ANNUAL REPORT 2023

MEDIVIR

CLICKABLE PDF

Contents

Introduction

Operations

Directors' Report

Financial Reports

Other

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 opportunities to offer significant improvements to patients.

We focus on the development of fostroxacitabine bralpamide (fostrox), a type of smart chemotherapy, which delivers the cell-killing substance selectively to the tumor in the liver while minimizing the harmful effect on normal cells. Our goal is that fostrox will become the first liver-targeted, orally administered drug for various types of liver cancer and make 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 partnerships.

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) is since 1996 listed on Nasdaq Stockholm's Small Cap list.

2023 in brief

Fostroxacitabine bralpamide (fostrox)

- In February, it was announced that the recommended phase 2 dose for the first combination arm with fostrox in combination with Lenvima® in the dose escalation phase (phase 1b) was determined at 30 mg.
- In March, it was announced that the first patient had been dosed in the expansion part (phase 2a) with fostrox in combination with Lenvima.
- April, new data were presented showing significantly increased anti-tumor effect of fostrox in triple combination with anti-PD1 and Lenvima, in non-clinical tumor models.
- Medivir's patent application for fostrox was approved in June by the Chinese patent authority.
- In August, the last patient was included in phase 2a with fostrox in combination with Lenvima and the first clinical results, evaluated locally, showed good tolerability and promising tumor control.
- In September, Medivir reported promising data from a centrally conducted evaluation of the dose escalation part (phase 1b) of fostrox in combination with Lenvima, where, among other things, one complete and two partial tumor responses were reported in a total of six patients
- Non-clinical data from tumor models concerning the additive effect of fostrox in combination with Lenvima or Nexavar® were presented at the ILCA conference in September.
- In Medivir's Q3 report and subsequent webcast on October 27, in-depth data from the 18 patients in phase 1b/2a who underwent at least 12 weeks of follow-up were presented. These data continued to demonstrate clear patient benefit for fostrox in combination with Lenvima.
- In November, it was announced that the company's interactions with the FDA regarding fostrox's clinical development plan had been intensified with a first Type D meeting with a positive response regarding critical parts of the design for the planned phase 2b study.
- At the end of November, it was announced that the development of an updated formulation of fostrox suitable for commercial manufacture had been completed.
- In December, it was announced that Medivir has signed an agreement with Lonza for the manufacture of fostrox medicinal substance for the planned phase 2b study.
- In December, it was announced that the sustained clinical benefit from the ongoing phase 1b/2a trial continues to improve as data matures.

Key ratios

MSEK	2023	2022	2021	2020	2019
Net turnover	8	4	26	14	9
Operating profit	–91	–87	–62	–43	–126
Total short-term investments	170	117	221	70	135
Equity/assets ratio, %	76	82	84	74	63
Number of employees	10	9	9	11	51

Other projects

- In January, Medivir's partner Infex Therapeutics received 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 September, Medivir's partner Tango Therapeutics received IND approval from the FDA to start a phase 1/2 clinical trial with TNG348. TNG348 is a USP-1 inhibitor developed by Tango Therapeutics from the preclinical USP1 program that was in-licensed from Medivir in 2020.
- In December, Medivir's partner IGM Biosciences announced a strategic pipeline prioritization for savings purposes that, among other things, affects IGM's DR-5 agonist, aplitabart, in combination with birinapant, which was in-licensed from Medivir in 2021.

The company

- In February, Pia Baumann took up her position as Medivir's Chief Medical Officer.
- The Annual General Meeting in May re-elected Uli Hacksell, Lennart Hansson, Bengt Westermark, Yilmaz Mahshid, and Anette Lindqvist as members of the board of directors. Uli Hacksell was re-elected as chairman of the board.
- In August, Medivir's Scientific Advisory Council was formed, consisting of five world-leading experts in liver cancer.
- In October, the board announced that Anette Lindqvist is leaving her position as a board member in Medivir for personal reasons.
- In October the nomination committee was appointed ahead of the AGM in May 2024. The Nomination Committee consists of Karl Tobieson, 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.
- In December, a rights issue was carried out, through which the company received proceeds of approximately SEK 129 before deduction of costs attributable to the rights issue.

Significant events after the end of the year

- In January, a directed issue to Hallberg Management AB was carried out amounting to approximately SEK 20 million before deduction of issuance costs.
- Positive data from the ongoing phase 1b/2a study in advanced liver cancer (HCC) showing further improved response and time to progression was presented at the ASCO GI Symposium in San Francisco.
- In January Tango Therapeutics announced that it had dosed the first patient with TNG348, a new USP1-inhibitor from the preclinical USP1 program licensed in from Medivir in 2020.
- Medivir's Nomination Committee has announced that for the 2024 Annual General Meeting it will propose re-election of Uli Hacksell, Lennart Hansson, Yilmaz Mahshid and Bengt Westermark as board members.The Nomination Committee proposes the election of Angelica Loskog and Anna Törner as new board members and that Uli Hacksell is re-elected Chairman of the Board.

