# ANNUAL REPORT 2022

MEDIVIR

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# Contents



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

Vision

# Improving life for cancer patients through transformative drugs

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

We focus on the development of fostroxacitabine bralpamide (fostrox), a pro-drug designed to provide a targeted anti-tumor effect in the liver and thus also minimize any side effects outside the liver. Our goal is that fostrox will become an effective drug against liver cancer that makes a real difference for patients and for healthcare - and thus also for our shareholders.

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.

Medivir was founded as early as 1988 and has developed two pharmaceutical products, Xerclear® and Olysio®, which have reached the market. The company's share (ticker: MVIR) has been listed on Nasdaq Stockholm's Small Cap list since 1996.

# 2022 in brief

## Fostroxacitabine bralpamide (fostrox)

- 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 February, additional data from the completed phase I study with fostrox were presented at the European Association for the Study of the Liver (EASL) Liver Cancer Summit.
- Fostroxacitabine bralpamide received in July 2022 formal approval as a pharmaceutical name in the USA by the United States Adopted Names (USAN) Council.
- Medivir presented new data, showing additive efficacy of fostrox in combination with anti-PD1 in experimental tumor models, at the SITC Immunotherapy Conference in November.
- Medivir completed a pre-IND meeting with the US Food and Drug Administration (FDA) and received positive feedback on the development plan in preparation for an IND for the candidate drug fostrox.

## Other projects

- In February, a subgroup analysis of Medivir's phase II study with MIV-711 for osteoarthritis was published, showing significantly reduced osteoarthritis-related pain after six months of treatment with MIV-711.
- Tango Therapeutics has announced that it in 2023 plans to open an IND for TNG348, a USP-1 inhibitor from the preclinical research program in-licensed from Medivir.
- IGM Biosciences reported in late 2022 that the fourth dose-escalation cohort in the combination study with birinapant was ongoing, and that no dose-limiting toxicities had been observed.
- INFEX Therapeutics has announced its intention to initiate a phase 1 program in 2023 with MET-X, the company's broad-spectrum metallo-beta-lactamase inhibitor (MBLI) based on Medivir's MBLI program.

## The company

- Jens Lindberg assumed his position as CEO of Medivir on January 24, 2022.
- At Medivir's AGM on May 5, Uli Hacksell, Lennart Hansson, Bengt Westermark and Yilmaz Mahshid were re-elected and Anette Lindqvist was newly elected as board members in the company. Uli Hacksell was re-elected as chairman of the board. An van Es Johansson had declined re-election.
- In October the nomination committee was appointed ahead of the 2023 AGM. The Nomination Committee consists of Karl Tobieson (Chairman), appointed by Linc AB, Richard Torgerson, appointed by Nordea Investment Funds, Anders Hallberg, appointed by HealthInvest Partners and Uli Hacksell, Chairman of the Board, Medivir AB.
- Pia Baumann was recruited in November as new Chief Medical Officer, and assumed her position in February 2023.

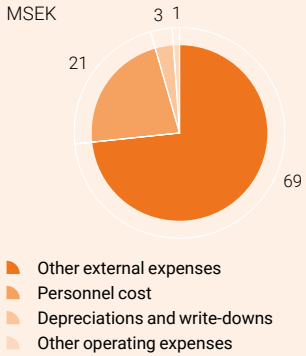
## Significant events after the end of the year

- On January 11 it was announced that Medivir's partner Infex Therapeutics receives Qualified Infectious Disease Product (QIDP) designation from the FDA for MET-X, the company's broad spectrum metallo-beta-lactamase inhibitor (MBLI) based on Medivir's MBLI program.
- In February, it was announced that the recommended dose (RP2D) for the first combination arm in the phase 2a part of the fostrox study was determined to 30 mg for fostrox in combination with Lenvima®.
- In March, it was announced that the first patient had been dosed in the phase 2a part of Medivir's study with fostrox in combination with Lenvima®.
- Medivir's Nomination Committee has announced that for the 2023 Annual General Meeting it will propose re-election of Uli Hacksell, Lennart Hansson, Yilmaz Mahshid, Bengt Westermark, and Anette Lindqvist as board members. The Nomination Committee will propose a re-election of Uli Hacksell as the Chairman of the Board.

## Key ratios

| MSEK | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Net turnover | 4 | 26 | 14 | 9 | 24 |
| Operating profit | -87 | -62 | –43 | –126 | –351 |
| Total short-term investments | 117 | 221 | 70 | 135 | 286 |
| Equity/assets ratio, % | 82 | 84 | 74 | 63 | 73 |
| Number of employees | 9 | 9 | 11 | 51 | 75 |

## Operating expenses 2022



CEO's message:

# Fostrox can lead to a treatment that makes a real difference for patients and for health care

Taking over as CEO of Medivir in January 2022, I was given the privilege of leading a great team to develop cancer medicines that can really make a difference. Our cutting-edge project, fostrox, has great potential to become such and it is very gratifying that we now have started phase 2a in our combination study, where fostrox is combined with Lenvima®, in patients with HCC for whom current first-line treatment has proven ineffective or is not tolerable.

Our main focus in 2022 has been the continued clinical development of Medivir's proprietary candidate drug fostroxacitabine bralpamide (fostrox). Fostrox 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 makes fostrox attractive to combine with several other drugs for the treatment of hepatocellular carcinoma HCC.

The measures taken at the end of the summer to accelerate patient recruitment in the first part, phase 1b, of the combination study with fostrox had the desired effect. Since then, interest in the study has been very high, with patients in line waiting for new cohorts to be opened. The phase 1b part of the combination study with fostrox and Lenvima® could thereby be completed at the beginning of this year. The preliminary results were positive with a good safety and tolerability profile and no dose-limiting toxicity was observed. In February, we were able to determine the recommended dose and thereafter begin the phase 2a part of the study for the first combination arm, where fostrox is given in combination with Lenvima®. The phase 1b study with fostrox and Keytruda® is ongoing.

We also presented new data for fostrox during the year. At the EASL Liver Cancer Summit in February, Medivir was able to present biomarker data from the phase 1 study with fostrox which, among other things, shows that fostrox provides a tumor-selective effect in the liver by causing the desired DNA damage and cell death in tumor cells in the liver but not in normal or healthy liver cells. At the SITC Immunotherapy Conference in November, Medivir presented new data showing that the combination of fostrox with anti-PD1 provides an improved effect in experimental tumor models and creates changes in the tumor microenvironment consistent with increased immune-mediated antitumor activity.

It is also gratifying that we, at our pre-IND meeting with the US Food and Drug Administration FDA in December, received positive feedback on the IND preparation program for fostrox. We plan to submit an IND application to the US authority in 2023.

In Medivir's business development, we focus on our two clinical projects for partnership, remetinostat and MIV-711. The data packages for both projects have been strengthened during the year and we continue our dialogues with external parties in order to find the best possible solution for each substance.

Medivir's clinical project birinapant was out-licensed to IGM Biosciences in 2021. IGM is conducting ongoing clinical development work with the phase I clinical study in solid tumors with birinapant in combination with IGM's own DR5 agonist antibody IGM-8444. In late 2022 the fourth dose-escalation cohort was ongoing, and no dose-limiting toxicities have been observed to date.

*"We look forward with confidence to the continued clinical the development of fostrox for patients with HCC."*

Medivir's preclinical research program USP-1 was out- licensed in 2020 to US-based Tango Therapeutics. Tango has announced that it has selected TNG348, a USP-1 inhibitor from this research program, as a development/drug candidate in the treatment of BRCA1/2 mutated cancers. Tango intends to open an IND in the US in 2023 for TNG348.

Also our preclinical program MBLI/MET-X-program aimed at addressing the threat of resistant bacteria appears to be moving towards clinical development. It is licensed to INFEX Therapeutics in England, which recently received QIDP-designation from the FDA and communicated its intention to initiate a phase 1 program in 2023.

Medivir has a very competent and dedicated team and in February this year it was strengthened with our new CMO Pia Baumann. Pia is a cancer specialist with solid experience, from both smaller biotech companies and larger pharmaceutical companies, of global drug development, which will be very valuable in the continued clinical development of fostrox.

Our work to ensure that fostrox can become an effective drug against liver cancer continues unabated. We are glad to note the strong interest in fostrox and that the measures taken have yielded results in patient recruitment. Now the phase 2a part of the study is our focus going forward and we look forward with confidence to the continued clinical development of fostrox for patients with HCC. We hope and believe that it will lead to a treatment that makes a real difference for the patients and for the care and thus also for our shareholders. I look forward to keeping you informed of Medivir's continued development.

*Jens Lindberg*
*CEO*

# Fostrox has been possible to develop thanks to Medivir's history

Developing a cancer drug with target-specific action requires knowledge of the target, or the target organ. The reason why fostrox, with its unique mechanism of action in the liver, could be developed lies in Medivir's history.

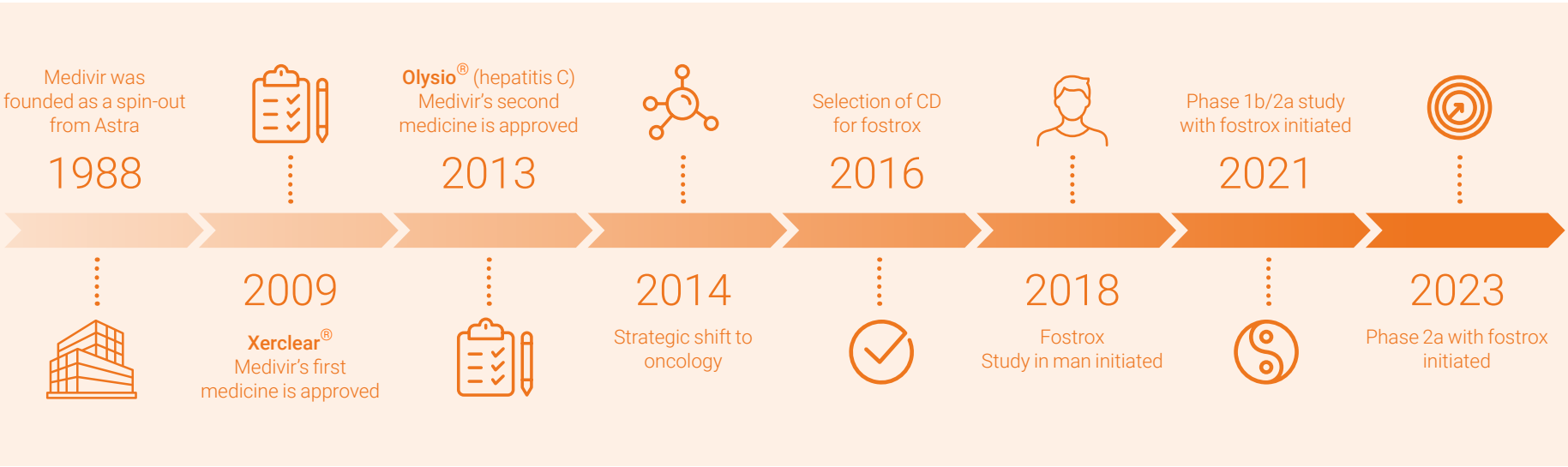
Medivir was founded around a strong competence in virology and infectious diseases. Initially, drug development was focused on the herpes virus, where Xerclear was approved against herpes in 2009 and became the company's first launched medicine. Then followed Olysio® (simeprevir), which in 2013, after nine years of development, was approved and launched against hepatitis-C.

In the 2010s, Medivir's focus was broadened to oncology with the goal of developing new and innovative cancer drugs. This was a natural extension as the company's two scientific platforms both had clear potential for the development of drugs against cancer.

The specific knowledge and competence that had been built up to selectively direct drugs to the liver within the company's project with nucleotide-based hepatitis C inhibitors was used in Medivir's research to direct cancer drugs to the liver, in the treatment of, for example, liver cancer.

## Fostrox sees the light of day

In 2016, Medivir presented its first oncology project based on its own platform. It was the candidate drug fostrox (formerly called MIV-818) aimed at treating hepatocellular carcinoma, the most common form of liver cancer. Similar to previous hepatitis C candidates, part of the cancer drug fostrox consisted of a prodrug tail to enable a local, liver-directed effect. Two years later, the clinical studies began on fostrox, which at the beginning of 2023 is evaluated in a clinical phase 1b/2a study in combination with two other drugs, either with Lenvima®, a tyrosine kinase inhibitor, or Keytruda®, an anti-PD-1 checkpoint inhibitor .



# Business concept, business model and strategy

## Business concept

Medivir creates shareholder value by developing innovative cancer drugs for major medical needs, either on its own or in partnerships 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 industry to bring specialist knowledge, experience and specific competencies to its projects if and when needed.

## Operations

Medivir's operations focus on in-house development of the company's wholly owned projects for cancer indications where medical needs are great. Medivir's candidate drug fostrox has the potential to become the first liver-targeted and orally administered drug that can help patients with various forms of liver cancer. Fostrox, developed in-house and wholly owned by Medivir, has orphan drug designation for the treatment of hepatocellular carcinoma (HCC), both in the US and in the EU. Fostrox is being evaluated in a phase 1b/2a combination study where fostrox is given in combination with two other drugs, either with Lenvima®, a tyrosine kinase inhibitor, or Keytruda®, an anti-PD-1 checkpoint inhibitor.

Medivir also has four out-licensed projects, birinapant, USP-1/TNG348, USP-7 and MBLI/MET-X, which have the potential to generate future revenue.

Medivir's proprietary product Xerclear®, was approved in 2009 for the treatment of labial herpes (cold sores), and generates revenue in the form of royalties.

Two more drug projects in Medivir's portfolio, remetinostat and MIV-711, are in the clinical development phase. Medivir does not conduct clinical development of these projects on its own, but instead seeks partners for further development.

## 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.

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.

