18,877	-1,400	-18,877	-1,400
Depreciation for the year	–	–	–	–
Sales and disposals	–	–	–	–
Closing accumulated depreciation	**-18,877**	**-1,400**	**-18,877**	**-1,400**
Book value at year-end	**96,312**	**8**	**96,312**	**8**

Acquired research and development
Acquied research and development relates to birinapant and remetinostat research programs acquired. The useful life of completed projects is based on the lifetime of the underlying patents and totals 10 years. Amortization is calculated on a straight-line basis in order to spread the development costs over the estimated useful life. Amortization of other intangible assets acquired, such as development projects, is effected linearly over the useful life and is linked to the lifetime of the patents obtained. Birinapant and Remetinostat are not yet completed and amortization has not yet begun.

Capitalized research and development expenditure
Other intangible assets relates to capitalized development expenditure for Xerclear. The depreciation period is based on the life of the patent and is depreciated on a straight-line basis over 10 years.

Impairment testing
Intangible assets with an indefinite useful life are subject to impairment testing at least once every year. Assets depreciated or amortized according to plan are subject to impairment testing whenever events or changes in circumstances indicate that their carrying amount is not recoverable.

Research projects that have been acquired but which are not yet completed for sale are subject to annual impairment testing. The value is also monitored and reviewed if there are indications to suggest that the carrying amount is not recoverable. This might, for example, happen in conjunction with failed research results or in the absence of the resources required to render the asset ready for sale. An impairment test has been performed at the end of 2021 and the analysis shows that there is no indication of impairment.

13 Property, plant and equipment

SEK thousand	GROUP		PARENT COMPANY	
Buildings and land[1]	**2021**	**2020**	**2021**	**2020**
Cost at beginning of the year	4,027	9,614	4,027	9,614
Sales and disposals	–	–5,587	–	–5,587
Closing accumulated cost	**4,027**	**4,027**	**4,027**	**4,027**
Depreciation at beginning of the year	-3,599	-3,733	-3,599	-3,733
Sales and disposals	-27	248	-27	248
Depreciation for the year	-230	-114	-230	-114
Accumulated depreciation at year-end	**-3,856**	**-3,599**	**-3,856**	**-3,599**
Book value at year-end	**171**	**428**	**171**	**428**

1) The value of the Group's buildings corresponds to the incurred cost of improvements to rental properties.

	GROUP		PARENT COMPANY	
Equipment, tools, fixtures and fittings	**2021**	**2020**	**2021**	**2020**
Cost at beginning of the year	8,940	12,996	8,940	12,996
Capital expenditure	–	–	–	–
Sales and disposals	-5,037	-4,056	-5,037	-4,056
Closing accumulated cost	**3,903**	**8,940**	**3,903**	**8,940**
Depreciation at beginning of the year	-8,848	-11,400	-8,848	-11,400
Depreciation for the year	-92	-1,495	-92	-1,495
Sales and disposals for the year	5,037	4,047	5,037	4,047
Accumulated depreciation at year-end	**-3,904**	**-8,848**	**-3,904**	**-8,848**
Book value at year-end	**0**	**92**	**0**	**92**

14 Leases

The balance sheet shows the following amounts related to leasing agreements:

SEK thousand	GROUP				
Right-of-use assets	**2021**	**Acquisition 2021**	**2020**	**Acquisition 2020**	**2019**
Properties	20,295	–	20,295	**2,346**	17,949
Equipment	586	–	586	–	586
Cars	516	–	516	**338**	178
Closing accumulated cost	**21,397**	**–**	**21,397**	**2,684**	**18,713**

The statement of profit or loss shows the following amounts related to leasing agreements:

SEK thousand	GROUP				
Depreciation charge of right-of-use assets	**2021**	**Depreciation 2021**	**2020**	**Depreciation 2020**	**2019**
Properties	-7,011	**-2,018**	-4,993	**-2,428**	-2,565
Equipment	-586	**-21**	-565	**-311**	-254
Cars	-374	**-226**	-148	**-60**	-88
Accumulated depreciation at year-end	**-7,971**	**-2,265**	**-5,706**	**-2,799**	**-2,907**
Accumulated depreciation at year-end	**13,426**		**15,691**		**15,806**

The total cash outflow for leases in 2021 was SEK 3,083 thousand (6,367).