CEO's message:

With very promising data, we are now accelerating the clinical development of fostrox in combination with Lenvima

Fostrox in combination with Lenvima continues to show improved efficacy for patients with advanced primary liver cancer (HCC). The data presented in January 2024 at the ASCO-GI congress in San Francisco showed a further increase in the proportion of patients who achieve a clinically relevant reduction of their liver tumor and that patients stay on treatment longer with interrupted tumor growth. These data attracted very strong interest, which makes us even more convinced of fostrox's future role in the treatment of HCC and creates the opportunity for a faster route to market.

The unmet medical need in the treatment of advanced HCC is significant. Primary liver cancer is the third leading cause of cancer-related deaths. In today's treatment guidelines, an immunotherapy combination (Tecentriq®/Avastin®) is recommended as first-line treatment. However, when this combination has stopped working, there are no approved alternatives for second-line treatment. There is thus a large need for additional treatment options in second-line that attacks the tumor in different ways compared to what Tecentriq and Avastin does. Fostrox is an organ specific, so-called smart chemotherapy, that selectively kills cancer cells in the liver. Together with Lenvima, these two form a unique combination of complementary drugs that have shown promising interim results in an ongoing phase 1b/2a study, including a complete tumor response in one patient.

All patients in the study have now had at least 18 weeks of follow-up. The more mature and in-depth data we see from the study, the more convincing the clinical benefit for patients has become.

Data from this study was presented at the ASCO GI Congress on January 19, 2024. The results, evaluated by investigators and local radiologists, showed further improvement as the Objective Response Rate (ORR) had increased to 25% (RECIST v1.1), a notably higher percentage than the 5-10% shown in second-line HCC in previous studies. The update also showed continued good tolerability without any new unexpected side effects.

At the time of this Annual Report over 40% of patients remain on treatment in the study, and the clinical efficacy keeps improving. The median time to progression has increased further to 6.3 months, compared to 5.1 months at ASCO GI, significantly better than previous studies in second-line HCC. The patient who has benefited the longest remains on treatment after 18 months with partial response and continued shrinking tumor.

Our data was met with great interest at ASCO GI, where we had the opportunity to discuss with leading global experts what the fostrox + Lenvima combination could mean for these patients. The discussions confirmed the great need that exists in the second-line treatment of HCC, where patients are today without any approved treatment alternative.

With these increasingly exciting data, fostrox has the opportunity to become the first approved medicinal treatment in a market worth ~2.5 billion USD annually, through a so-called accelerated approval by the regulatory authorities.

We have therefore put in a higher gear in 2023 to ensure maximum speed forward in fostrox's development program based on this possibility of accelerated approval. In Q4 2023, the development of an updated, commercially adapted formulation of fostrox was completed. In parallel, we have initiated the process with the FDA for a so-called Type C meeting to discuss the final study design of the planned registrational phase 2b study.

In conjunction with these measures, we can now also deepen our discussions with potential partners, in accordance with previously communicated plans.

We can also note that several of the projects that Medivir has licensed out to collaboration partners is entering clinical stage. In January 2024, Tango Therapeutics initiated a phase 1/2 study and dosed the first patient with TNG348, a USP-1 inhibitor developed from the preclinical USP1 program that was in-licensed from Medivir in 2020. INFEX Therapeutics also intends to initiate a phase 1 study in 2024 with the preclinical program MBLI, previously in-licensed from Medivir. IGM Biosciences has completed the fifth dose escalation cohort in the company's phase 1 study in solid tumors with Medivir's clinical project birinapant in combination with its own DR5 agonist antibody IGM-8444, now called aplitabart.

For Medivir, the clinical development of fostrox is clearly in focus. With the promising data showing further improved clinical efficacy compared to expected treatment results in second-line HCC, we are even more confident that fostrox can become an effective liver cancer drug that makes a real difference to patients.

I would like to thank old and new shareholders for the trust in our rights issue and for the capital injection that benefited us in the directed share issue. I look forward to keeping you informed of Medivir's continued development.

Jens Lindberg
Chief Executive Officer

"We are now even more convinced that fostrox can become an effective drug against liver cancer that makes a real difference to patients."