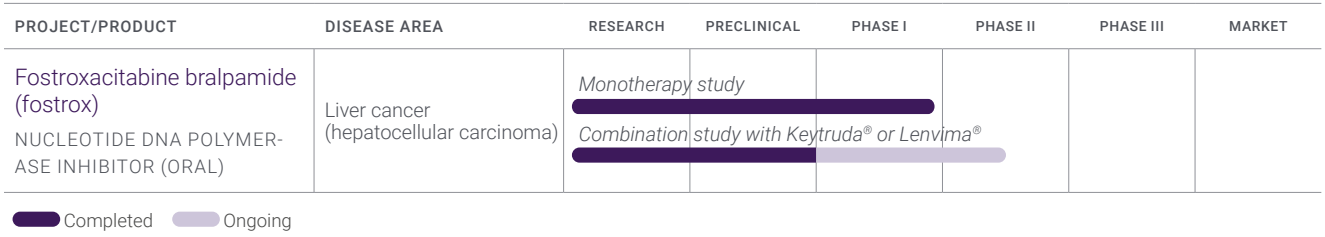
## What is cancer?

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, and 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.

# Fostroxacitabine bralpamide (fostrox)

## for the treatment of liver cancer

Medivir focuses on clinical development of the proprietary and wholly owned candidate drug fostroxacitabine bralpamide (fostrox), against cancer in the liver. Primary liver cancer, where the most common form HCC starts from liver cells (hepatocytes), is the third most common cause of cancer-related deaths in the world. Existing therapies have effect only on a limited part of the patients, and therefore many combination studies with drugs are ongoing to find treatments that hopefully can provide a better effect. Fostrox has the potential to become the first liver-directed and orally administered drug that can help patients with various cancers in the liver.




Fostrox 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.

The approved treatments for HCC can extend the lives of patients, but the available therapy options have effect only on a limited part of the patients, and therefore many combination studies with drugs are ongoing to find treatments that hopefully can provide a better effect. The lack of overall benefit coupled with the generally poor prognosis of patients with HCC results in a continued high medical need. With its mechanism of action, fostrox has the potential to function independently of the heterogeneous genetic background of HCC. There is also clear scientific rational to combine fostrox with other mechanisms of action in HCC.

Other forms of liver cancer that could be treated with fostrox are bile duct cancer (intrahepatic cholangiocarcinoma), accounting for 3 to 5 percent of liver cancer cases, and liver metastases from other cancer types such as colorectal cancer. Bile duct cancer and cancer with liver metastases also have a poor prognosis.

"Fostrox has the potential to become the first liver-directed and orally administered drug that can help patients with various cancers in the liver."

### Liver-targeted antitumor effect

Fostrox 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 cancers, but the side effect profile has outweighed the benefit of the treatment.

In order to avoid the challenge of systemic side effects fostrox is instead being developed as an orally administered drug with a high antitumor activity that targets the liver. Fostrox with its liver-targeted prodrug solution achieves more than 100 times the concentration in the liver compared to intravenous troxacitabine. Liver biopsies in the phase 1a/1b study have clearly shown selective DNA damage to tumor cells without observable effects on normal liver tissue. The goal is to improve the antitumor effect while reducing side effects.

## Combinations for improved effect

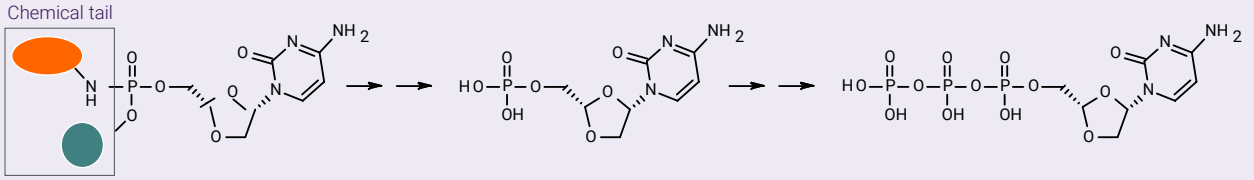
The mechanism of action that fostrox has, inhibition of cancer cells' DNA replication and induction of DNA damage and cell death selectively in tumor cells, is well proven in cancer therapy. Furthermore, this type of prodrugs have successfully proven their ability to deliver the active substance to the liver in anti-viral drugs for hepatitis C. This provides a strong scientific rationale for combination treatments with fostrox to achieve, if possible, better efficacy specifically targeting tumors in the liver.

Among the drugs already approved or in development, the most common mechanisms are: stimulation of the immune system and blocking of the blood supply. Therefore, Medivir has chosen to study fostrox in combination with two products that represent these two different mechanisms. Fostrox is administered either with Keytruda® (anti-PD-1 checkpoint inhibitor/stimulation of the immune system) where the induction of DNA damage and cell death with fostrox can lead to increased tumor antigen presentation and extended immune response with Keytruda®, or with Lenvima® (tyrosine kinase inhibitor/blocking the blood supply to the tumor) where Lenvima® induces a lack of oxygen in the tumor which in turn can lead to higher levels of the active metabolite of fostrox in the liver. The rationale for combination therapy is further supported by the fact that fostrox has been shown to increase the anti-tumor effect in treatment together with these mechanisms in tumor models.

The initial goal is to develop a better treatment for HCC patients in second-line treatment, but we also see clear potential for fostrox in earlier treatment lines thanks to the tumor-selective effect in the liver.

## Fostrox – A unique therapy targeting liver cancer

By providing troxacitabine monophosphate (TRX-MP) with a "chemical tail", Medivir has created a prodrug (fostrox) that is given orally and which is stable in the gastro-intestinal 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 triphosphate (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 fostrox is absorbed from the gastro-intestinal tract, the active form accumulates in the liver. Due to its liver-directed effect, minimal amounts of fostrox enter the bloodstream, thereby reducing the risk of side effects.




Fostroxacitabine bralpamide TRX-MP TRX-TP

**Very large medical need and commercial potential where the HCC market is expected to grow fivefold in 10 years, from today's 1 billion USD to 5 billion USD**

**Unique mechanism of action which is targeted against cancer in the liver and bypasses resistance mechanisms**

**Large potential for attractive combination treatments with both the drug classes today used in liver cancer**

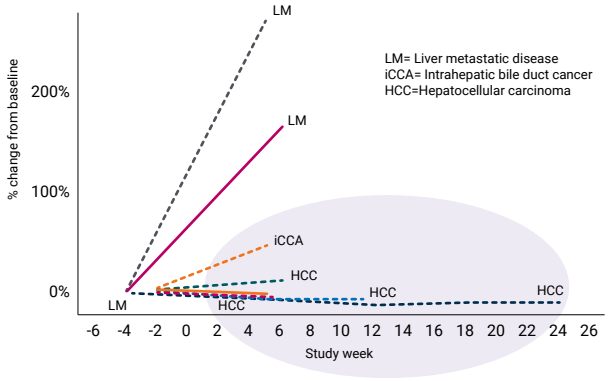
## Phase 1a/1b monotherapy study

In the first study with fostrox, phase 1a, safety and tolerability were evaluated at different doses to establish dose levels for the phase 1b study. The results were positive with a good safety and tolerability profile. Thereby the starting dose could be determined for the initial part of the phase 1b/2a study, where fostrox is given in combination with Keytruda® or Lenvima®.

In the monotherapy study, a total of nineteen patients with various types of advanced liver cancer were included and evaluated. These patients had exhausted all possible approved treatments prior to being included in the study.

A positive sign of efficacy was that four out of seven patients with primary liver cancer showed stable disease in the liver. In addition, liver biopsies from patients confirmed delivery of fostrox to the liver, and a selective effect of fostrox on cancer cells in different cancer types.

### Positive effect on liver tumors in the phase 1b study

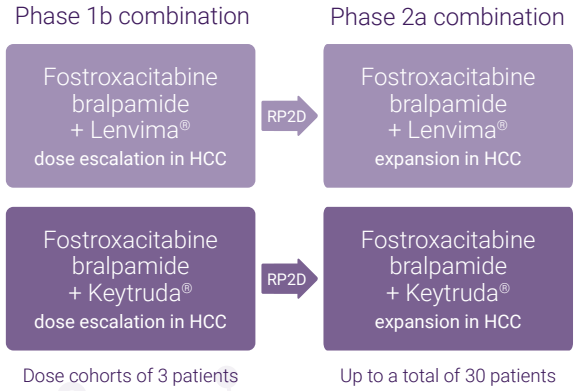



Source: Sarker et al. European Society for Medical Oncology (ESMO) Congress 2021.

## Ongoing study in phase 1b/2a

Since med December 2021, the phase 1b/2a combination study with fostrox is ongoing. In the study, fostrox is given in combination with two other medicines, either with Lenvima®, a tyrosine kinase inhibitor, or with Keytruda®, an anti-PD-1 checkpoint inhibitor, to patients with HCC for whom current first-line treatment has shown to be ineffective or intolerable. The purpose of the study is to evaluate safety and tolerability, as well as to get an indication of the efficacy of fostrox in the respective combination. The study is ongoing at 14 clinics in Great Britain, Spain and South Korea. Interest in the study has been great with a steady influx of potential patients.

The dose escalation part (phase 1b) for the combination with Lenvima® was completed in February 2023. The preliminary results were positive with a good safety and tolerability profile and no dose-limiting toxicity was observed. The recommended phase 2 dose (RP2D) could thereby be determined for the first combination arm, and afterwards the expansion part (phase 2a) of the study for the first combination arm, where fostrox is given in combination with Lenvima®, was started. The phase 1b study with fostrox and Keytruda® is ongoing. The expansion part of the study is designed for an initial evaluation of safety and efficacy. In the two combination arms, a further total of up to 30 patients are intended to be recruited.




## Medical need and market potential

Primary liver cancer is the third most common cause of cancer-related death worldwide. Despite existing treatments for 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[1]. The generally poor prognosis for patients with HCC results in a high unmet medical need.

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

The clinical development of fostrox 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.

## What are the main objectives of drug treatment in cancer?

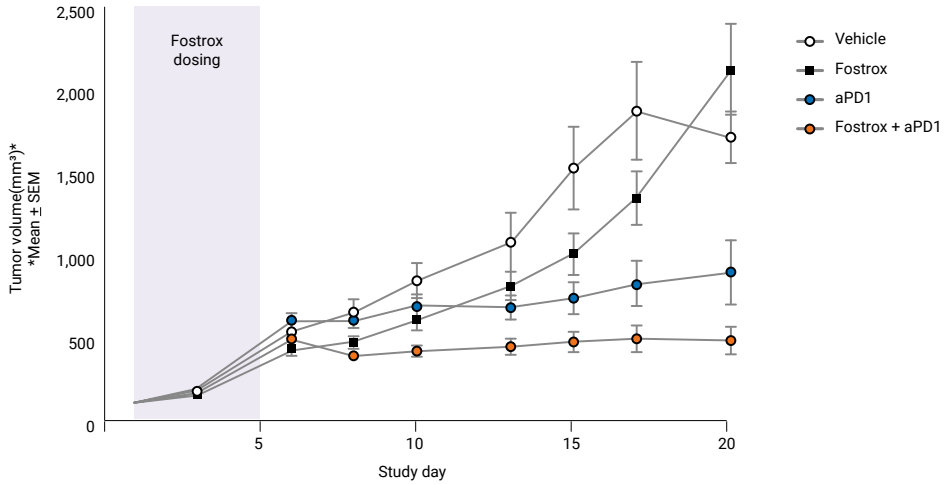
The primary goal is naturally to cure the patient. However, only certain cancers are so far possible to cure. The purpose of drug treatments for incurable cancers is therefore to extend the patient's life and/or improve the patient's quality of life during the remaining lifetime.

## Fostrox enhances the effect of other drugs in preclinical tumor models

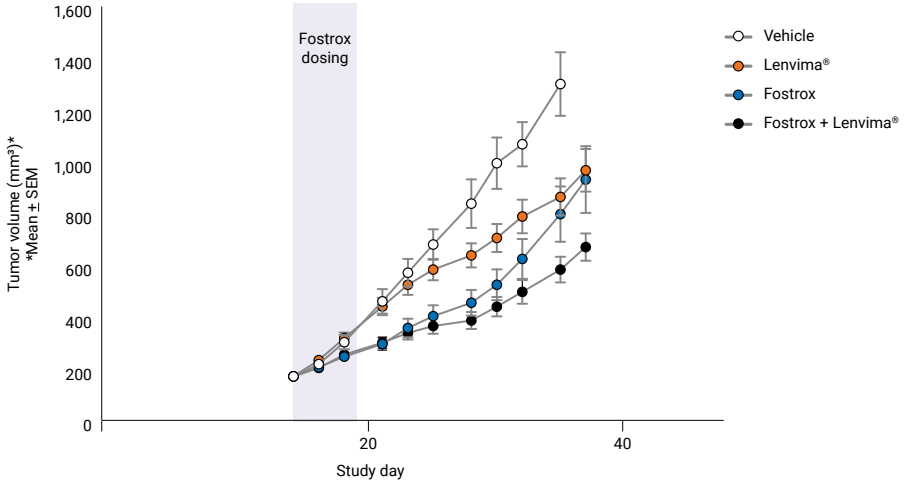
In cancer treatment, combinations of several drugs are often used. There are several reasons for that. In a relatively heterogeneous form of cancer such as HCC, with several different causes of the disease (hepatitis B or C infection, inflammation and fatty liver) and with varying resistance mechanisms to treatment, combination therapies can be a success factor. For certain combinations, synergy, where the mechanisms of the drugs enhance each other's effect, can be a way to maximize the treatment benefit. In addition, a combination of drugs, with different side effect profiles, may be tolerable while improving the overall anti-tumor effect. Immunotherapy and tyrosine kinase inhibitors are treatments that are expected to have a side effect profile different from that of fostrox and where there is a clear scientific rationale that a combination treatment may be more effective.

When the active metabolite of fostrox is incorporated into DNA during cell division, it leads to DNA damage and cell death. Treatment with tyrosine kinase inhibitors inhibits the growth of blood vessels into the tumor and thereby causes a lack of oxygen. Oxygen deficiency has been shown to lead to higher levels of active fostrox metabolite and one can therefore expect a stronger inhibition of tumor growth with a combination treatment. In addition to inhibiting the growth of the tumor, DNA damage and cell death can also change the tumor's microenvironment. It can i.a. include an increased presentation of tumor antigens by antigen-presenting cells and more tumor-infiltrating lymphocytes that attack the cancer cells. Thereby, fostrox treatment could interact with immunotherapies such as checkpoint inhibitors. In experimental tumor models, a significant increase in the anti-tumor effect is seen when a five-day treatment with a low dose of fostrox is combined with either a tyrosine kinase inhibitor or a checkpoint inhibitor (aPD1). This provides support for combination treatments with fostrox and Lenvima® as well as fostrox and Keytruda® in the ongoing clinical study.