15 Participations in Group companies

	PARENT COMPANY	
SEK thousand	**2021**	**2020**
Opening cost	150,267	150,267
Closing accumulated cost	**150,267**	**150,267**
Depreciation at beginning of the year	-150,167	-150,167
Closing accumulated depreciation	**-150,167**	**-150,167**
Book value at year-end	**100**	**100**

Subsidiary:	**Corporate ID no.**	**Registered office**	**Number of shares**	**Share of capital**	**Book value, 2021**	**Book value, 2020**
Glycovisc BioTech AB	556535-0005	Huddinge	5,000	100%	0	0
Medivir UK Ltd[1]	3496162	Essex (UK)	2,000,007	100%	0	0
Medivir Personal AB	556598-2823	Huddinge	1,000	100%	100	100
Tetralogic Birinapant UK Ltd[1]	9497530	Birmingham (UK)	2	100%	0	0
Tetralogic Shape UK Ltd[1]	9497577	Birmingham (UK)	2	100%	0	0
Total					**100**	**100**

1) The company is exempted from statutory audit requirements, pursuant to section 476 of The Companies Act, 2006.

16 Financial assets held for sale

	GROUP		PARENT COMPANY	
SEK thousand	**2021**	**2020**	**2021**	**2020**
Epiphany Biosciences				
Opening book value	14,165	14,165	14,165	14,165
Accumulated impairment loss	-14,165	-14,165	-14,165	14,165
Closing book value	**0**	**0**	**0**	**0**
Presidio Pharmaceuticals Inc.				
Opening book value	4,628	4,628	4,628	4,628
Accumulated impairment loss	-4,628	-4,628	-4,628	-4,628
Closing book value	**0**	**0**	**0**	**0**
Total	**0**	**0**	**0**	**0**

Fair value has been calculated at 0 (0) as the operations of the companies are not expected to generate any surplus in the future. Testing of fair value did not give rise to any changes in value during 2021.

17 Prepaid expenses and accrued income

	GROUP		PARENT COMPANY	
SEK thousand	**2021**	**2020**	**2021**	**2020**
Prepaid rent	–	–	668	650
Licensing fees	670	822	670	822
Accrued royalty income	826	1,200	826	1,200
Repairs and Maintenance	–	22	–	22
Trade literature and publications	5	–	5	–
Insurance	82	260	82	151
Other items	426	2,628	444	1,978
Total	**2,010**	**4,932**	**2,696**	**4,823**

18 Other short-term investments and cash equivalents

	GROUP		PARENT COMPANY	
SEK thousand	**2021**	**2020**	**2021**	**2020**
Other short-term investments	206,477	55,969	206,477	55,969
Cash and bank balances	14,690	14,038	14,084	6,380
Total	**221,167**	**70,007**	**220,561**	**62,349**

The Group's net available cash on the balance sheet date amounted to SEK 221,167 (70,007) thousand.

19 Provisions

	GROUP		PARENT COMPANY	
SEK thousand	**2021**	**2020**	**2021**	**2020**
Opening provisions	–	19,782	–	19,782
Outgoing provisions	–	-19,782	–	-19,782
Total	**–**	**–**	**–**	**–**

Refers to provision for restructuring of premises.

20 Accrued expenses and deferred income

	GROUP		PARENT COMPANY	
SEK thousand	**2021**	**2020**	**2021**	**2020**
Accrued personnel costs	5,364	5,619	5,364	5,619
Accrued research costs	5,028	4,846	5,028	4,846
Deferred royalty payments	17,032	10,369	17,032	10,369
Other items	1,747	4,580	1,747	4,583
Total	**29,171**	**25,414**	**29,170**	**25,417**

21 Pledged assets

There are no pledged assets.