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

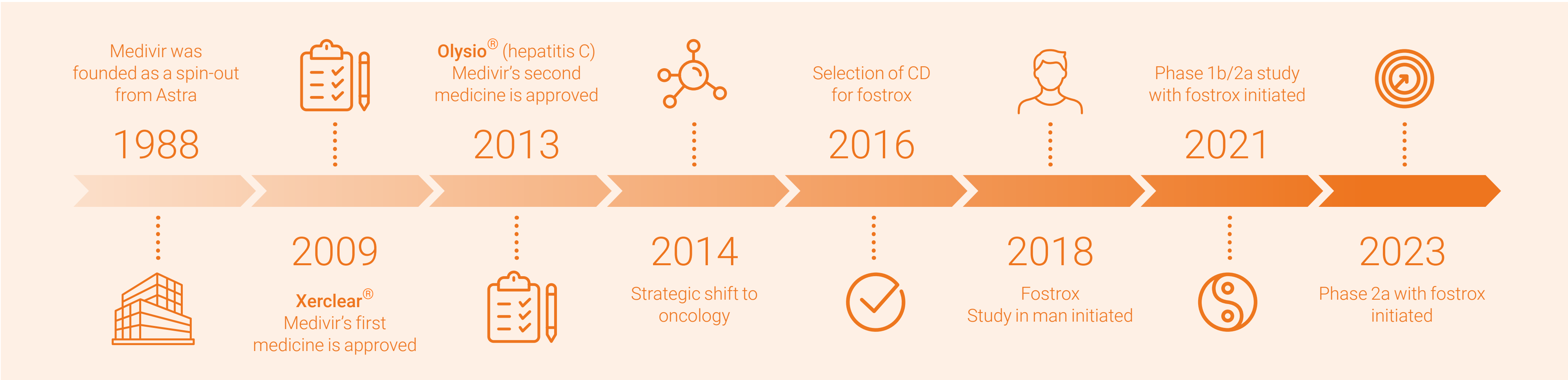
Developing a cancer drug with target-specific action requires knowledge of the target, or the target organ. The reason why fostrox, with its unique mechanism of action in the liver, has been successfully developed lies in Medivir's history.

Initially, Medivir's drug development was focused on the herpes virus with a strong competence in virology and infectious diseases. 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. This type of smart chemotherapy means that the drug is activated in the liver and delivers a high concentration there, while at the same time limiting the impact on the rest of the body. Once in the liver, fostrox exerts the cell-killing effect selectively on tumor cells while minimizing the harmful effect on normal liver cells. The fostrox clinical development program was initiated in 2018. In 2023, the phase 1b part of an ongoing phase 1b/2a study where fostrox is combined with two other drugs, either with Lenvima®, a tyrosine kinase inhibitor, or Keytruda®, an anti-PD-1 checkpoint inhibitor, was finalized. After completing phase 1b, Medivir chose to focus on the fostrox and Lenvima combination and initiated the ongoing phase 2a expansion part in second/third line HCC. This phase 2a study was already fully recruited in the third quarter of 2023 and the first data were presented at the scientific congress ASCO-GI in January 2024. Regarding the combination with Keytruda, Medivir intends instead to explore the possibility of fostrox in triple combination with immunotherapy in the early line of treatment.



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 intends 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, where the number of prescribing doctors is limited. In other indications that demand a large marketing organization Medivir intends to seek partners in order to 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 furthermore 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 other 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 and reduce financial risk.

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

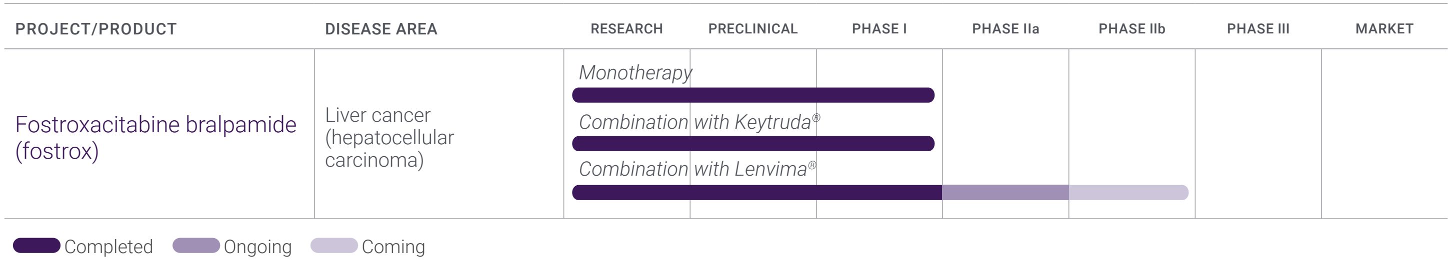
What is cancer?