Fostrox + aPD1 combination treatment in HCC tumor model




Fostrox + Lenvima® tumor model



Interview with Pia Baumann

# "If there is ever a time to be in the pharmaceutical industry, it is now"

Pia Baumann is CMO, Chief Medical Officer, at Medivir since February 2023. She is a specialist in oncology, with a Ph.D. from Karolinska Institute, and has solid experience in drug development in the cancer field. Her experience comes from several years clinical work at Karolinska University Hospital as well as from larger pharmaceutical companies and smaller biotechs where she developed global product strategies as well as designed and carried out clinical studies in close collaboration both with leading clinics and with regulatory authorities.

**Pia Baumann**
*Chief Medical Officer*

**Your background in the field of cancer is impressive, but how did it come about that you chose to become a cancer specialist?**
I knew early on that I wanted to be a doctor and I had personally experienced cancer up close. When I finished my medical education, I had the opportunity to start at Radiumhemmet. There was an enormous potential to contribute and make a difference in cancer because for many tumor types there were no effective treatments, and I quickly came to work with the most difficult to treat and under-prioritized patient groups. Lung cancer was one of them and has been my focus since 1999 – first in the clinic and then in the pharmaceutical industry.

**It is almost 25 years since you started working in oncology. What is your view on the recent developments in the field of cancer?**
The past 10 years' drug development, both in general and within lung cancer, has meant great progress, especially regarding targeted therapies and immunotherapies. By identifying mutations and aberrations in cancer cells, drugs have been developed that directly inhibit growth at the cellular level. Tyrosine kinase inhibitors (TKIs) are a group that has gained particular importance in improving survival in several cancers. An example is lung cancer patients with EGFR-mutated disseminated disease, who when I worked in the clinic had a median survival of about 6 months. It has now increased to over 3 years. For patients without mutations where there is no targeted therapy, immunotherapy has truly revolutionized cancer treatment and is approved for most indications either as monotherapy or in various combinations. In the future, I think we will see more of combinations, bispecifics (inhibits two targets with one drug) and antibody drug conjugates that go against a specific target and release chemotherapy only there.

To be part of the fantastic development mainly in lung cancer has been a privilege and I am hopeful for the opportunity to contribute to a positive change also in liver cancer, where surgery is historically the only effective form of treatment and finding systemic supplements has been problematic, not least when the majority of the drugs are metabolized in the liver, where also the disease is manifested. The limited treatment options for liver cancer patients remind me of what it was like for lung cancer patients 20 plus years ago before focused research took off and made a huge difference in survival. Hopefully we will see similar developments in liver cancer.

*Medivir has a way of working that I like: Set the goal - work towards it - this is our focus. It provides security and safety in our work to realize the potential that lies in fostrox*

**What made you switch over to the pharmaceutical industry?**
Of course many wondered why I left Karolinska and Radiumhemmet where I had my own research program. But I am an extremely curious person, so when the offer came up I thought that what I was about to learn in the pharmaceutical industry I could use when returning to the clinic. I had planned to stay for a year or so, but it was so satisfying and opened up opportunities to learn more in areas such as hematology and transplantation, which are so fundamental to treatment also in oncology and not least in immunotherapy where CAR-T treatment is only one example. Taking part in various international conferences, being able to discuss new research and treatment with the leading experts in the respective fields and understand what difference there is depending on where in the world you are, was hugely interesting. It was truly a stimulating environment that provided so much more than I had imagined.

My preconception was a crass world where the economy was the sole deciding factor. But I discovered that there also were other values that counted and that there really exists a passion within the industry to contribute to improved patient care, and a real interest in seeing the patient behind all study results at group level.

**You have worked at large pharmaceutical companies, the Big Pharma, but also at smaller biotechs. How do you view the differences between those environments?**

In a small company, you have a clear mandate that tells you what you are responsible for. There are usually straighter and shorter decision-making paths compared to a larger company. In order to achieve the cross-functionality that is important in drug development, everyone needs to be present around the table, and this is naturally easier to achieve in a small company. Communication is also a difference. The small company is usually focused on one area, or a special part of an area. When a decision is made and the majority of the people responsible for communicating internally and externally participate in the meeting, the possibility of succeeding in getting an effective message across, with a common voice, is much greater. It also becomes easier to maintain and define a clear narrative all the way from the preclinical stage to commercial launch if all functions are represented in strategic decisions. This is easier to achieve in smaller companies.

In a large company, on the other hand, you have greater resources and can bring in and hire exactly the skills you need. This means that internally there are many specialists who are extremely competent in their fields.

In such an environment, however, tensions and discussions can easily arise, which sometimes makes it more difficult to reach a final consensus. But even if internal politics and stakeholder management can make it a bit difficult at times, there is usually an invaluable massive competence within the company

In a smaller company, you have to involve and stimulate external experts to get the same amount of collective competence. It is therefore important to make sure to involve the clinics and research consortia/institutes that treat the patients and set the tone for changes in standard treatment. This also goes for involvement from various professional associations and patient organisations. In these respects, the small company lives much closer to its external environment. In this way, you also avoid being alienated from the clinical reality, which is changing extremely quickly today.

**What attracted you to Medivir?**

There were several factors. Medivir is a robust company that knows how to prioritize. It is a small senior team with high competence. You simply know what you are doing. That is very important to me but even more important was Medivir's cutting-edge project fostrox where I see huge potential.

One of the problems with today's cancer treatment is that resistance eventually develops. Initially, the effect can be almost total, but after a while the tumor cells that survived find ways to escape the treatment. This is something you see above all in targeted therapy. This has led to an increasing number of attempts to combine, either with a drug that has a different mechanism of action, but in many cases with chemotherapy that hits more broadly and where the side effect profile is known. Interestingly, from having tried to get rid of chemotherapy just because it is non-specific, the value of chemo has now been shown as an optimal combination partner. If you also find a combinable smart chemotherapy that is more specific and selective, great possibilities open up with improved efficiency and reduced toxicity.

A problem when developing targeted chemotherapies, or smart chemo, is: How far outside the target cell does it go, that is, how does it affect the rest of the body? This is why fostrox's mechanism of action is so interesting. It is not based on a technically manufactured release of the drug, but is based on the drug being broken down in the liver immediately after absorption. If it turns out that this is effective in the combination study, a very interesting field opens up.

**How do you see the future in terms of new and more effective cancer treatments?**

If there is ever a time to be in the pharmaceutical industry, it is now. A large part of what we have dreamed of is now possible thanks to technological developments. And recent technological achievements, for example in AI and machine learning, mean that you can really quickly generate results from larger amounts of data and also see trends in large patient populations. In addition, the possibility has been opened to detect and identify cancer earlier with the help of modern diagnostics, screening programs, liquid biopsies and a broadened view of how cancer is related to other disease states.

Parts of the development have also benefited liver cancer. Not least introduction of tyrosine kinase inhibitors and checkpoint inhibitors which can work in certain patients and are now standard treatment. What we see today is an acceptance that there is probably no single thing that will single-handedly change reality. Therefore, today's treatments are often about how to combine, in what sequence you use different drugs and what toxicity is tolerable.

In a situation where many cancers have become chronic, it is increasingly essential to look at the quality of life for the patients. Personalized medicine is an increasingly important concept where diagnostics for a specific treatment can lead to better effectiveness and reduced toxicity. Smart chemo is part of this when chemo is specifically directed at the cancer cells. If it is possible to combine with already approved and also new drug mechanisms, it will be very valuable in the fight against cancer.

**Do you think this is where fostrox can make a difference?**

That is my strong belief and hope. And I think our prerequisites are very good.

Fostrox is developed at Medivir. The company's past experience in virology led to a solid knowledge of liver diseases. This is what explains why fostrox has purposefully been developed over several years. One quite simply knows the mechanism of action.

I will contribute my experiences in cancer drug development - from preclinical all the way to phase four. In our work going forward with fostrox, the interaction, the contacts and the exchange both with treating doctors, the care and with the patients and the patient organizations that exist will be very central. Communication is also important here. It's a lot about how you present what you want to achieve. Medivir has a way of working that I like: Set the goal - work towards it - this is our focus. It provides security and safety in our work to realize the potential that lies in fostrox. It may become the first liver-directed and orally administered drug that can help patients with various types of liver cancer. And that would indeed be a big step forward.

# Projects for partnership

Active business development to reach partnerships is an important part of Medivir's business model. Medivir has two clinical projects for partnership; Remetinostat, for the treatment of skin cancer, and MIV-711, for osteoarthritis. The data packages for both projects have been strengthened during 2021–2022 and Medivir continues the dialogues with external parties with the ambition to enter a licensing- or collaboration agreement securing the best possible solution for each candidate drug.

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

1) Conducted by Stanford University, US

Completed Ongoing

## Remetinostat – *for the treatment of different types of skin cancers*

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 cutaneous T-cell lymphoma (MF-CTCL), basal cell carcinoma (BCC) and squamous cell carcinoma (SCC) 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 Pharmaceuticals Corporation in 2016. Medivir has strengthened the business development potential for remetinostat through renegotiating the original agreement so that the compensation Medivir is obliged to pay in 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.

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

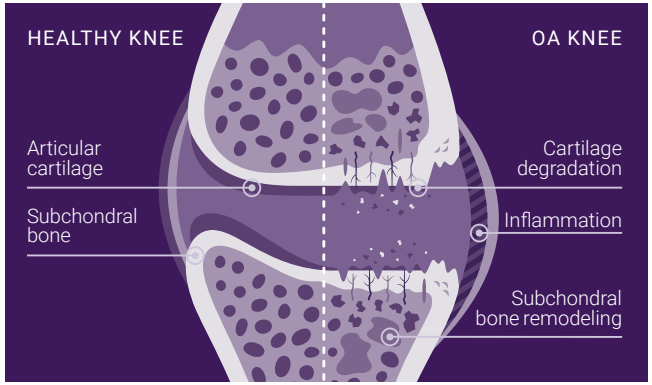
## MIV-711 – *with the potential to be the first disease-modifying drug in osteoarthritis*

Medivir has conducted a phase II study with MIV-711, a cathepsin K inhibitor for the treatment of osteoarthritis, showing positive effects on 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 2022, 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.

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




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

# Outlicensed projects

For outlicensed projects, there are potential future revenues, often in the form of milestones and royalties. Medivir has out-licensed two clinical projects, birinapant and Xerclear®, as well as the preclinical projects USP-1/TNG348, USP-7 and MBLI/MET-X.

| PROJECT/PRODUCT | DISEASE AREA | PARTNER | PRECLINICAL | PHASE I | PHASE II | PHASE III | MARKET |
|---|---|---|---|---|---|---|---|
| Birinapant (9427)/ IGM-8444 SMAC MIMETIC (INTRAVENOUS) | Solid tumors | IGM Biosciences | | | | | |
| Xerclear® (TOPICAL) | Labial herpes | GlaxoSmithKline Shijiazhuang Yuanmai Biotechnology | | | | | |
| USP-1/TNG348 | Cancer | Tango Therapeutics | | | | | |
| USP-7 | Cancer | Ubiquigent Limited | | | | | |
| MBLI/MET-X | Infection | INFEX Therapeutics | | | | | |

Completed Ongoing

## 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. Medivir received a payment of USD 1 million upon signing the agreement, which was followed by an additional USD 1.5 million when IGM in November 2021 initiated clinical Phase I studies in solid cancers with birinapant in combination with its proprietary DR5-agonist antibody IGM-8444. In the end of 2022, the fourth dose-escalation cohort in the study was ongoing, and no dose-limiting toxicities were observed to date.

The terms of the agreement furthermore entitles Medivir to milestone payments up to a total of approximately USD 350 million, given that birinapant is successfully developed and approved, and tiered royalties up to "mid-teens" on net sales. A portion of all revenue is shared with Tetralogic, but the main part goes to Medivir.

## Xerclear®

In 2009, Xerclear® (Zoviduo®) was approved for the treatment of labial herpes (cold sores). The marketing rights to Xerclear® in the USA, Canada and Mexico were divested in 2010. 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 retains 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.

## Preclinical projects

In the first quarter of 2020 Medivir a licensing agreement was entered with the US-based company Tango Therapeutics for Medivir's preclinical research program USP-1. Tango has announced that it expects to open an IND for TNG348, a USP-1 inhibitor from the preclinical research program, in 2023. The agreement entitles Medivir to multiple development and commercial milestone payments as well as royalties on future sales.

In February 2021 a licensing agreement with UK-based Ubiquigent Limited 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.

Medivir's metallo-beta-lactamase (MBLI)/MET-X program aimed at addressing the threat of resistant bacteria was out-licensed in 2017 to the AMR Centre (today INFEX Therapeutics) in England. In 2022, INFEX presented additional preclinical data, received QIDP-designation from the FDA and communicated its intention to initiate a phase I program in 2022/23 for MET-X. In October, INFEX received patent approval for the substance in the United States. Medivir is entitled to a share of potential future revenue.

# 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 society at large; 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 important components 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 both of 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.

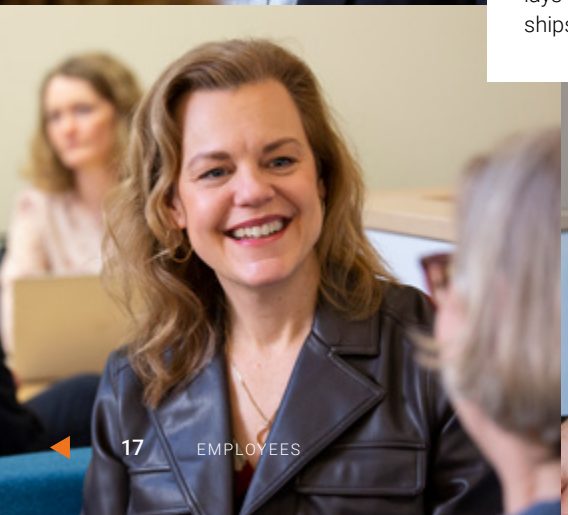
For Medivir, the sustainability work is not limited to the own internal business. For the production of substances and products for clinical development, Medivir employs subcontractors. When selecting subcontractors, applicable environmental and sustainability regulations are important factors to consider 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 (55,735,651) 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 55,735,651 (52,814,998). 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 (27.9) and the equity totaled SEK 192.8 million (281.1).