22 Undertakings and contingent liabilities

	GROUP		PARENT COMPANY	
SEK thousand	**2021**	**2020**	**2021**	**2020**
Parent Company guarantees for subsidiary companies	–	–	–	5,000
Total	**–**	**–**	**–**	**5,000**

Research and development undertakings linked to milestones
Medivir has several ongoing research and development partnerships, including in-licensed projects or similar kinds of arrangement, with a variety of parties. These partnerships may oblige Medivir to make payments in conjunction with the achievement of research, launch or net sales targets. The company is, however, generally entitled to terminate such partnership agreements without incurring any costs thereby. Medivir does not classify research and development milestones as intangible assets until a payment obligation of this kind arises, which is generally when the company reaches pre-determined points in the development cycle. The table below shows Medivir's contingent liabilities in the form of potential development and net sales payments that Medivir may be obliged to make during the course of these partnerships.

SEK thousand	**Total**	**Within 12 months**	**12–24 months**	**25–48 months**	**48 months +**
Future contingent liabilities linked to the development cycle	597,237	–	114,048	–	483,189
Future contingent liabilities linked to net sales targets	285,817	–	–	–	285,817
Total	**883,054**	**–**	**114,048**	**–**	**769,006**

The table includes all potential payments for milestones achieved during ongoing research and development agreements. Net sales-related milestone payments refer to the maximum possible disbursement based on specified net sales levels when a product has reached the market in accordance with the agreements entered into. The amounts do, however, exclude variable payments based on sales volumes (known as royalty payments), which are carried as expenses in conjunction with the recognition of the sale. The table also excludes those payments booked as assets in the Balance Sheet on 31 December 2021.

The future contingent liabilities reported represent contractual payments and are not discounted or risk adjusted. As stated in the company's risk factors on pages 25-26, pharmaceutical development is a complicated and risky process that can fail at any stage of the development process due to a wide variety of factors (such as failure to obtain regulatory approval, unfavorable data from ongoing trials, adverse events, or other safety aspects). The date of any disbursement and entering as a liability in the company's Balance Sheet is based on the company's assumptions regarding the likelihood of reaching relevant milestones. No contingent liabilities were booked in 2021 since the company assessed that the likelihood of reaching the milestones is not yet high enough.

23 Cash flow analysis, supplemental disclosures

	GROUP		PARENT COMPANY	
SEK thousand	**2021**	**2020**	**2021**	**2020**
Adjustments for non-cash items				
Depreciation, amortization and impairment of assets	2,595	4,430	330	1,631
Change in restructuring provisions	–	-16,968	–	-19,782
Other	27	-1,399	27	2,878
Total	**2,622**	**-13,937**	**357**	**-15,273**

24 Reconciliation of net debt

Reconciliation of net debt
The net debt and changes in the net debt in 2021 are analyzed below.

	GROUP		PARENT COMPANY	
	2021	**2020**	**2021**	**2020**
Cash and cash equivalents	14,690	14,038	14,084	6,380
Short-term investments	206,477	55,969	206,477	55,969
Non-current financial liabilities	-12,964	-14,888	–	–
Current financial liabilities	-1,054	-1,600	–	–
Net debt	**207,149**	**53,519**	**220,561**	**62,349**

Group	**Other assets**		**Other liabilities**				
	Cash and cash equivalents/ bank overdraft facility	**Short-term investments**	**Loan receivables maturing within 1 year**	**Loan receivables maturing after 1 year**	**Loan liabilities maturing within 1 year**	**Loan liabilities maturing after 1 year**	**Total**
Net debt on 1 January 2021	**14,038**	**55,969**	**–**	**–**	**-1,600**	**-14,888**	**53,519**
Cash flow	652	150,014	–	–	–	–	150,666
Amortization	–	–	–	–	1,600	875	2,475
Reclassification short-term component	–	–	–	–	-1,054	1,054	0
Other non-cash items	–	494	–	–	–	-5	489
Net debt on 31 December 2021	**14,690**	**206,477**	**–**	**–**	**-1,054**	**-12,964**	**207,149**