A cancerous tumor occurs when cells divide in an uncontrolled manner. Genetic changes result in the cells stimulating both their own growth and the growth of blood vessels to and from the tumor. Furthermore, the tumors become resistant to the body's immune responses which would otherwise cause the cancer cells to die. As tumors grow, they can become more aggressive and begin invading surrounding tissue, and often the tumor spreads 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 re-lapse.

Fostroxacitabine bralpamide (fostrox)

for the treatment of liver cancer

Medivir focuses on clinical development of the proprietary and wholly owned candidate drug fostrox, a directed smart chemotherapy, 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[1]. 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, liver-targeted drug for the treatment of liver cancer. with the liver as the target organ. Fostrox is a so-called smart chemotherapy and has been developed to achieve a targeted, tumor-selective effect in the liver, while the concentration in the rest of the body is lower to minimize possible side effects.

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.

1) Serraino D. et al., Epidemiological Aspects of Hepatocellular Carcinoma. Springer International Publishing, 3–9, 2023

Through its liver-directed mechanism of action, Fostrox also has the potential to treat other forms of cancer in the liver such as bile duct cancer (intrahepatic cholangiocarcinoma) and liver metastases from other types of cancer such as colorectal cancer. Bile duct cancer and cancer with liver metastases also have a poor prognosis.

"Fostrox has the potential to be the first liver-targeted and orally administered drug that can help patients with various types of liver cancer"

Smart chemotherapy with liver-targeted antitumor effect

Fostrox is a type of targeted smart chemotherapy that delivers the cell-killing substance selectively to the tumor while minimizing the harmful effect on normal cells. This is achieved by linking an active chemotherapy (troxacitabine) to a prodrug tail.

The design of the prodrug makes it possible to administer fostrox orally which travels directly to the liver where the active substance is released locally in the liver. Intravenously administered troxacitabine has previously been shown in clinical studies to be effective against several different forms of cancer, but the side effect profile has not outweighed the benefit of the treatment. The goal of fostrox is to improve the antitumor effect locally in the liver while minimizing systemic side effects.

This is made possible by the fact that fostrox, with its liver-directed smart chemotherapy, achieves more than 100 times the concentration of the active metabolite locally in the liver compared to intravenously dosed troxacitabine. Once in the liver, fostrox also exerts the cell-killing effect selectively on tumor cells while minimizing the harmful effect on normal liver cells.

With this unique solution, fostrox has the potential to become the first liver-targeted and orally administered drug that can help patients with various types of liver cancer.

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. There is also a strong scientific rationale for combination treatments with fostrox to achieve, if possible, synergistic anti-tumor effect in the liver.

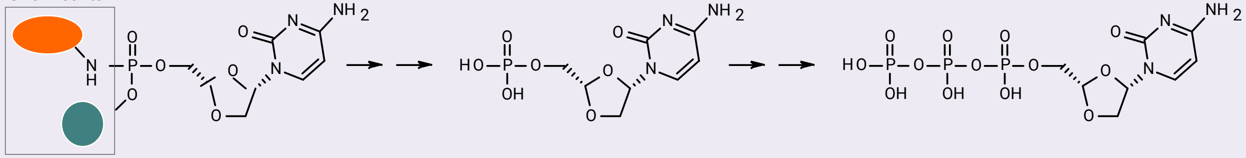
Among the drugs used today or in development, the two most common mechanisms of action are: stimulation of the immune system and blocking of the blood supply. Medivir therefore chose to study fostrox in combination with two products that represent these mechanisms. One with Keytruda (anti-PD-1 checkpoint 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 enhanced immune response with Keytruda. The other 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 anti-tumor efficacy when co-treated with these mechanisms in non-clinical 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, smart chemotherapy targeting liver cancer

By providing troxacitabine monophosphate (TRX-MP) with a "chemical prodrug tail", Medivir has created a candidate drug (fostrox) that is administered orally and is stable in the gastrointestinal tract but is rapidly metabolized to its active form in the liver. It is inactive when administered but is gradually converted to its active metabolite (TRX-TP triphosphate, see image below) when taken up by liver cells. The active metabolite is then incorporated into the DNA of rapidly dividing cancer cells, thereby causing DNA damage and cell death selectively in tumor cells while minimizing the harmful effect on normal cells. When fostrox is absorbed from the gastrointestinal tract, the active form accumulates in the liver. Thanks to the liver-directed effect, minimal amounts of fostrox enter the bloodstream and thereby reduce the risk of side effects.

Chemical tail



Fostroxacitabine bralpamide TRX-MP TRX-TP

Very large medical need and commercial potential in second line, a market worth around USD 2.5 billion annually[1)]

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

1) Global Data 2021.