### Shareholders

There were a total of 8,543 (9,021) shareholders at the year-end, 2,054 (2,152) of whom held more than 1,000 shares. The fifteen biggest shareholders accounted for 54 percent (51%) of the total number of shares and votes. Foreign owners accounted for 21 percent (21%) of the total equity.

### Share price performance and turnover, 2022

Medivir's share price decreased by 11.6 percent, from SEK 11.2 to SEK 9.9, in 2022. Nasdaq's Stockholm All Share Index (OMXSPI) decreased by 24.6 percent during the same period. Medivir's market capitalization at the end of 2022 was SEK 0.55 billion (0.62 bn), based on the closing price paid at the year-end of SEK 9.9. A total of 15,948,348 Medivir shares were traded on the Nasdaq Stockholm exchange in 2022, corresponding to a turnover rate of 29 percent. The average daily trading volume during the year was 63,037 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.

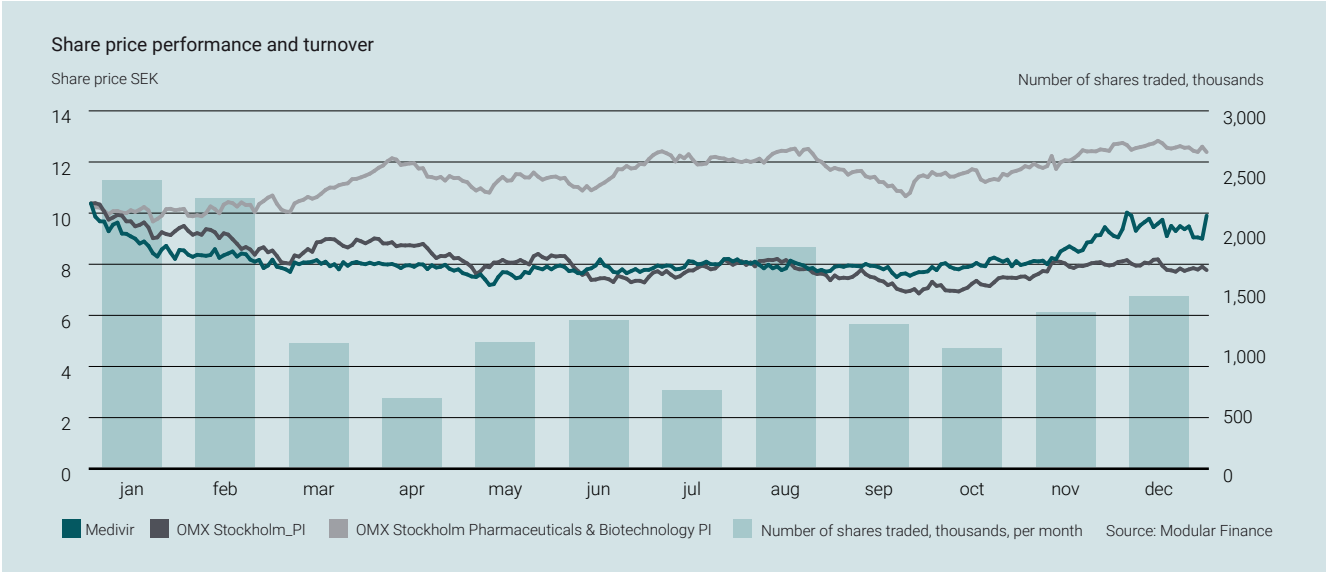
At the beginning of the period, there were 1,113,864 outstanding warrants in the ongoing incentive program. In January, 51,864 warrants expired in the 2018 program. No shares were subscribed for. During 2022 Medivir employees bought 525,000 warrants. The total number of outstanding warrants at the end of the period amounted to 1,587,000.

In May 2020, the Board of Directors proposed and the AGM approved a new long-term incentive program. 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.

In May 2022, the Board of Directors proposed and the AGM approved a new long-term incentive program with similar terms to the program in 2021. In the fourth quarter 2022, Medivir employees bought 525,000 warrants of which CEO bought 250,000 . These warrants were issued at a market value of SEK 0.77 each with an exercise price of SEK 14.13 per share.The warrants may be exercised to subscribe for new class B shares during the period from 1 December 2025 up to and including 15 December 2025

For a more detailed description, see Note 4 on pages 44-45.



## Medivir's 15 largest shareholders 30 December 2022[1]

| Name | Class B Shares | % of votes | % of capital |
|---|---|---|---|
| Linc AB | 6,840,172 | 12.27 | 12.27 |
| Avanza Pension | 6,646,363 | 11.92 | 11.92 |
| Nordea Investment Funds | 4,987,918 | 8.95 | 8.95 |
| HealthInvest Partners AB | 3,610,000 | 6.48 | 6.48 |
| Nordnet Pensionsförsäkring AB | 1,398,693 | 2.51 | 2.51 |
| Ålandsbanken | 1,136,624 | 2.04 | 2.04 |
| NGL Förvaltning AB | 1,000,000 | 1.79 | 1.79 |
| Bank Julius Baer & Co Ltd | 889,350 | 1.60 | 1.60 |
| Jan Stefan Nydahl | 789,015 | 1.42 | 1.42 |
| SEB life international assurance | 640,000 | 1.15 | 1.15 |
| SIX SIS AG | 600,000 | 1.08 | 1.08 |
| Gryningskust Holding AB | 470,000 | 0.84 | 0.84 |
| Bo Öberg | 447,744 | 0.80 | 0.80 |
| Banque Pictet & Cie SA | 440,826 | 0.79 | 0.79 |
| CS Client Omnibus ACC | 405,960 | 0.73 | 0.73 |
| **Total, 15 largest shareholders** | **30,302,665** | **54.37** | **54.37** |
| **Total, other shareholders** | **25,432,986** | **45.63** | **45.63** |
| **TOTAL** | **55,735,651** | **100** | **100** |

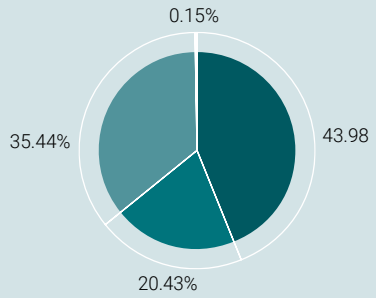
1) Source: Euroclear Sweden. Ownership data in the table may comprise composite data from multiple entries in Euroclear's statistics. These composite entries are designed to show an institution's or private person's total holdings in Medivir.

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

## Shareholder breakdown by size of holding 30 December 2022

| Innehav | Antal aktieägare | Antal AK B | Innehav (%) | Röster (%) |
|---|---|---|---|---|
| 1 – 500 | 5,554 | 699,182 | 1.25 | 1.25 |
| 501 – 1,000 | 935 | 729,698 | 1.31 | 1.31 |
| 1,001 – 5,000 | 1,360 | 3,250,472 | 5.83 | 5.83 |
| 5,001 – 10,000 | 295 | 2,202,828 | 3.95 | 3.95 |
| 10,001 – 15,000 | 111 | 1,396,320 | 2.51 | 2.51 |
| 15,001 – 20,000 | 73 | 1,323,431 | 2.37 | 2.37 |
| 20,001 – | 215 | 46,133,720 | 82.77 | 82.77 |
| **TOTAL** | **8,543** | **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

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*Richard Ramanius,*
Redeye

*Ulrik Trattner,*
Carnegie Investment Bank

*Joe Pantginis,*
H.C. Wainwright & Co

*Jason McCarthy,*
Maxim Group LLC

# 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 2022 fiscal year. All figures refer to the 2022 fiscal year of the Group, unless otherwise indicated. Comparisons, unless otherwise indicated, are made with the 2021 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.com.

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 8-15.

## Significant events in 2022

*Fostroxacitabine bralpamide (fostrox)*

- In January, it was announced that the WHO had selected fostrox acitabine bralpamide as the official generic name for the patented candidate drug MIV-818, which is in clinical development in primary liver cancer.
- In February, additional data from the completed phase I study with fostrox were presented at the European Association for the Study of the Liver (EASL) Liver Cancer Summit.
- Fostroxacitabine bralpamide received in July 2022 formal approval as a pharmaceutical name in the USA by the United States Adopted Names (USAN) Council.
- Medivir presented new data, showing additive efficacy of fostrox in combination with anti-PD1 in experimental tumor models, at the SITC Immunotherapy Conference in November.
- Medivir completed a pre-IND meeting with the US Food and Drug Administration (FDA) and received positive feedback on the development plan in preparation for an IND for the candidate drug fostrox.

*Other projects*

- In February, a subgroup analysis of Medivir's phase II study with MIV-711 for osteoarthritis was published, showing significantly reduced osteoarthritis-related pain after six months of treatment with MIV-711
- Tango Therapeutics has announced that it in 2023 plans to open an IND for TNG348, a USP-1 inhibitor from the preclinical research program in-licensed from Medivir.
- IGM Biosciences reported in late 2022 that the fourth dose escalation cohort in the combination study with birinapant was ongoing, and that no dose-limiting toxicities had been observed.
- INFEX Therapeutics has announced its intention to initiate a phase 1 program in 2023 with MET-X, the company's broad spectrum metallo-beta-lactamase inhibitor (MBLI) based on Medivir's MBLI program.

*The company*

- Jens Lindberg assumed his position as CEO of Medivir on January 24, 2022.
- At the 2022 Annual General Meeting on May 5, Uli Hacksell, Lennart Hansson, Yilmaz Mahshid and Bengt Westermark were re-elected as members of the Board. Anette Lindqvist was elected as new Board Member. Uli Hacksell was re-eleted as the Chairman of the Board. An van Es Johansson had declined re-election.
- In October the nomination committee was appointed ahead of the 2023 AGM. The Nomination Committee consists of Karl Tobieson (Chairman), appointed by Linc AB, Richard Torgerson, appointed by Nordea Investment Funds, Anders Hallberg, appointed by HealthInvest Partners and Uli Hacksell, Chairman of the Board, Medivir AB.
- Pia Baumann was recruited in November as new Chief Medical Officer, taking office in February 2023.

## Significant events after the end of the fiscal year

- In January it was announced that Medivir's partner Infex Therapeutics has been granted Qualified Infectious Disease Product (QIDP) designation by the U.S. Food and Drug Administration (FDA) for MET-X, the company's broad spectrum metallo-beta-lactamase inhibitor (MBLI) based on Medivir's MBLI program.
- In February it was announced that the recommended dose (RP2D) for the first combination arm of the phase 2a part of the fostrox study has been determined to 30 mg for fostrox.
- In March, it was announced that the first patient had been dosed in the phase 2a part of Medivir's study with fostrox in combination with Lenvima®.
- Medivir's Nomination Committee has announced that for the 2023 Annual General Meeting it will propose re-election of Uli Hacksell, Lennart Hansson, Yilmaz Mahshid, Bengt Westermark and Anette Lindqvist as board members. The Nomination Committee will propose a re-election of Uli Hacksell as the Chairman of the Board.

## Long-term incentive plans

At the beginning of the period, there were 1,113,864 outstanding warrants in the ongoing incentive program. In January, 51,864 warrants expired in the 2018 program. No shares were subscribed for. During 2022 Medivir employees bought 525 000 warrants. The total number of outstanding warrants at the end of the period amounted to 1,587,000.

For more information about Medivirs long-term incentive programs, please see Note 4 on page 45 and Corporate Governance Report, pages 28-29.

## The Group's results and financial position

*Revenues, expenses, and results*

Net turnover for the period from January–December 2022 was SEK 4.4 million (25.5), a year-on-year decrease of SEK 21.1million. The decrease relates to the licensing agreement entered into during the first quarter previous year regarding birinapant.

Other external costs totaled SEK -69.1 million (-73.3), a decrease of SEK 4.2 million that mainly relates to milestone payment related to birinapant last year.

Personnel costs amounted to SEK -20.7 million (-21.4) a decrease of 0.7 million. The total overheads amounted to SEK -93.6 million (-97.9), a decrease of 4.3 million.

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

The operating loss totaled SEK -87.4 million (-62.1), SEK -25.2 million lower compared to previous year. The lower result mainly relates to lower revenue.

Net financial items totaled SEK -1.4 million (-0.5), a decrease of SEK 0.9 million, mainly attributable to higher interest expenses.

The tax for the period totaled SEK -0.0 million (-0.5). The loss for the period totaled SEK -88.8 million (-63.1), a decline of SEK 25.7 million.

*Cash flow and financial position*

Cash and cash equivalents, including short-term investments with a maximum term of three months, totaled SEK 117.4 million (221.2 ), corresponding to a decrease of SEK 103.7 million. The corresponding amount at the beginning of 2022 was SEK 221.2 million (70.0). 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 -101.8 million (-48.7), with changes in working capital accounting for SEK -15.6 million (12.4) of this total.

Cash flow from financing activities totaled SEK -1.5 million (199.4).

*Investments, depreciation, amortization and impairment*

Investments in tangible and intangible fixed assets during the period totaled SEK -0.4 million (0.0).

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 (-2.6) 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 0.9 million (0.8).

### Breakdown of net sales

| SEK million | 2022 | 2021 |
|---|---|---|
| Upfront and milestone payments | 0 | 21,342 |
| Royalty | 4,408 | 4,195 |
| **Total** | **4,408** | **25,538** |

*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 16 patent families, including 14 proprietary and 2 exclusively inlicensed from Harvard and Princeton Universities. In total, over 312 granted patents protect the company's candidate drugs. Four patent families has been outlicensed to IGM, and one to Haleon (formerly GSK). In addition, Medivir has outlicensed three 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 (fostrox) 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. In addition to industry-specific risks, there is an increasing international uncertainty, caused both by Russia's invasion of Ukraine and by a financial instability with rising inflation that has created a general macroeconomic uncertainty.

*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 46-48.

*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.