Group	**Other assets**		**Other liabilities**				
	Cash and cash equivalents/ bank overdraft facility	**Short-term investments**	**Loan receivables maturing within 1 year**	**Loan receivables maturing after 1 year**	**Loan liabilities maturing within 1 year**	**Loan liabilities maturing after 1 year**	**Total**
Net debt on 1 January 2020	**34,300**	**100,209**	**6,363**	**21,027**	**-6,729**	**-37,153**	**118,017**
Additional items IFRS 16	–	–	–	–	–	-2,347	-2,347
Cash flow	-20,262	-44,240	–	–	–	–	-64,502
Amortization	–	–	-6,346	–	6,729	5,984	6,367
Reclassification short-term component	–	–	–	–	-1,600	1,600	0
Other non-cash items	–	–	-17	-21,027	–	17,028	-4,016
Net debt on 31 December 2020	**14,038**	**55,969**	**–**	**–**	**-1,600**	**-14,888**	**53,519**

Parent Company	**Other assets**		**Other liabilities**				
	Cash and cash equivalents/ bank overdraft facility	**Short-term investments**	**Loan receivables maturing within 1 year**	**Loan receivables maturing after 1 year**	**Loan liabilities maturing within 1 year**	**Loan liabilities maturing after 1 year**	**Total**
Net debt on 1 January 2021	**6,380**	**55,969**	**–**	**–**	**–**	**–**	**62,349**
Cash flow	7,704	150,508	–	–	–	–	158,212
Net debt on 31 December 2021	**14,084**	**206,477**	**–**	**–**	**–**	**–**	**220,561**

Parent Company	**Other assets**		**Other liabilities**				
	Cash and cash equivalents/ bank overdraft facility	**Short-term investments**	**Loan receivables maturing within 1 year**	**Loan receivables maturing after 1 year**	**Loan liabilities maturing within 1 year**	**Loan liabilities maturing after 1 year**	**Total**
Net debt on 1 January 2020	**25,488**	**100,209**	–	–	–	–	**125,697**
Cash flow	-19,108	-44,240	–	–	–	–	-63,348
Net debt on 31 December 2020	**6,380**	**55,969**	**–**	**–**	**–**	**–**	**62,349**

25 Other operating income

	KONCERNEN		MODERBOLAGET	
	2021	**2020**	**2021**	**2020**
Income effect of renegotiated and divested leases	–	10,139	–	8,466
Reversed liabilities for royalty commitments	–	5,126	–	5,126
Capital gain sale of tangible fixed assets	680	1,358	680	1,358
Reimbursement for previous clinical trials	6,856	6,482	6,856	6,482
Exchange rate differences	1,600	1,287	1,600	1,287
Other	1,064	2,915	1,053	2,190
Total	**10,200**	**27,307**	**10,189**	**24,909**

26 Events after the end of the reporting period

In January, it was announced that the WHO had selected fostroxacitabine bralpamide as the official generic name for the patented candidate drug MIV- 818, which is in clinical development in primary liver cancer.

In January biomarker data from the fostroxacitabine bralpamide phase 1 study was presented as an e-poster at the EASL Liver Cancer Summit.

Jens Lindberg assumed his position as CEO of Medivir on January 24, 2022.

In February, a subgroup analysis of Medivir´s phase II study of MIV-711 for osteoarthritis was published, showing statistically significant reduction in OA pain.

Medivir's Nomination Committee has announced that it will propose to the 2022 Annual General Meeting the re-election of board members Uli Hacksell, Lennart Hansson, Yilmaz Mahshid and Bengt Westermark and the election of Anette Lindqvist as new board member. As Chairman of the Board, the Nomination Committee will propose the re-election of Uli Hacksell. An van Es Johansson has declined re-election.