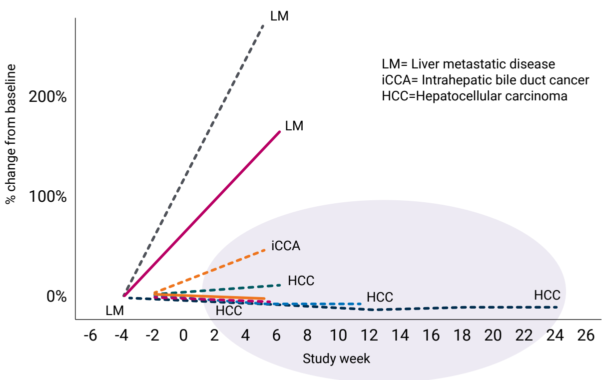
The phase 1a/1b monotherapy study

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. Thus, the starting dose could be determined for the initial part of the 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 before 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 that fostrox reached the liver, and a selective effect of fostrox on cancer cells in different types of cancer.

Positive effect on liver tumors in HCC patients in the phase 1b study



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

Ongoing combination study in phase 1b/2a

Since mid-December 2021, the phase 1b/2a combination study with fostrox has been ongoing. In the study, fostrox is given in combination with two other drugs, either with Lenvima or Keytruda, to patients with advanced HCC, where current first-line treatment has proven ineffective or not tolerable. The aim of the study is to evaluate the safety, tolerability and clinical benefit of fostrox in each combination. The study is ongoing at 15 clinics in Great Britain, Spain and South Korea. Interest in participating in the study has been great.

Inclusion of patients in 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 could thus be determined for the first combination arm, and then the expansion part (phase 2a) of the study for the first combination arm was initiated.

In March 2023, the first patient in the phase 2a study was dosed with fostrox in combination with Lenvima, and in August the last patient in the phase 2a study was included in this combination.

The dose escalation part (phase 1b) for the combination with Keytruda was completed in June 2023, establishing a safe dose for the treatment of fostrox in combination with Keytruda. However, Medivir is focusing on the combination of fostrox and Lenvima in the expansion part of the ongoing phase 2a study, and intends to explore the possibility of fostrox in triple combination with immunotherapy in the earlier line of treatment.

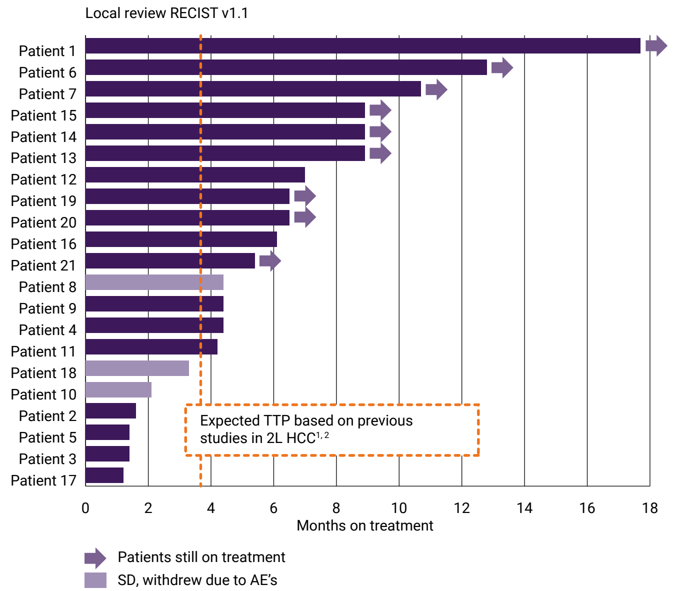
In October 2023, the first data were presented, where investigators and local radiologists evaluated the effect of fostrox in combination with Lenvima in 18 of a total of 21 included patients with at least 12 weeks of follow-up. These data showed an Objective Response Rate (ORR) of 22 percent and a median time to progression of ~5 months, data indicating a marked improvement over what was shown in second-line HCC in previous studies. No new, unexpected side effects were seen and the need to reduce the dose of Lenvima in this combination was lower than expected compared to Lenvima monotherapy.

The more mature and detailed data obtained from the study, the more the results have improved. Medivir presented additional data at the ASCO Gastrointestinal Cancers Symposium, January 19, 2024 in San Francisco, USA. These data, evaluated by investigators and local radiologists, where all evaluated patients had at least 18 weeks of follow-up, showed further improvement as the ORR had increased to 25% (RECIST v1.1) and the median time to progression had improved further. The update also showed continued good tolerability without any new unexpected side effects.

Efficacy data continues to improve with >40% of patients still on treatment. This means, among other things, that the median time to progression has improved further to 6.3 months and that the patient who benefited the most remains on treatment after 18 months with continued tumor response. Results that clearly indicate that the addition of fostrox to Lenvima provides a significantly improved clinical efficacy with a maintained safety profile.