## Employees

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

Salaries, remuneration, and social security contributions totaled SEK 19,444 thousand (20,886); for further information, see Note 4, pages 44-45. For details of guidelines for remuneration to senior executives approved at the 2022 AGM, see the Corporate Governance Report on pages 25-32. See Note 4 with regard to remuneration disbursed to senior executives in the 2022 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 2022. For additional information on Medivir's environmental and occupational health & safety work, see page 16.

### 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 4.4 million (25.5).

Combined operating expenses totaled SEK -94.0 million (-98.2), a decrease of SEK 4.2million.

The operating loss was SEK -87.8 million (-62.5), a decline of SEK 25.3 million.

Net financial items amounted to SEK -0.2 million (7.2), a decrease of SEK 7.3 million.

The tax for the period totaled SEK 0.0 million (0.0). The loss for the period totaled SEK -87.9 million (-55.3), a decline of SEK 32.6 million. The lower result mainly relates to lower income.

Cash and cash equivalents, including short-term investments with a maximum term of three months, totaled SEK 116.9 million (220.6).

### 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 to complete the ongoing phase 1b study as well as one combination arm in phase 2a.

### 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 | -375,914,943 |
| Net profit for the year | -87,973,879 |
| **Total** | **164,318,076** |

The Board of Directors proposes that the Annual General Meeting resolve that the above amount, namely SEK 164,318,076, be carried forward.

### Dividend

The Board of Directors proposes that no dividend be paid for the 2022 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 2022.

### 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 18-19 for more information about Medivir's share and shareholders.

### Annual General Meetings

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.

### 2022 Annual General Meeting

The Annual General Meeting was held on May 5, 2022. In all, 18 (13) shareholders attended, either in person or through proxies, representing 29.27 percent (28.16) of the votes. Uli Hacksell, Chairman of the Board, was elected to serve as Chairman of the AGM.

### Matters resolved by the AGM:

- Re-election of Board Members Uli Hacksell, Lennart Hansson, Bengt Westermark, and Yilmaz Mahshid and new election of Anette Lindqvist. 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 1,730,000, divided as follows: The Chairman shall receive SEK 690,000, and the other Members who are not employed by the company shall each receive SEK 260,000.
- 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.

### 2023 Annual General Meeting

The AGM 2023 will be held on May 4, at Tändstickspalatset, Västra Trädgårdsgatan 15, Stockholm, Sweden.

### Nomination Committee

Under the Nomination Committee procedure adopted at the 2022 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.


The model reflects the situation as of Dec. 31, 2022 * Tom Morris is hired on a consultancy basis.

### 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 2023 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 2022 the Board Members responded to a digital questionnaire and the results were compiled. 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 four meetings by March 3, 2023. The Committee's full proposals for the 2023 AGM were published in conjunction with publication of the notice convening the AGM.

### The composition of the 2022–2023 Nomination Committee was as follows:

- Karl Tobieson, Chairman of the Nomination Committee, and representing Linc AB
- Richard Torgerson, representing Nordea Investment Funds
- 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 2023 Annual General Meeting the re-election of board members Uli Hacksell, Lennart Hansson, Yilmaz Mahshid, Bengt Westermark and Anette Lindqvist. As Chairman of the Board, the Nomination Committee will propose re-election of Uli Hacksell.

### 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 2022 AGM until the end of the 2023 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 31 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

### Members of the Nomination Committee

The Nomination Committee, ahead of the 2023 AGM (appointed by the biggest shareholders in terms of the number of votes held on Sept. 30, 2022)

| Name | Representing | Proportion of votes, % Sept. 30, 2022 |
|---|---|---|
| Karl Tobieson | Linc AB | 12.3 |
| Richard Torgerson | Nordea Investment Funds | 9.0 |
| Anders Hallberg | HealthInvest Partners | 6.3 |
| Uli Hacksell | Medivir's Chairman of the Board (convenor) | 0.6 |
| **Total** | | **28.2** |

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.

### 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 eight 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 over all seven question areas. 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 2022

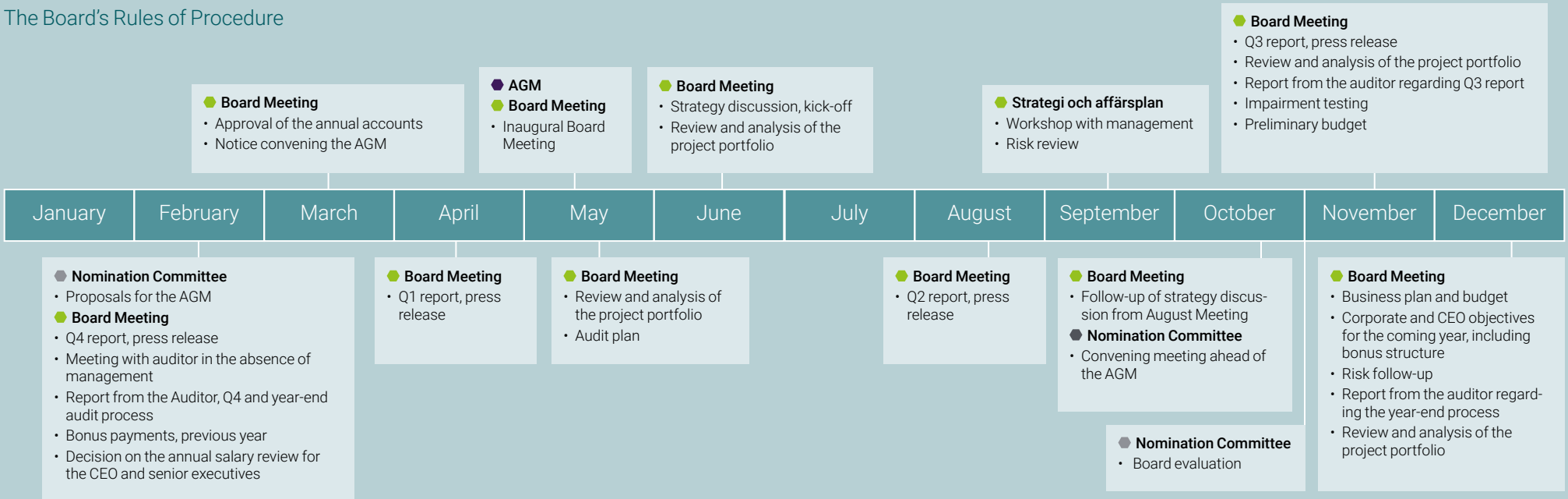
The Board has held 17 minuted Meetings in 2022 at which the Members had the opportunity to participate virtually. The attendance of the individual Members at these Meetings is shown in the table on page 28. All meetings followed an approved agenda which, together with the documentation for every item, 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's Rules of Procedure



### The Board of Directors' attendance and fees[1]

| | | | | | ATTENDANCE (TOTAL NUMBER OF MEETINGS) | TOTAL REMUNERATION |
|---|---|---|---|---|---|---|
| **Members elected by the AGM** | **Elected** | **Born** | **Independent in relation to the company** | **Independent in relation to major shareholders** | **Board Meetings** | |
| Uli Hacksell, chairman | 2018 | 1950 | No | Yes | 17/17 | 690,000 |
| Bengt Westermark | 2017 | 1945 | Yes | Yes | 17/17 | 260,000 |
| Lennart Hansson | 2018 | 1956 | Yes | Yes | 16/17 | 260,000 |
| An van Es Johansson[2] | 2019 | 1960 | Yes | Yes | 5/7 | |
| Yilmaz Mahshid | 2021 | 1979 | No | Yes | 16/17 | 260,000 |
| Anette Lindqvist[3] | 2022 | 1961 | Yes | Yes | 10/10 | 260,000 |

1) The attendance of the Board members refers to the year 2022. Total remuneration refers to fees paid to the Board of Directors during the period from May 2022 – April 2023. 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 44-45 for the actual amounts disbursed.
2) Resigned at the 2022 AGM.
3) Appointed at the 2022 AGM.

### 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 32. 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 2023 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 2023.

### Evaluation of principles for remuneration to senior executives

In 2022, 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 1,113,864 outstanding warrants in the ongoing incentive program. In January, 51,864 warrants expired in the 2018 program. No shares were subscribed for. During 2022 Medivir employees bought 525,000 warrants. The total number of outstanding warrants at the end of the period amounted to 1,587,000.

Remuneration to senior executives (SEK thousand)

| Funktion | Year | Fixed salary | Performance-related pay | Benefits | Severance pay | Total | Pension | Total |
|---|---|---|---|---|---|---|---|---|
| **CEO, Jens Lindberg[1]** | **2022** | **2,253** | **344** | **80** | **–** | **2,676** | **600** | **3,276** |
| | 2021 | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| **Former interim CEO Magnus Christensen[2]** | **2022** | **174** | **–** | **–** | **–** | **174** | **47** | **221** |
| | 2021 | 1,429 | 239 | – | – | 1,668 | 372 | 2,040 |
| **Former CEO Yilmaz Mahshid[3]** | **2022** | – | – | – | – | – | – | – |
| | 2021 | 725 | – | 33 | – | 758 | 249 | 1,007 |
| **Other senior executives[4]** | **2022** | **4,159** | **347** | – | – | **4,505** | **1,510** | **6,015** |
| | 2021 | 3,661 | 1,077 | 55 | – | 4,793 | 1,675 | 6,468 |
| **Total** | **2022** | **6,585** | **691** | **80** | – | **7,355** | **2,157** | **9,512** |
| | 2021 | 5,815 | 1,316 | 88 | – | 7,219 | 2,296 | 9,515 |

1) Jens Lindberg took up his position as CEO 24 January 2022.
2) Magnus Christensen acted as interim CEO from 5 May 2021 up until 24 January 2022.
3) Yilmaz Mahshid acted as CEO during the period 14 September 2020 - 5 May 2021.
4) For 2021 and 2022, it includes a subsidy in accordance with the warrant programs approved at the Annual General Meetings in May 2021 and May 2022, respectively. In 2022, the CEO bought 250,000 and other senior executives bought a total of 250,000 warrants. In 2021, the incoming CEO bought 240,000 warrants and other senior executives bought a total of 260,000 warrants.

Audit and audit consulting costs (SEK thousand)

| | GROUP | |
|---|---|---|
| | **2022** | **2021** |
| **PwC** | | |
| Audit engagement | 536 | 384 |
| Auditing activities other than audit engagement | 55 | 135 |
| Tax advice | 46 | 45 |
| Valuation services | – | – |
| Other services | 78 | 116 |
| **Total, PwC** | **715** | **680** |
| Other auditors | | |
| Audit engagement | – | – |
| **Total** | **–** | **–** |
| **Total** | **715** | **680** |

In May 2020, the Board of Directors and the AGM 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 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.

In May 2022, the Board of Directors proposed and the AGM approved a new long-term incentive program with similar terms to the program in 2021. In the fourth quarter 2022, Medivir employees bought 525,000 warrants of which CEO bought 250,000 . These warrants were issued at a market value of SEK 0.77 each with an exercise price of SEK 14.13 per share.The warrants may be exercised to subscribe for new class B shares during the period from 1 December 2025 up to and including 15 December 2025. The valuation calculation for 2022 was based on the following figures: term, 3.12 years; strike price, SEK 14.13; VWAP, SEK 8.07; risk-free interest rate, 2.14 percent; volatility, 36 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 2023 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 2022 and 2021 are shown in the table above.

# 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 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 46-48.

### 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 and external factors

During the year, the Board's risk assessment paid special attention to, in addition to industry-specific risks, the increasing international uncertainty, caused both by Russia's invasion of Ukraine and by a financial instability with rising inflation that has created a general macroeconomic uncertainty.

### 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 30 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:** 350,000 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, Astra Zeneca, 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 Board of InDex Pharmaceuticals AB. Chairman of the Boards of Cinclus Pharma Holding AB, Ignitus AB and Sixera Pharma AB.

**Shares in Medivir:** 20,000 class B shares.

## Anette Lindqvist

**Born:** 1961.

**Title:** Member of the Board since 2022.

**Education:** Degree in Bachelor of Science in Accounting and Finance from Gothenburg University.

**Background:** Anette is currently CFO of XBrane Biopharma AB. She has a solid background in auditing with former operational assignments in Astra Zeneca, Getinge and Sobi.

**Other directorships:** Chairperson of the Board of Nanolyze AB.

**Shares in Medivir:** 0.

## Yilmaz Mahshid

**Born:** 1979.

**Title:** Member of the Board since 2021.

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

**Background:** CFO at Egetis Therapeutics AB. Former CFO at Pled-Pharma and among others responsible for the listing of the company at Nasdaq Stockholm Main Market and former CEO of Medivir. 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.

**Other directorships:** Board member of Mahshid Advisors.

**Shares in Medivir:** 25,000 class B shares.

**Warrants in Medivir:** 300,000.

## 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 various advisory groups for medical research funding.

**Shares in Medivir:** 16,000 class B shares.

Refers to the shareholding om February 24, 2023. 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:** 25,000 class B shares.

**Warrants in Medivir:** 490,000.

## Pia Baumann

**Born:** 1966.

**Title:** Chief Medical Officer.

**Education:** PhD, MD and specialist degree in oncology at Karolinska Institute/University hospital.

**Employed:** 2023.

**Background:** Pia Baumann has substantial experience in drug development in the cancer field. Her experience comes from many years of clinical work at Karolinska Hospital and larger pharmaceutical companies as well as smaller biotech companies. Pia has developed global product strategies as well as designed and conducted clinical studies in close collaboration with leading clinics. Former Vice President Medical at AstraZeneca. Prior to that leading, global positions in cancer drug development at Takeda, Incyte and ARIAD Pharmaceuticals.

**Shares in Medivir:** 0.

**Warrants in Medivir:** 0.

## 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. Board member of PMD Device Solutions AB.

**Shares in Medivir:** 21,000 class B shares.

**Warrants in Medivir:** 322,500.

## 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.

## Fredrik Öberg

**Born:** 1965.

**Title:** Chief Scientific Officer.

**Education:** PhD in Medical Science at 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:** 257,500.

Refers to the shareholding om February 24, 2023. See websitre for current holdings.