27 Proposed treatment of non-restricted equity

The Board of Directors proposes that the accumulated loss of SEK 252,255,955 be carried forward.

Attestation

The Board of Directors and the Chief Executive Officer hereby attest that the Consolidated Accounts have been prepared in accordance with the IFRS international financial reporting standards, as adopted by the EU, and that they present a true and fair view of the Group's financial position and results of operations. The Annual Accounts have been prepared in accordance with generally accepted accounting principles and provide a true and fair view of the Parent Company's financial position and results of operations.

The Directors' Report for the Group and the Parent Company provides a true and fair view of the development of the Group's and the Parent Company's operations, financial positions and results of operations and describes significant risks and uncertainty factors facing the companies included in the Consolidated Accounts.

Stockholm, 30 March 2022

Uli Hacksell
Chairman of the Board

Lennart Hansson
Member of the Board

Yilmaz Mahshid
Member of the Board

An van Es-Johansson
Member of the Board

Bengt Westermark
Member of the Board

Jens Lindberg
Chief Executive Officer

Our Audit Report was submitted on 30 March 2022
Öhrlings PricewaterhouseCoopers AB

Tobias Stråhle
Authorized public accountant

Auditor's Report

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Medivir AB for the year 2021 except for the corporate governance statement on pages 28–33. The annual accounts and consolidated accounts of the company are included on pages 22–60 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 parent company and the group as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 28–33. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Our opinions in this report on the 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.

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They 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 consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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.

Key audit matter	How our audit addressed the Key audit matter
Valuation of intangible fixed assets Medivir develops the research projects Remetinostat and Birinapant. The research projects have not yet been completed and depreciation has not begun. As described in the directors report under the section "risk factors" on page 25–26 development of pharmaceuticals is a risk filled and time-consuming process. Furthermore, the section entitled "Significant estimates and judgments" on page 47 shows that intangible assets are associated with assessments and estimates of the future. How the assessment was made is disclosed in note 12 on page 54. Since the 2019 Annual General Meeting, activities related to research and development are monitored by the Board and the company's management team. According to IFRS, it is required that assets with indefinite lifespan are tested for impairment at least annually. The trial means that management needs to apply assessments and estimates of the future to ensure the book value does not exceed fair value. For the above reasons, valuation of intangible fixed assets is considered to be a Key audit matter.	Our review has included, but is not limited to, the following measures • We have evaluated the company's process for establishing an impairment test • With the support of PwC's valuation specialists, we have checked the mathematical correctness of the model and evaluated whether it is based on accepted valuation methods. • With the support of PwC's valuation specialists, we have evaluated the reasonableness of the input data in the model by checking information from external data sources and reports. • We have obtained the company management's comments on the development of the research projects and the results communicated through the company's press releases.

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 1–21 and 65–69. The other information also consists of the remuneration report that we obtained before the date of this audit 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 Director's 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.

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.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

Report on other legal and regulatory requirements

The auditor's examination of the administration of the company and the proposed appropriations of the company's 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 Director's and the Managing Director of Medivir AB for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's 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 Director's 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' 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.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

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 ABC AB (publ) for the financial year 2021.

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

In our opinion, the Esef report #[checksum] has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinions

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 Medivir 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 Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for ensuring that the Esef report has been prepared 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 form an opinion with 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 reasonable assurance engagement 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. 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 reasonable assurance engagement also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

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

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

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 28-33 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/ the Annual Accounts Act for Credit Institutions and Securities Companies/ the Annual Accounts Act for Insurance Companies.

Öhrlings PricewaterhouseCoopers AB, Torsgatan 21 in Stockholm, was appointed auditor of Medivir AB by the general meeting of the shareholders on the 5 May 2021 and has been the company's auditor since the 29 February 1996.