Overall, these data provide strong support for accelerating fostrox's development program in second-line HCC in 2024. Medivir intends to initiate a registrational randomized phase 2b study in second-line HCC patients comparing the combination of fostrox and Lenvima to Lenvima monotherapy. The goal is to obtain accelerated approval from the FDA in 2027/2028.

Promising median time to progression (TTP) of 6.3 months, >40% of patients still on treatment[3]



1) Data from previous 2L phase 3 HCC studies with Stivarga, Cyramza & Cabometyx
2) Kobayashi et al., Clinical Cancer Research, Oct 5, 2023 online
3) Preliminary results from local review (All 21 patients data cut-off February 14, 2024)

Medical need and market potential

Primary liver cancer is the third leading cause of cancer-related death worldwide and HCC is the most common form. Although existing treatments for HCC can prolong patients' lives, treatment benefits are often limited and mortality remains at a high level. Each year, approximately 42,000 patients with primary liver cancer are diagnosed in the United States and globally a total of approximately 660,000 patients with primary liver cancer, and the current five-year survival rate is below 20 %[1]. The HCC market is expected to grow by up to 20 % per year with significant risk of further increase as HCC caused by fatty liver disease is expected to increase dramatically by 2030. In China, the increase is expected to be 82 % and in the United States 122 %[2].

HCC is a heterogeneous disease with different etiologies and without specific mutations observed in many other cancers. This has contributed to the lack of success of molecularly targeted agents in HCC. The lack of overall benefit, together with the generally poor prognosis of patients with advanced HCC results in a large unmet medical need.

Especially vulnerable are patients with advanced HCC for whom first-line treatment with today's standard treatment (Tecentriq® + Avastin®) has proven to be ineffective or not tolerable. For these patients, there are currently no approved, systemic treatment options, a situation that risks persisting in the coming years due to few, new treatment options being developed in second-line HCC. Fostrox, in combination with Lenvima, has the potential to become the first approved treatment for this vulnerable patient population, a market estimated to be worth approximately $2.5 billion annually by 2028 based on the number of patients eligible for treatment.

Fostrox has orphan drug designation for the treatment of HCC, both in the US and in the EU.

The clinical development of fostrox is initially aimed at second-line HCC, but Medivir sees opportunities in both earlier lines of treatment for HCC as well as other cancer indications such as bile duct cancer and liver metastases from other cancer types. Markets that would represent further increased commercial potential of >$5 billion.

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.

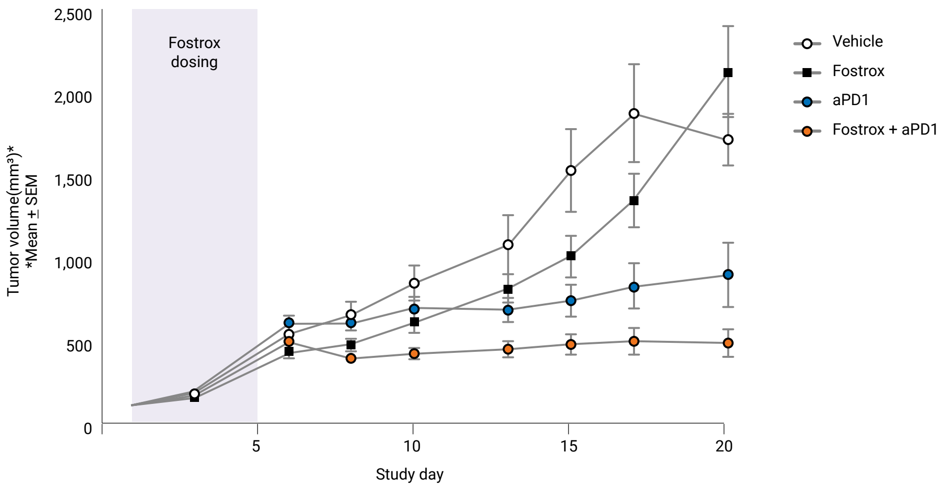
1) Liver and Intrahepatic Bile Duct Cancer — Cancer Stat Facts.
2) Daniel Q. Huang, Hashem B. El-Serag and Rohit Loomba. Global epidemiology of NAFLD-related HCC: trends, predictions, risk factors and prevention. Nature Reviews Gastroenterology & Hepatology (2021).