# Financial Reports

# Income Statements

| Summary of the Group's Income Statement, SEK k | NOTE | GROUP 2022 | GROUP 2021 | PARENT COMPANY 2022 | PARENT COMPANY 2021 |
|---|---|---|---|---|---|
| Net sales | 1 | 4,408 | 25,538 | 4,408 | 25,538 |
| Other operating income | 24 | 1,820 | 10,200 | 1,820 | 10,189 |
| **Total income** | | **6,228** | **35,738** | **6,228** | **35,726** |
| Other external costs | 3, 5 | -69,078 | -73,277 | -71,854 | -75,876 |
| Personnel costs | 4 | -20,735 | -21,415 | -20,735 | -21,415 |
| Depreciation, amortization and impairment | 12, 13, 14 | -2,571 | -2,595 | -204 | -330 |
| Other operating expenses | | -1,198 | -571 | -1,198 | -571 |
| **Operating profit/loss** | | **-87,354** | **-62,118** | **-87,763** | **-62,464** |
| Profit/loss from participations in Group companies | 6 | – | – | 309 | 6,663 |
| Interest income and similar profit/loss items | 8 | 8 | 490 | 8 | 490 |
| Interest expenses and similar profit/loss items | 9 | -1,419 | -950 | -491 | -3 |
| **Profit/loss after financial items** | | **-88,765** | **-62,579** | **-87,398** | **-55,314** |
| Tax | 10 | – | -546 | – | – |
| **Net profit/loss for the year** | | **-88,765** | **-63,125** | **-87,938** | **-55,314** |
| **Net profit/loss for the year attributable to:** | | | | | |
| Parent Company shareholders | | -88,765 | -63,125 | -87,938 | -55,314 |
| **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 | | -1.59 | -1.20 | -1.58 | -1.05 |
| Diluted earnings per share, all operations | | -1.59 | -1.20 | -1.58 | -1.05 |
| Average number of shares, '000 | | 55,736 | 52,815 | 55,736 | 52,815 |
| Average number of shares after dilution, '000 | | 55,736 | 52,815 | 55,736 | 52,815 |
| Number of shares at year-end, '000 | | 55,736 | 55,736 | 55,736 | 55,736 |

– = not applicable

# Statement of Comprehensive Income

| Consolidated Statement of Comprehensive Income, SEK k | GROUP 2022 | GROUP 2021 | PARENT COMPANY 2022 | PARENT COMPANY 2021 |
|---|---|---|---|---|
| **Net profit/loss for the year** | **-88,765** | **-63,125** | **-87,938** | **-55,314** |
| **Other comprehensive income** | | | | |
| *Items that may be reclassified in the Income Statement* | | | | |
| Translation differences | 3 | 490 | – | – |
| **Total other comprehensive income** | **3** | **490** | – | – |
| **Total comprehensive income for the year** | **-88,762** | **-62,635** | **-87,938** | **-55,314** |

– = not applicable

# Balance Sheets

| SEK k | NOTE | GROUP 2022 Dec. 31 | GROUP 2021 Dec. 31 | PARENT COMPANY 2022 Dec. 31 | PARENT COMPANY 2021 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 | 0 | 0 | 0 |
| **Total intangible fixed assets** | 12 | **96,312** | **96,312** | **96,312** | **96,312** |
| **Property, plant and equipment** | | | | | |
| Buildings and land | 13 | 9 | 171 | 9 | 171 |
| Equipment, tools, fixtures and fittings | 13 | 340 | 0 | 340 | 0 |
| Right-of-use assets | 14 | 14,493 | 13,426 | – | – |
| **Total property, plant and equipment** | | **14,481** | **13,597** | **349** | **171** |
| **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** | | **111,153** | **109,909** | **96,761** | **96,583** |
| **Current assets** | | | | | |
| **Current receivables** | | | | | |
| Accounts receivable | 7 | – | – | – | – |
| Tax receivables | | 1,446 | 1,446 | 1,446 | 1,446 |
| Other receivables | | 1,379 | 1,294 | 1,304 | 918 |
| Prepaid expenses and accrued income | 17 | 2,784 | 2,010 | 3,544 | 2,696 |
| **Total current receivables** | | **5,610** | **4,750** | **6,294** | **5,060** |
| **Short-term investments** | | | | | |
| Other short-term investments | 18 | 110,986 | 206,477 | 110,986 | 206,477 |
| Cash and bank balances | 18 | 6,448 | 14,690 | 5,864 | 14,084 |
| **Total short-term investments** | | **117,434** | **221,167** | **116,850** | **220,561** |
| **Total current assets** | | **123,044** | **225,917** | **123,145** | **225,621** |
| **TOTAL ASSETS** | | **234,197** | **335,825** | **219,905** | **322,204** |

– = not applicable

| SEK k | NOTE | GROUP 2022 Dec. 31 | GROUP 2021 Dec. 31 | PARENT COMPANY 2022 Dec. 31 | PARENT COMPANY 2021 Dec. 31 |
|---|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity, Group** | | | | | |
| Share capital | | 27,868 | 27,868 | – | – |
| Other capital contributed | | 805,349 | 804,944 | – | – |
| Exchange rate difference | | -3,245 | -3,248 | – | – |
| Accumulated profit/loss | | -637,184 | -548,419 | – | – |
| **Total equity, Group** | | **192,789** | **281,146** | **–** | **–** |
| **Equity, Parent Company** | | | | | |
| **Restricted equity** | | | | | |
| Share capital | | – | – | 27,868 | 27,868 |
| **Total restricted equity** | | **–** | **–** | **27,868** | **27,868** |
| **Non-restricted equity** | | | | | |
| Non-restricted share premium fund | | – | – | 628,171 | 628,171 |
| Accumulated profit/loss | | – | – | -375,915 | -320,601 |
| Net profit/loss for the year | | – | – | -87,938 | -55,314 |
| **Total non-restricted equity** | 26 | **–** | **–** | **164,318** | **252,256** |
| **Total equity, Parent Company** | | **–** | **–** | **192,186** | **280,124** |
| **Non-current liabilities** | | | | | |
| Lease debt | 23 | 13,399 | 12,964 | – | – |
| **Total non-current liabilities** | | **13,399** | **12,964** | **–** | **–** |
| **Current liabilities** | | | | | |
| Accounts payable | 7 | 3,763 | 10,338 | 3,767 | 10,341 |
| Liabilities to Group companies | 2 | – | – | 1,811 | 1,407 |
| Lease debt, short-term | 23 | 2,113 | 1,054 | – | – |
| Other liabilities | | 1,460 | 1,153 | 1,468 | 1,162 |
| Accrued expenses and deferred income | 19 | 20,673 | 29,171 | 20,673 | 29,170 |
| **Total current liabilities** | | **28,009** | **41,716** | **27,719** | **42,080** |
| **Total equity and liabilities** | | **234,197** | **335,825** | **219,905** | **322,204** |

Pledged assets are reported in Note 20, and Undertakings and Contingent Liabilities in Note 21.

# 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, 2021** | **188,494** | **420,804** | **-3,738** | **-463,655** | **141,905** | **24,287,818[1]** |
| 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[2]** |
| | | | | | | |
| **Opening balance, January 1, 2022** | **27,868** | **804,944** | **-3,248** | **-548,419** | **281,146** | **55,735,651[3]** |
| Net profit/loss for the year | – | – | – | -88,765 | -88,765 | – |
| Exchange rate differences | – | – | 3 | – | 3 | – |
| **Total comprehensive income for the period** | **–** | **–** | **3** | **-88,765** | **-88,762** | **–** |
| Warrants | – | 404 | – | – | 404 | – |
| Transaction costs | – | – | – | – | – | – |
| **Closing balance, December 31, 2022** | **27,868** | **805,349** | **-3,245** | **-637,184** | **192,789** | **55,735,651[4]** |

1) 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).
2) 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).
3) Opening number of shares in 2022: 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).
4) Closing number of shares in 2022: 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, 2021** | **188,494** | **600,750** | **-609,990** | **-44,937** | **134,317** | **24,287,818[1]** |
| 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[2]** |
| | | | | | | |
| **Opening balance, January 1, 2022** | **27,868** | **628,171** | **-320,601** | **-55,314** | **280,124** | **55,735,651[3]** |
| Appropriation of profits: | | | | | | |
| Profit/loss for the previous year brought forward | – | – | -55,314 | 55,314 | – | – |
| Net profit/loss for the year | – | – | – | -87,938 | -87,938 | – |
| **Closing balance, December 31, 2022** | **27,868** | **628,171** | **-375,915** | **-87,938** | **192,186** | **55,735,651[4]** |

1) 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).
2) 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).
3) Opening number of shares in 2022: 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).
4) Closing number of shares in 2022: 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 2022: SEK 0 per share.

# Statements of Cash Flow

| | | GROUP | | PARENT COMPANY | |
|---|---|---|---|---|---|
| **Total operations, SEK k** | **NOTE** | **2022** | **2021** | **2022** | **2021** |
| **Operating activities** | | | | | |
| Profit/loss after financial items | | -88,765 | -62,579 | -87,938 | -55,314 |
| Adjustment for non-cash items | 22 | 2,571 | 2,622 | 204 | 357 |
| | | **-86,194** | **-59,957** | **-87,734** | **-54,957** |
| Tax paid | | – | -1,214 | – | -668 |
| **Cash flow from operating activities before changes in working capital** | | **-86,194** | **-61,171** | **-87,734** | **-55,625** |
| **Cash flow from changes in working capital** | | | | | |
| Increase (–)/decrease (+) in current receivables | | -860 | 4,843 | -1,233 | 4,434 |
| Increase (+)/decrease (–) in current liabilities | | -14,766 | 7,594 | -14,363 | 8,283 |
| **Cash flow from operating activities** | | **-101,820** | **-48,734** | **-103,329** | **-42,908** |
| **Investing activities** | | | | | |
| Acquisition of property, plant and equipment | 12 | -382 | – | -382 | – |
| **Cash flow from investing activities** | | **-382** | **–** | **-382** | **–** |
| **Financing activities** | | | | | |
| Warrants issue | | 404 | 752 | – | – |
| Amortization of debt | 23 | -1,940 | -2,475 | – | – |
| New share issue | | – | 222,763 | – | 222,763 |
| Transaction costs | | – | -21,639 | – | -21,642 |
| **Cash flow from financing activities** | | **-1,535** | **199,400** | **–** | **201,121** |
| **Cash flow for the year** | | **-103,737** | **150,666** | **-103,711** | **158,212** |
| Cash and cash equivalents at the beginning of the year | | 221,167 | 70,007 | 220,561 | 62,349 |
| Exchange rate differences, cash and cash equivalents | | 3 | 494 | – | – |
| **Cash and cash equivalents at the end of the year** | 18 | **117,434** | **221,167** | **116,850** | **220,561** |

– = not applicable

# Accounting policies 2022

### 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, 2022, 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, 2022

A number of new standards and interpretations enter into force for financial years commencing after January 1, 2022 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 46-48. 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 in Note 12 on page 50. 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. Amortiza-

tion 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 content of Note 12 in page 50, 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 23. 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 2022, Alecta's surplus in the form of the collective consolidation ratio was preliminarily calculated by Alecta at 172% (172%). 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 2023 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 49. 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 50, 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 49.

*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** | **2022** | **2021** | **2022** | **2021** |
| **Breakdown of net sales** | | | | |
| Out-licensing and collaboration agreements | | | | |
| Non-recurrent payments | – | 21,342 | – | 21,342 |
| Royalty | 4,408 | 4,195 | 4,408 | 4,195 |
| **Total** | **4,408** | **25,538** | **4,408** | **25,538** |
| **Geographic breakdown of net sales** | | | | |
| Sweden | 221 | 216 | 221 | 216 |
| Nordic region, other | 187 | 318 | 187 | 318 |
| Europe, other | 3,562 | 3,661 | 3,562 | 3,661 |
| USA | – | 21,342 | – | 21,342 |
| World, other | 438 | – | 438 | – |
| **Total** | **4,408** | **25,538** | **4,408** | **25,538** |
| **External customers who account for more than 10% of net sales (SEK k)** | | | | |
| Customer #1 | – | 21,342 | – | 21,342 |
| Customer #2 | 4,408 | 4,195 | 4,408 | 4,195 |

## 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 2022 totaled SEK 715 thousand (680), of which SEK 715 thousand (680) 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 536 thousand (384) in 2022, of which SEK 536 thousand (384) was paid to the audit firm.

Other statutory engagements on behalf of Medivir by the audit firm and its network in 2022 cost a total of SEK 55 thousand (135), SEK 55 thousand (135) of which was paid to the audit firm.

Tax advice provided for Medivir by the audit firm and its network in 2022 cost SEK 46 thousand (45), SEK 46 thousand (45) of which was paid to the audit firm.

Other services provided for Medivir by the audit firm and its network in 2022 cost SEK 78 thousand (116), SEK 78 thousand (116) of which was paid to the audit firm.

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

| | GROUP | | | |
|---|---|---|---|---|
| | **2022** | | **2021** | |
| **Average number of employees** | **Women** | **Men** | **Women** | **Men** |
| Sweden | 5 | 4 | 5 | 4 |
| **Total** | **5** | **4** | **5** | **4** |

| | GROUP | |
|---|---|---|
| **Salaries, remuneration, social security contributions and pension costs, SEK thousand [1, 2]** | **2022** | **2021** |
| **Salaries and remuneration** | | |
| Jens Lindberg (CEO from 24 Jan 2022) | 2,676 | – |
| Yilmaz Mahshid (CEO from 14 Sep 2020 to 5 May 2021) | – | 758 |
| Yilmaz Mahshid (Member of the Board from 5 May 2021) | 257 | 167 |
| Magnus Christensen (Interim CEO from 5 May 2021 to 24 Jan 2022) | 174 | 1,668 |
| Uli Hacksell (Member of the Board from 1 Oct 2020 to 5 May 2021) | – | 80 |
| Uli Hacksell (Chairman of the Board from 5 May 2021) | 685 | 450 |
| Lennart Hansson (Member of the Board from 3 May 2018) | 257 | 247 |
| Helena Levander (Chairperson of the Board from 9 May 2019 to 5 May 2021) | – | 217 |
| An van Es Johansson (Member of the Board from 9 May 2019 to 5 May 2022) | 83 | 247 |
| Bengt Julander (Member of the Board from 3 May 2017 to 5 May 2021) | – | 80 |
| Bengt Westermark (Member of the Board from 3 May 2017) | 257 | 247 |
| Anette Lindqvist (Member of the Board from 5 May 2022) | 173 | – |
| **Total, Board of Directors and CEO** | **4,562** | **4,160** |
| Other senior executives | 4,505 | 4,793 |
| Other employees | 3,506 | 4,488 |
| **Salaries and remuneration, total** | **12,573** | **13,441** |
| **Statutory and contractual social security contributions** | **3,596** | **4,204** |
| **Pension costs** of which for the CEO: SEK 647 thousand (621)[3] | **3,275** | **3,241** |
| **Total salaries, remuneration, social security contributions, and pension costs** | **19,444** | **20,886** |
| Other personnel related costs | 1,291 | 529 |
| **Total personnel costs** | **20,735** | **21,415** |

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 2022, it includes a subsidy in accordance with the program Warrants 2022:1 that was approved at the Annual General Meeting in May 2022. 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.
3) Pension cost 2022 to the CEO amounted to SEK 647 thousand, of which SEK 600 thousand to Jens Lindberg and SEK 47 thousand to Magnus Christensen. In 2021 SEK 372 thousand to Magnus Christensen and SEK 249 thousand to Yilmaz Mashid.