Stockholm 30 March 2022

Öhrlings PricewaterhouseCoopers AB

Tobias Stråhle
Authorized Public Accountant

Key ratios

Group	2021	2020	2019	2018	2017	2016
EBITDA, SEK thousand	–59,524	–38,470	–118,894	–326,498	–342,580	–278 919
EBIT, SEK thousand	–62,118	–42,900	–125,979	–351,030	–362,835	–312 380
Operating margin, %	–243.2	–307.6	–1,444.0	–1,471.0	–990.3	–335.7
Profit margin, %	–245.0	–305.6	–1,413.7	–1,468.7	–981.8	–329.7
Debt/equity ratio, multiple	0.2	0.3	0.6	0.4	0.2	0.1
Return on:						
shareholders' equity, %	–29.8	–30.0	–50.2	–85.3	–32.1	–18.5
capital employed, %	–27.6	–26.6	–41.0	–85.3	–32.0	–19.3
total capital, %	–23.7	–22.0	–34.6	–67.7	–28.3	–17.3
Equity/assets ratio, %	83.7	74.1	62.8	73.4	83.4	90.2
Average number of shares, '000	52,815	24,288	24,288	23,956	21,963	26 941
Number of shares at year-end, '000	55,736	24,288	24,288	24,288	20,319	26 966
Earnings per share, SEK						
Basic earnings per share, all operations	–1.20	–1.75	–5.08	–14.62	–16.40	10.50
Diluted earnings per share, all operations	–1.20	–1.75	–5.08	–14.62	–16.40	10.47
Equity per share, before and after dilution, SEK[1]	5.04	5.84	7.59	12.67	25.31	64.38
Net worth per share, before and after dilution, SEK[1]	5.04	5.84	7.59	12.67	25.31	64.38
Cash flow per share from operating activities, SEK	–0.92	–2.39	–6.10	–13.30	–16.32	–6.68
Cash flow per share after investments, SEK	–0.92	–2.17	–5.92	–13.59	–16.94	23.05
Cash flow per share after financing activities, SEK	2.85	–2.67	–6.19	–7.58	–56.03	23.03
Dividend per share, SEK	–	–	–	–	–	–
Number of outstanding share warrants	1,113,864	636,699	109,699	109,699	57,835	62 842
Capital employed	295,164	158,393	228,338	307,606	514,057	1 733 922

1) IAS 33 states that potential ordinary shares do not give rise to any dilution effect when their conversion to ordinary shares entails an improvement in earnings per share, which would be the case in conjunction with a conversion of the outstanding share warrants in Medivir.

Six-year summary

Group, SEK thousand	2021	2020	2019	2018	2017	2016
Income Statements						
Net sales	25,538	13,948	8,724	23,863	36,639	93,043
Total expenses	–87,656	–56,848	–134,703	–374,893	–399,474	–405,423
Operating profit/loss	–62,118	–42,900	–125,979	–351,030	–362,835	–312,380
Net financial items	–460	280	2,645	555	3,106	5,655
Profit/loss after financial items	–62,579	–42,620	–123,334	–350,475	–359,729	–306,725
Tax	–546	–	–106	161	–490	11 870
Profit/loss after tax	–63,125	–42,620	–123,440	–350,314	–360,218	–294 855

	31 Dec. 2021	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018	31 Dec. 2017	31 Dec. 2016
Balance Sheets						
Intangible fixed assets	96,312	96,320	96,341	96,885	112,742	111,854
Property, plant and equipment	13,597	16,211	23,283	10,828	14,436	21,956
Financial fixed assets	–	–	21,027	–	–	–
Deferred tax receivables	–	–	–	–	–	1,002
Inventories and current receivables	4,750	8,924	18,302	25,358	21,213	88,209
Liquid assets and short-term investments	221,167	70,007	134,509	286,282	467,780	1,698,481
Shareholders' equity	281,146	141,905	184,456	307,606	514,057	1,732,912
Deferred tax liability/provisions	–	–	–	–	–	–
Long-term interest-bearing liabilities	12,964	14,888	37,153	–	–	–
Long-term non-interest-bearing liabilities	–	–	16,879	14,763	–	–
Current liabilities	41,716	34,670	54,974	96,983	102,113	188,591
Balance Sheet total	335,825	191,462	293,462	419,352	616,171	1,921,503

Definitions

Average number of shares
The unweighted average number of shares during the year.