Fostrox enhances the effect of other drugs in preclinical tumor models

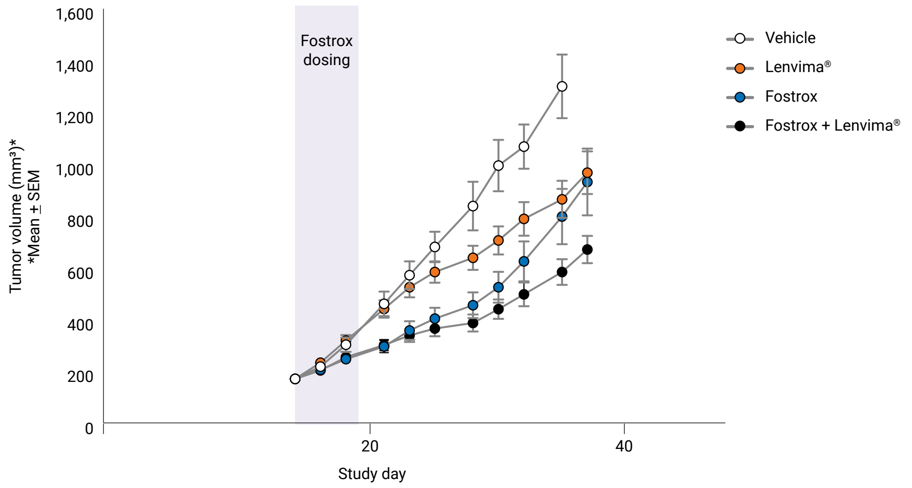
In cancer treatment, combinations of several drugs are often used. There are several reasons for that. In a relatively heterogeneous form of cancer such as HCC, with several different causes of the disease (hepatitis B or C infection, inflammation and fatty liver) and with varying resistance mechanisms 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 in 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 may include, among other things, 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 (anti-PD1/PDL1). In experimental tumor models, a significant increase in the anti-tumor effect is seen when a five-day low-dose treatment of fostrox is combined with either a tyrosine kinase inhibitor or a checkpoint inhibitor. This provides support for combination treatments in the ongoing clinical trial.

Fostrox + aPD1 combination treatment in HCC tumor model



Fostrox + Lenvima® tumor model



Interview with Dr. Hong Jae Chon

Promising strategies in order to overcome treatment limitations


Dr. Hong Jae Chon

In order to get a specialized clinician's view on what future developments we might see that could improve the situation for liver cancer patients, we have talked to Dr. Hong Jae Chon about the treatment alternatives that are currently used for liver cancer and where fostrox will fit in the treatment landscape. Dr. Hong Jae Chon is a Professor at Digestive Cancer Center at CHA Bundang Medical Center, CHA University in Korea. He specializes in liver cancer and pancreatic cancer. He is an investigator in the fostrox program and an experienced investigator in numerous national and international clinical trials of new cancer therapies within his specialty indications.

Which are the major challenges when treating advanced/unresectable hepatocellular carcinoma (HCC) today?
Most HCC patients have underlying liver disease, that is, liver cirrhosis. Therefore, unlike other solid tumors, it is important to treat HCC patients not only to target the cancer itself, but also to protect liver function from deterioration. In advanced/unresectable HCC, systemic therapy is the main treatment, but it is not easy to develop an anticancer drug that satisfies both of these requirements. Therefore, I think systemic therapy for HCC is more difficult overall compared to treatment for other solid tumors.

With a changing treatment landscape and a new preferred treatment with immunotheraphy combinations (IO) in 1L, what is most important for those who progress and need a 2L treatment?
According to data recently presented by our team, at ESMO on more than 1,000 Asian-Pacific patients treated with Tecentriq®/Avastin® as first-line therapy, only 50% of patients whose disease progressed after the first-line treatment with Tecentriq/Avastin had a chance for a second-line treatment and only 26% had a chance for a third-line treatment. This figure is lower than for other solid tumors and is largely thought to be due to the decline in liver function that occurs after systemic therapy. Similar to the answer to the previous question, 1) a less toxic agent that does not worsen liver function is important, and 2) as the cancer progressed on the IO combination as first-line treatment, it may be more appropriate to use agents with different mechanisms rather than agents with the same mechanism in subsequent lines.

How important is local treatment of the tumor in the liver despite having metastases outside the liver? Does this differ from other tumor types and why so?
According to data presented by our team at ASCO GI this year, the treatment efficacy of 1st line Tecentriq/Avastin in advanced/unresectable HCC was well stratified in terms of survival outcomes according to intrahepatic tumor burden, regardless of the tumor's systemic spreading status. In other words, it is difficult to expect good therapeutic efficacy from systemic therapy in patients with a large intrahepatic tumor burden. Of course, this result cannot be applied consistently to all systemic therapies, but considering that liver function reserve decreases proportionally as intrahepatic tumor burden increases, it seems to be generally applicable to some extent in HCC. In the recent EMERALD-1 trial, the combination treatment of TACE and IO satisfied the primary endpoint. This result suggests synergistic efficacy of combined local treatment in the liver and systemic therapy at the intermediate stage. Therefore, it is likely that combination treatment of local therapy and systemic therapy will be actively attempted in the near future, even in advanced stages, especially in patients with a large intrahepatic tumor burden.