*04 cont.*

**Board of Directors**
SEK 1,712 thousand (1,733) was paid in Directors' fees to the Board of Directors of Medivir during the financial year, SEK 685 thousand (667) 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 with the exception of the CEO where twelwe months 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 2,426 thousand, of which SEK 2,253 thousand to Jens Lindberg and SEK 174 thousand to Magnus Christensen. Last year amounted to SEK 2,154 thousand, of which SEK 1,429 thousand to Magnus Christensen and SEK 725 thousand to Yilmaz Mahshid.

Bonuses totaled SEK 344 thousand, of which SEK 344 thousand to Jens Lindberg and SEK 0 thousand to Magnus Christensen. Last year's bonuses to the CEO amounted to SEK 239 thousand, of which SEK 239 thousand to Magnus Christensen and SEK 0 thousand to Yilmaz Mahshid.

Other benefits totaled SEK 80 thousand, of which SEK 80 thousand to Jens Lindberg and SEK 0 thousand to Magnus Christensen. Last year amounted to SEK 33 thousand, of which SEK 0 thousand to Magnus Christenssen and SEK 33 thousand to Yilmaz Mahshid.

Pension provisions during the year totaled SEK 647 thousand, of which SEK 600 thousand to Jens Lindberg and SEK 47 thousand to Magnus Christensen. Last year totaled SEK 621 thousand, of which SEK 372 thousand to Magnus Christensen and SEK 249 thousand to Yilmaz Mashid.

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. As of February 2023, Group management, excluding the CEO, comprises four people (two women and two men). Salaries totaling SEK 4,159 thousand (3,661) have been paid to other senior executives, together with SEK 347 thousand (1,077) in performance-related pay, SEK 0 thousand (0) in severance pay, and SEK 0 thousand (55) in benefits, comprising a total of SEK 4,505 thousand (4,793) in remuneration paid. Pension provisions have been made in the sum of SEK 1,510 thousand (1,675).

**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. Medivir's share-related incentive plan is reported in accordance with "IFRS 2 – Share-based Payment".

**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.

On December 31, there were 51,864 (51,864) outstanding warrants within the program. After recalculation caused 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.

The subscription period ended on January 15, 2022 and no shares were subscribed under the framework of LTI 2018.

**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.

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.

On December 31, there were 527,000 outstanding warrants within the framework of LTI 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 535,000 outstanding warrants within the framework of LTI 2021.

**Stock option program 2022 (LTI-2022)**
In May 2022, the Board of Directors proposed and the Annual General Meeting approved a new long-term incentive program with similar terms to the program in 2021. In the fourth quarter 2022, Medivir employees bought 525 000 warrants of which CEO bought 250 000 . These warrants were issued at a market value of SEK 0.77 each with an exercise price of SEK 14.13 per share.The warrants may be exercised to subscribe for new class B shares during the period from 1 December 2025 up to and including 15 December 2025. The valuation calculation for 2022 was based on the following figures: term, 3.12 years; strike price, SEK 14.13; VWAP, SEK 8.07; risk-free interest rate, 2.14 percent; volatility, 36 percent.

On December 31, there were 525,000 outstanding warrants within the framework of LTI 2022.

On December 31, there were a total of 1,587,000 (1,113,864) outstanding warrants within the framework of LTI 2020, 2021 and 2022.

# 05 Leasing agreements including property rent

| | GROUP | | PARENT COMPANY | |
|---|---|---|---|---|
| **SEK thousand** | **2022** | **2021** | **2022** | **2021** |
| Costs for the year[1] | – | – | 2,780 | 3,083 |
| Nominal value of future minimum lease payments for irrevocable leasing agreements including property rent: | | | | |
| Within one year | – | – | 3,045 | 2,780 |
| Between two and five years | – | – | 11,856 | 10,688 |
| Over five years | – | – | 2,964 | 5,344 |
| **Total** | **–** | **–** | **17,865** | **18,812** |

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** | **2022** | **2021** | **2022** | **2021** |
| Dividends from subsidiaries | – | – | 309 | 6,663 |
| **Total** | **–** | **–** | **309** | **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. 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 bonds and 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 192,789 thousand (281,146). The cash and cash equivalent position and short-term investments total SEK 117,434 thousand (221,167), and the equity/assets ratio is therefore 82.3 percent (83.7%).

**The connection between categories and Medivir's Balance Sheet items**

| **The Group, 31 Dec. 2022, 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 | 110,986 | – | – | 110,986 |
| Cash and bank balances | – | 6,448 | – | 6,448 |
| Accounts payable | – | – | -3,763 | -3,763 |
| Financial leasing liabilities | – | – | -15,512 | -15,512 |
| **Total** | **110,986** | **6,448** | **-19,275** | **98,158** |

| **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** |

*07 cont.*

| Parent Company, 31 Dec. 2022, 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 | 110,986 | – | – | 110,986 |
| Cash and bank balances | – | 5,864 | – | 5,864 |
| Accounts payable | – | – | -3,767 | -3,767 |
| **Total** | **110,986** | **5,864** | **-3,767** | **113,084** |

| 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** |

| | Carrying amount | Recognition at fair value at the end of the period, based on: | | |
|---|---|---|---|---|
| **The Group, 31 Dec. 2022, SEK thousand** | | **Level 1** | **Level 2** | **Level 3** |
| Financial assets recognized at fair value in the Income Statement: | | | | |
| Short-term investments | 110,986 | 110,986 | | |
| **Total assets** | **110,986** | **110,986** | | |

| | 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** | – | – |

**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 117,434 thousand (221,167) on 31 December 2022. SEK 110,986 thousand (206,477) of this sum was invested in fixed income funds.

An average return on cash and cash equivalents of -0.14 percent (0.37%) was achieved in 2022. The return has fluctuated during the year between 0 percent and -0.89 percent (0% and 0.38%). 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 568 thousand (550) 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 made use of currency hedging in 2022 for a substantial part of the total EUR payments. For remaining currencies currency hedging have not been used which means that cost and revenue have 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 21 thousand (1,058) 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 EUR, CHF, USD and GBP, 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 on the next page.

*07 cont.*

| 2022 | Net sales | Costs | Operating profit/loss | Change +/– 5% |
|---|---|---|---|---|
| EUR | 3,134 | -22,368 | -19,235 | +/–962 |
| USD | – | -12,841 | -12,841 | +/–642 |
| GBP | – | -6,271 | -6,271 | +/–314 |
| CHF | – | -17,583 | -17,583 | +/–879 |
| DKK | – | -115 | -115 | +/–6 |
| SEK | 1,274 | -9,900 | -8,626 | +/–0 |
| **Total** | **4,408** | **-69,078** | **-64,669** | **+/–2,802** |

| 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 |
| CHF | – | -12,405 | -12,405 | +/–620 |
| DKK | – | -1,373 | -1,373 | +/–69 |
| SEK | -374 | -28,295 | -28,669 | +/–0 |
| **Total** | **25,538** | **-73,277** | **-47,739** | **+/–954** |

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 2,802 thousand (954). A corresponding weakening of the Swedish krona would have yielded a deterioration in the net profit/loss of SEK 2,802 thousand (954).

*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. 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 2022, however, accounts receivable were SEK 0 thousand 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 2022, a bad debt loss of SEK 0 thousand (0) was reported.

Other receivables amounts to SEK 1,379 (1,294) thousand of which SEK 0 (0) thousand is overdue per 31 December 2022.

**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 2023 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. 2022** | **Less than 1 year** | **2–3 years** | **More than 3 years** | **Less than 1 year** | **2–3 years** | **More than 3 years** |
| Accounts payable | 3,763 | – | – | 3,767 | – | – |
| Leasing agreements | 3,045 | 5,928 | 8,892 | 3,045 | 5,928 | 8,892 |

| | 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 |

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** | **2022** | **2021** | **2022** | **2021** |
| Interest income, other | 8 | – | 8 | – |
| Change in fair value of fixed income fund, unrealized | – | 490 | – | 490 |
| **Total** | **8** | **490** | **8** | **490** |

## 09 Interest expenses and similar profit/loss items

| | GROUP | | PARENT COMPANY | |
|---|---|---|---|---|
| **SEK thousand** | **2022** | **2021** | **2022** | **2021** |
| Interest expenses, other | – | -3 | – | -3 |
| Interest expenses, lease | -928 | -947 | – | – |
| Change in fair value of fixed income fund, unrealized | -491 | – | -491 | – |
| **Total** | **-1,491** | **-950** | **-491** | **-3** |

## 10 Tax

| | GROUP | | PARENT COMPANY | |
|---|---|---|---|---|
| **SEK thousand** | **2022** | **2021** | **2022** | **2021** |
| **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% | 20.6% | 20.6% | 20.6% |
| **Difference between the Group's tax reported in the Income Statement and tax based on applicable tax rate** | | | | |
| Profit/loss before tax | -88,765 | -62,579 | -87,938 | -55,314 |
| Tax at the applicable rate for the Parent Company | 18,286 | 12,891 | 18,115 | 11,395 |
| Tax effect of non-deductible costs | -85 | -8 | -85 | -8 |
| Tax effect of non-taxable income | 147 | 1,591 | 64 | 1,426 |
| Tax effect of loss carry-forwards not previously capitalized | -18,348 | -15,020 | -18,094 | -12,813 |
| **Reported tax** | **0** | **-546** | **0** | **0** |

At the year-end, the total accumulated taxable loss of the Group was SEK 1,309 million (1,221) 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 | |
|---|---|---|
| | **2022** | **2021** |
| **Total operations** | | |
| Basic earnings per share, SEK[1] | -1.59 | -1.20 |
| Diluted earnings per share, SEK[2] | -1.59 | -1.20 |
| Net profit/loss for the year, SEK thousand | -88,765 | -63,125 |
| Average number of shares, '000[3] | 55,736 | 52,815 |

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.

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 | |
|---|---|---|---|---|
| **2022, 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 |
| **Closing accumulated cost** | **119,084** | **4,323** | **119,084** | **4,323** |
| Depreciation at beginning of the year | -3,895 | -2,923 | -3,895 | -2,923 |
| Depreciation for the year | – | – | – | – |
| **Accumulated depreciation at year-end** | **-3,985** | **-2,923** | **-3,895** | **-2,923** |
| Depreciation at beginning of the year | -18,877 | -1,400 | -18,877 | -1,400 |
| **Closing accumulated depreciation** | **-18,777** | **1,400** | **-18,877** | **-1,400** |
| **Book value at year-end** | **96,312** | **0** | **96,312** | **0** |

| | 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 |
| **Closing accumulated cost** | **119,084** | **4,323** | **119,084** | **4,323** |
| Depreciation at beginning of the year | -3,895 | -2,915 | -3,895 | -2,915 |
| Depreciation for the year | – | -8 | – | -8 |
| **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 |
| **Closing accumulated depreciation** | **-18,877** | **-1,400** | **-18,877** | **-1,400** |
| **Book value at year-end** | **96,312** | **0** | **96,312** | **0** |

**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 2022 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]** | **2022** | **2021** | **2022** | **2021** |
| Cost at beginning of the year | 4,027 | 4,027 | 4,027 | 4,027 |
| **Closing accumulated cost** | **4,027** | **4,027** | **4,027** | **4,027** |
| Depreciation at beginning of the year | -3,856 | -3,599 | -3,856 | -3,599 |
| Sales and disposals | – | -27 | – | -27 |
| Depreciation for the year | -162 | -230 | -162 | -230 |
| **Accumulated depreciation at year-end** | **-4,018** | **-3,856** | **-4,018** | **-3,856** |
| **Book value at year-end** | **9** | **171** | **9** | **171** |

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** | **2022** | **2021** | **2022** | **2021** |
| Cost at beginning of the year | 3,903 | 8,940 | 3,903 | 8,940 |
| Capital expenditure | 382 | – | 382 | – |
| Sales and disposals | – | -5,037 | – | -5,037 |
| **Closing accumulated cost** | **4,285** | **3,903** | **4,285** | **3,903** |
| Depreciation at beginning of the year | -3,903 | -8,848 | -3,903 | -8,848 |
| Depreciation for the year | -42 | -92 | -42 | -92 |
| Sales and disposals for the year | 0 | 5,037 | 0 | 5,037 |
| **Accumulated depreciation at year-end** | **-3,946** | **-3,903** | **-3,946** | **-3,903** |
| **Book value at year-end** | **340** | **0** | **340** | **0** |

# 14 Leases

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

| SEK thousand | GROUP | | | | |
|---|---|---|---|---|---|
| **Right-of-use assets** | **2022** | **Acquisition 2022** | **2021** | **Acquisition 2021** | **2020** |
| Properties | 23,729 | **3,434** | 20,295 | **–** | 20,295 |
| Equipment | 586 | **–** | 586 | **–** | 586 |
| Cars | 516 | **–** | 516 | **–** | 516 |
| **Closing accumulated cost** | **24,831** | **3,434** | **21,397** | **–** | **21,397** |

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

| SEK thousand | GROUP | | | | |
|---|---|---|---|---|---|
| **Depreciation charge of right-of-use assets** | **2022** | **Depreciation 2022** | **2021** | **Depreciation 2021** | **2020** |
| Properties | -9,277 | **-2,266** | -7,011 | **-2,018** | -4,993 |
| Equipment | -586 | **–** | -586 | **-21** | -565 |
| Cars | -475 | **-101** | -374 | **-226** | -148 |
| Accumulated depreciation at year-end | **-10,338** | **-2,367** | **-7,971** | **-2,265** | **-5,706** |
| **Accumulated depreciation at year-end** | **14,493** | | **13,426** | | **15,691** |

The total cash outflow for leases in 2022 was SEK 2,780 thousand (3,083).