Basic earnings per share
Profit/loss after financial items less full tax divided by the average number of shares.

Capital employed
Balance Sheet total less non-interest-bearing liabilities including deferred tax liabilities.

Cash flow per share
Cash flow divided by the average number of shares.

Debt/equity ratio
Interest-bearing liabilities divided by shareholders' equity.

Diluted earnings per share
Earnings per share after financial items less full tax divided by the average number of shares and outstanding share warrants adjusted for any dilution effect.

EBIT
Profit/loss before financial items and tax.

EBITDA
Operating profit/loss before depreciation and amortization, financial items and tax.

Equity/assets ratio
Shareholders' equity in relation to the Balance Sheet total.

Net worth per share
Shareholders' equity plus hidden assets in listed shares divided by the number of shares at the period-end.

Operating margin
Operating profit/loss as a percentage of net sales.

Profit margin
Profit/loss after financial items as a percentage of net sales.

Return on capital employed
Profit/loss after financial items plus financial expenses as a percentage of average capital employed.

Return on equity
Profit/loss after financial items as a percentage of average equity.

Return on total capital
Profit/loss after financial items plus financial expenses as a percentage of the average Balance Sheet total.

Shareholders' equity
The sum of non-restricted and restricted equity at the year-end. Average shareholders' equity has been calculated as the sum of the opening and closing shareholders' equity balances, divided by two.

Shareholders' equity per share
Shareholders' equity divided by the number of shares at the period-end.

Tax cost for the year
The sum of current and deferred tax, taking into account changes in temporary differences and loss carry-forwards.

Glossary

Biomarker
A biological or chemical marker which can be used as an indicator that a pharmaceutical substance may have an effect on a disease.

Candidate drug (CD)
Substance selected for further development in clinical trials.

Clinical trials
Trials of pharmaceutical substances on human subjects.

EMA
The European Medicines Agency.

Enzyme
A protein molecule that catalyzes chemical reactions in cells without the actual enzyme being consumed. Polymerases and proteases are examples of enzymes.

FDA
The United States Food and Drug Administration.

Histone deacetylases (HDACs)
A class of enzymes that remove acetyl groups from histones.

Histones
A group of proteins which, together with DNA, form nucleoproteins that make up the body's chromosomes.

Metastasis (secondary growth)
A tumor that has spread to organs other than the one in which the primary growth or tumor is located.

Nucleoside analogue
Chemical variants of the nucleosides that build up genetic material (DNA).

Nucleotide
A nucleoside with one or more phosphate groups.

Orphan drugs
Pharmaceutical agents for the treatment of extremely rare diseases.

Orphan Drug Designation
Orphan Drug Designation (ODD) is granted by the FDA and EMA and can imply certain financial easing for the development of a drug. This may include lower fees to the authorities and increased market protection, including market exclusivity for the approved use (10 years in Europe and 7 years in the United States).

Polymerase
A type of enzyme that copies the genetic material (genes) in, for example, a virus.

Prodrug
An inactive drug substance that is converted to its active form when entering the body.

Protease
An enzyme that can cleave proteins into smaller units.

SMAC mimetic
SMAC (second mitochondrial activator of caspases) is a protein found naturally in cells. Smac mimetics drugs block survival signals that cancer cells are dependent on to avoid cell death.

Systemic effect
The pharmaceutical drug enters the bloodstream and effects other places in the body than where it was applied. Tablets do usually have systemic effect. The opposite of systemic effect is local or topical effect.

TACE
Transarterial chemoembolization (TACE), is a treatment of a tumor in the liver, where a high dose of chemotherapy can be administered directly into the blood vessels that supply the tumor. The cytotoxic drugs can be given in combination with another material that blocks the blood supply to the tumors. The arterial blood flow to the tumor stagnates, and the cytostatic is secreted locally at the tumor without a strong systemic effect. This approach means that a maximum amount of the drug reaches the tumor, while a minimal dose leaks into the blood compared to receiving cytotoxic drugs via a vein in the arm.

Topical administration
Application of a drug directly at the place where it should have its effect. Topical administration is used, for example, for medicines applied to skin, eyes and ears.

Troxacitabine
A nucleoside analogue with anticancer activity.

VEGF
Vascular endothelial growth factor (VEGF), is a signal protein produced by many cells that stimulates the formation of blood vessels. Its normal function is to create new blood vessels during embryonic development, new blood vessels after injury, muscle following exercise, and new vessels to bypass blocked vessels. VEGF can also contribute to disease. Solid cancers cannot grow beyond a limited size without an adequate blood supply; VEGF expression allows cancers to grow and metastasize.

Financial glossary

IAS (International Accounting Standards)
See IFRS.

IFRS (International Financial Reporting Standards)
New accounting rules adopted by the EU. The rules are designed to facilitate comparability between annual accounts in Europe. Listed companies have been obliged, since 1 January 2005, to comply with these rules.

Milestone payments
Payments as contractual goals are achieved.

Option
Right to buy shares in the future.

Royalty
Remuneration, often a percentage, for sales of a product (pharmaceutical).

SEK k
Swedish kronor in multiples of 1,000.

SEK m
Swedish kronor in multiples of 1,000,000.

Share issue
Issuance of new shares in order to obtain new capital.

Shareholder information

Financial calendar, 2022
- Q1 Interim Report January–March, publishing date April 28.
- Q2 Interim Report January–June, publishing date August 19.
- Q3 Interim Report January–September, publishing date November 3.

The reports will be available on Medivir's website; www.Medivir.se, under the heading, Investor Relations, as of these dates.

For additional information on Medivir, please contact Magnus Christensen, CFO.
Tel: +46 (0)8 5468 3100
magnus.christensen@medivir.com

2022 Annual General Meeting

The Annual General Meeting will be held at 2 pm on May 5, 2022
The Annual General Meeting will be held at the IVA Conference Centre, Grev Turegatan 16, Stockholm, Sweden. It will also be possible for shareholders who do not wish to participate physically at the AGM to exercise their shareholder rights through voting in advance.

Shareholders wishing to attend the Annual General Meeting shall:
- be entered in the register of shareholders maintained by Euroclear Sweden AB no later than April 27, 2022,
- notify the company of their intention to attend, stating their name, address and telephone number, either by letters in the post to:
  Medivir AB, c/o Euroclear Sweden, PO Box 191,
  SE-101 23 Stockholm, Sweden
  or by telephone: +46 (0)8 402 92 37 no later than April 29, 2022.

PLEASE NOTE:
Important information regarding nominee-registered shares
Shareholders whose shares are nominee-registered must, in order to be entitled to attend the Annual General Meeting, temporarily re-register their shares in their own names with Euroclear Sweden AB. Shareholders wishing to effect such re-registration must inform their nominee thereof in good time before April 27, 2022.

For full details of the 2022 Annual General Meeting, please see the convening notice on the website, www.medivir.com.

Contact

For additional information on Medivir,
please contact Magnus Christensen, CFO.
Tel: +46 (0)8 5468 3100
magnus.christensen@medivir.com

Production: Medivir in cooperation with Cord Communication.
Photography: Joakim Folke, Jenny Lagerqvist and Getty Images.

MEDIVIR

Medivir AB
PO Box 1086
SE-141 22 Huddinge
Sweden
Visiting Address: Lunastigen 5
Tel: +46 (0)8-5468 31 00
E-mail: info@medivir.com