# 15 Participations in Group companies

| | PARENT COMPANY | |
|---|---|---|
| **SEK thousand** | **2022** | **2021** |
| 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, 2022** | **Book value, 2021** |
|---|---|---|---|---|---|---|
| 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** | **2022** | **2021** | **2022** | **2021** |
| **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 2022.

# 17 Prepaid expenses and accrued income

| | GROUP | | PARENT COMPANY | |
|---|---|---|---|---|
| **SEK thousand** | **2022** | **2021** | **2022** | **2021** |
| Prepaid rent | – | – | 741 | 668 |
| Licensing fees | 489 | 670 | 489 | 670 |
| Accrued royalty income | 1,203 | 826 | 1,203 | 826 |
| Trade literature and publications | – | 5 | – | 5 |
| Insurance | 244 | 82 | 244 | 82 |
| Other items | 847 | 426 | 866 | 444 |
| **Total** | **2,784** | **2,010** | **3,544** | **2,696** |

# 18 Other short-term investments and cash equivalents

| | GROUP | | PARENT COMPANY | |
|---|---|---|---|---|
| **SEK thousand** | **2022** | **2021** | **2022** | **2021** |
| Other short-term investments | 110,986 | 206,477 | 110,986 | 206,477 |
| Cash and bank balances | 6,448 | 14,690 | 5,864 | 14,084 |
| **Total** | **117,434** | **221,167** | **116,850** | **220,561** |

The Group's net available cash on the balance sheet date amounted to SEK 117,434 (221,167) thousand.

# 19 Accrued expenses and deferred income

| | GROUP | | PARENT COMPANY | |
|---|---|---|---|---|
| **SEK thousand** | **2022** | **2021** | **2022** | **2021** |
| Accrued personnel costs | 2,758 | 5,364 | 2,758 | 5,364 |
| Accrued research costs | 3,760 | 5,028 | 3,760 | 5,028 |
| Deferred royalty payments | 12,563 | 17,032 | 12,563 | 17,032 |
| Other items | 1,592 | 1,747 | 1,592 | 1,747 |
| **Total** | **20,673** | **29,171** | **20,673** | **29,170** |

# 20 Pledged assets

There are no pledged assets.

# 21 Undertakings and contingent liabilities

**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 | 668,911 | – | 127,734 | 74,034 | 467,143 |
| Future contingent liabilities linked to net sales targets | 320,118 | – | – | – | 320,118 |
| **Total** | **989,029** | **–** | **127,734** | **74,034** | **787,261** |

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 2022.

The future contingent liabilities reported represent contractual payments and are not discounted or risk adjusted. As stated in the company's risk factors on page 30, 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 2022 since the company assessed that the likelihood of reaching the milestones is not yet high enough.

# 22 Cash flow analysis, supplemental disclosures

| | GROUP | | PARENT COMPANY | |
|---|---|---|---|---|
| **SEK thousand** | **2022** | **2021** | **2022** | **2021** |
| **Adjustments for non-cash items** | | | | |
| Depreciation, amortization and impairment of assets | 2,571 | 2,595 | 204 | 330 |
| Other | – | 27 | – | 27 |
| **Total** | **2,571** | **2,622** | **204** | **357** |

# 23 Reconciliation of net debt

**Reconciliation of net debt**
The net debt and changes in the net debt in 2022 are analyzed below.

| | GROUP | | PARENT COMPANY | |
|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** |
| Cash and cash equivalents | 6,448 | 14,690 | 5,864 | 14,084 |
| Short-term investments | 110,986 | 206,477 | 110,986 | 206,477 |
| Non-current financial liabilities | -13,399 | -12,964 | – | – |
| Current financial liabilities | -2,113 | -1,054 | – | – |
| **Net debt** | **101,992** | **207,149** | **116,850** | **220,561** |

| **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 2022** | **14,690** | **206,477** | **–** | **–** | **-1,054** | **-12,964** | **207,149** |
| Cash flow | -8,242 | -95,491 | – | – | – | – | -103,733 |
| Amortization | – | – | – | – | 1,054 | 886 | 1,940 |
| Reclassification short-term component | – | – | – | – | -2,113 | 2,113 | 0 |
| Other non-cash items | – | – | – | – | – | -3,434 | -3,434 |
| **Net debt on 31 December 2022** | **6,448** | **110,986** | **–** | **–** | **-2,113** | **-13,399** | **101,922** |

| **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** |

| **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 2022** | **14,084** | **206,477** | **–** | **–** | **–** | **–** | **220,561** |
| Cash flow | -8,220 | -95,491 | – | – | – | – | -103,711 |
| **Net debt on 31 December 2022** | **5,864** | **110,986** | **–** | **–** | **–** | **–** | **116,850** |

| **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** |

# 24 Other operating income

| | KONCERNEN | | MODERBOLAGET | |
|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** |
| Capital gain sale of tangible fixed assets | 35 | 680 | 35 | 680 |
| Reimbursement for previous clinical trials | – | 6,856 | – | 6,856 |
| Exchange rate differences | 1,219 | 1,600 | 1,219 | 1,600 |
| Other | 566 | 1,064 | 566 | 1,053 |
| **Total** | **1,820** | **10,200** | **1,820** | **10,189** |

# 25 Events after the end of the reporting period

On January 11 it was announced that Medivir's partner Infex Therapeutics receives Qualified Infectious Disease Product (QIDP) designation from the FDA for MET-X, the company's broad spectrum metallo-beta-lactamase inhibitor (MBLI) based on Medivir's MBLI program.

In February, it was announced that the recommended dose (RP2D) for the first combination arm in the phase 2a part of the fostrox study was determined to 30 mg for fostrox in combination with Lenvima®.

In March, it was announced that the first patient had been dosed in the phase 2a part of Medivir's study with fostrox in combination with Lenvima®.

Medivir's Nomination Committee has announced that for the 2023 Annual General Meeting it will propose re-election of Uli Hacksell, Lennart Hansson, Yilmaz Mahshid, Bengt Westermark, and Anette Lindqvist as board members. The Nomination Committee will propose a re-election of Uli Hacksell as the Chairman of the Board.

# 26 Proposed treatment of non-restricted equity

The Board of Directors proposes that the accumulated profit of SEK 164,318,076 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, 3 April 2023

Uli Hacksell
*Chairman of the Board*

Lennart Hansson
*Member of the Board*

Anette Lindqvist
*Member of the Board*

Yilmaz Mahshid
*Member of the Board*

Bengt Westermark
*Member of the Board*

Jens Lindberg
*Chief Executive Officer*

Our Audit Report was submitted on 3 April 2023
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 2022 except for the corporate governance statement on pages 25–30. The annual accounts and consolidated accounts of the company are included on pages 21–62 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 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 30 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 25–30. 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 board of the parent company 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*<br>Medivir develops the research projects Remetinostat and Birinapant. The research projects have not yet been completed and depreciation has not begun.<br>As described in the directors report under the section "risk factors" on page 22–23 development of pharmaceuticals is a risk filled and time-consuming process. Furthermore, the section entitled "Significant estimates and judgments" on page 42–43 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 50. Since the 2019 Annual General Meeting, activities related to research and development are monitored by the Board and the company's management team.<br>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.<br>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,<br>• We have evaluated the company's process for establishing an impairment test.<br>• We have checked the mathematical correctness of the model and evaluated whether it is based on accepted valuation methods.<br>• We have evaluated the reasonableness of the input data in the model by checking information from external data sources and reports.<br>• 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 1–19 and 61–66. 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 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of 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 Medivir AB (publ) for the financial year 2022 .

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

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

### Basis for Opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of 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 the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

### Auditor's responsibility

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

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

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

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

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

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report has been marked with iXBRL in accordance with what follows from the Esef regulation.

### The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 25-30 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.

Öhrlings PricewaterhouseCoopers AB, Torsgatan 21 in Stockholm, was appointed auditor of Medivir AB by the general meeting of the shareholders on the 5 May 2022 and has been the company's auditor since the 29 February 1996.

Stockholm 3 April 2023

Öhrlings PricewaterhouseCoopers AB

Tobias Stråhle
*Authorized Public Accountant*

# Key ratios

| Group | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|
| EBITDA, SEK thousand | –84,782 | –59,524 | –38,470 | –118,894 | –326,498 | –342,580 |
| EBIT, SEK thousand | –87,354 | –62,118 | –42,900 | –125,979 | –351,030 | –362,835 |
| Operating margin, % | –1,981.6 | –243.2 | –307.6 | –1,444.0 | –1,471.0 | –990.3 |
| Profit margin, % | –2,013.6 | –245.0 | –305.6 | –1,413.7 | –1,468.7 | –981.8 |
| Debt/equity ratio, multiple | 0.2 | 0.2 | 0.3 | 0.6 | 0.4 | 0.2 |
| Return on: | | | | | | |
| shareholders' equity, % | –37.5 | –29.8 | –30.0 | –50.2 | –85.3 | –32.1 |
| capital employed, % | –34.9 | –27.2 | –26.6 | –41.0 | –85.3 | –32.0 |
| total capital, % | –30.8 | –23.4 | –22.0 | –34.6 | –67.7 | –28.3 |
| Equity/assets ratio, % | 82.3 | 83.7 | 74.1 | 62.8 | 73.4 | 83.4 |
| Average number of shares, '000 | 55,736 | 52,815 | 24,288 | 24,288 | 23,956 | 21,963 |
| Number of shares at year-end, '000 | 55,736 | 55,736 | 24,288 | 24,288 | 24,288 | 20,319 |
| Earnings per share, SEK | | | | | | |
| Basic earnings per share, all operations | –1.59 | –1.20 | –1.75 | –5.08 | –14.62 | –16.40 |
| Diluted earnings per share, all operations | –1.59 | –1.20 | –1.75 | –5.08 | –14.62 | –16.40 |
| Equity per share, before and after dilution, SEK[1] | 3.46 | 5.04 | 5.84 | 7.59 | 12.67 | 25.31 |
| Net worth per share, before and after dilution, SEK[1] | 3.46 | 5.04 | 5.84 | 7.59 | 12.67 | 25.31 |
| Cash flow per share from operating activities, SEK | –1.83 | –0.92 | –2.39 | –6.10 | –13.30 | –16.32 |
| Cash flow per share after investments, SEK | –1.83 | –0.92 | –2.17 | –5.92 | –13.59 | –16.94 |
| Cash flow per share after financing activities, SEK | –1.86 | 2.85 | –2.67 | –6.19 | –7.58 | –56.03 |
| Dividend per share, SEK | – | – | – | – | – | – |
| Number of outstanding share warrants | 1,587,000 | 1,113,864 | 636,699 | 109,699 | 109,699 | 57,835 |
| Capital employed | 208,300 | 295,164 | 158,393 | 228,338 | 307,606 | 514,057 |

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 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|
| **Income Statements** | | | | | | |
| Net sales | 4.408 | 25,538 | 13,948 | 8,724 | 23,863 | 36,639 |
| Total expenses | –91,762 | –87,656 | –56,848 | –134,703 | –374,893 | –399,474 |
| Operating profit/loss | –87,354 | –62,118 | –42,900 | –125,979 | –351,030 | –362,835 |
| Net financial items | –1,411 | –460 | 280 | 2,645 | 555 | 3,106 |
| Profit/loss after financial items | –88,765 | –62,579 | –42,620 | –123,334 | –350,475 | –359,729 |
| Tax | – | –546 | – | –106 | 161 | –490 |
| Profit/loss after tax | –88,765 | –63,125 | –42,620 | –123,440 | –350,314 | –360,218 |

| | 31 Dec. 2022 | 31 Dec. 2021 | 31 Dec. 2020 | 31 Dec. 2019 | 31 Dec. 2018 | 31 Dec. 2017 |
|---|---|---|---|---|---|---|
| **Balance Sheets** | | | | | | |
| Intangible fixed assets | 96,312 | 96,312 | 96,320 | 96,341 | 96,885 | 112,742 |
| Property, plant and equipment | 14,841 | 13,597 | 16,211 | 23,283 | 10,828 | 14,436 |
| Financial fixed assets | – | – | – | 21,027 | – | – |
| Deferred tax receivables | – | – | – | – | – | – |
| Inventories and current receivables | 5,610 | 4,750 | 8,924 | 18,302 | 25,358 | 21,213 |
| Liquid assets and short-term investments | 117,434 | 221,167 | 70,007 | 134,509 | 286,282 | 467,780 |
| Shareholders' equity | 192,789 | 281,146 | 141,905 | 184,456 | 307,606 | 514,057 |
| Deferred tax liability/provisions | – | – | – | – | – | – |
| Long-term interest-bearing liabilities | 13,399 | 12,964 | 14,888 | 37,153 | – | – |
| Long-term non-interest-bearing liabilities | – | – | – | 16,879 | 14,763 | – |
| Current liabilities | 28,009 | 41,716 | 34,670 | 54,974 | 96,983 | 102,113 |
| Balance Sheet total | 234,197 | 335,825 | 191,462 | 293,462 | 419,352 | 616,171 |

# 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 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 tax 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.

# 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.

# 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.

**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.

## 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, 2023**
- Q1 Interim Report January–March, publishing date April 27.
- Q2 Interim Report January–June, publishing date August 18.
- Q3 Interim Report January–September, publishing date October 27.

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.
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# 2023 Annual General Meeting

**The Annual General Meeting will be held at 2 pm on May 4**
The Annual General Meeting will be held at the Tändstickspalatset, Västra Trädgårdsgatan 15, 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 25, 2023,
- 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 27, 2023.

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 25, 2023.

**For full details of the 2023 Annual General Meeting, please see the convening notice on the website, www.medivir.com.**

Production: Medivir in cooperation with Cord Communication.
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