> *"In my patient's cases, the fostrox & Lenvima combination treatment seems to exceed the efficacy I expected from Lenvima monotherapy"*

You are an investigator in the fostrox development program and has enrolled patients in the fostrox plus Lenvima® study:
What would you say is most interesting with this combination?
In my patient's cases, the fostrox & Lenvima combination treatment seems to exceed the efficacy I expected from Lenvima monotherapy. A total of 9 of my patients were enrolled in this study. Among them, 6 patients were treated with fostrox plus Lenvima, and currently 4 patients are showing good therapeutic efficacy and are still undergoing treatment in the study.

What unmet need could the fostrox + Lenvima treatment cover?
Upon reviewing the data of the Asian-Pacific patients we analyzed, patients who showed early progression in the first Tecentriq/Avastin treatment tended to have poor therapeutic efficacy no matter what tyrosine kinase inhibitor (TKI) was applied in subsequent treatment. Therefore, one of the questions that HCC experts are most interested in is what systemic therapy can be appropriately applied in patients who show early progression on 1st lineTecentriq/Avastin treatment. However, in my experience from the patients I treated with fosrox + Lenvima, the results were slightly different from what has been seen with previous subsequent TKIs. In fact, some patients enrolled in this study showed early progression on the previous first-lineTecentriq/Avastin treatment, yet showed long-lasting effects on fostrox & Lenvima treatment.

Considering its mechanism of action, how do you see fostrox potential to fit into the future treatment landscape?
After 1st line immunotherapy combination, the use of TKI as subsequent treatment is currently a common treatment strategy. Fostrox is a type of new smart chemotherapy, with an orally administered prodrug, based on the nucleoside analog troxacitabine. With a liver targeted approach, fostrox achieves 100-fold higher liver exposure to the active metabolite versus IV troxacitabine, leading to effective and selective cytotoxicity in liver tumors, while minimizing systemic exposure. Therefore, fostrox is expected to maximize the treatment efficacy without further increasing side effects through a synergistic effect with Lenvima.

"Fostrox is expected to maximize the treatment efficacy without further increasing side effects through a synergistic effect with Lenvima"

What are your thoughts about new possibilities for HCC patients and how will that impact overall outcome in the coming years?
Although systemic therapy for HCC has made remarkable progress in recent years, it is still not satisfactory from the perspective of physicians who are treating HCC on the front line. Recently, I participated in various HCC clinical trials and was able to identify several strategies as an investigator. The first strategy is to overcome limitations through combination treatment with existing drugs. An example is the recent addition of tiragolumab to Tecentriq/Avastin, which improved the objective response rate from 30% to over 40% in first-line treatment of HCC. It is expected that fostrox will be able to play a similar role through various combination treatments. The second strategy is to target new HCC targets. For example, recently, various global pharmaceutical companies are conducting clinical studies using drugs that target GPC-3 in various ways. The third strategy is to apply existing successful treatments to early stages. AstraZeneca recently demonstrated the effectiveness of combined treatment of TACE and durvalumab + bevacizumab in the intermediate stage through the EMERALD-1 study, and Roche demonstrated the effectiveness of Tecentriq/Avastin adjuvant therapy after surgery in the early stage through the IMbrave050 trial. Moreover, clinical trial is currently underway to apply this combination treatment as preoperative neoadjuvant therapy. Through these various strategies, the overall outcome of HCC patients will improve, and investigators' efforts to find optimal treatment sequences and biomarkers will continue.

Partnerships

Active business development to reach partnerships is an important part of Medivir's business model. For out-licensed projects, there are opportunities for future income, often in the form of milestone payments and royalties. Medivir has out-licensed three clinical projects, birinapant, Xerclear® and USP-1/TNG348, as well as the preclinical projects USP-7 and MBLI/MET-X. Medivir also works with business development to find collaborations for two clinical projects; Remetinostat, for the treatment of cancer in the skin, and MIV-711, for osteoarthritis.

Outlicensed projects

Birinapant

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

In January 2021, Medivir signed an exclusive license agreement with American IGM Biosciences for birinapant. The agreement gives IGM the global and exclusive rights to develop birinapant.

The agreement with IGM provided Medivir with an initial payment of US$1 million upon signing, which was followed by an additional US$1.5 million when IGM initiated Phase I clinical trials in solid tumors in November 2021 with birinapant in combination with its proprietary antibody aplitabart (IGM- 8444). At the end of 2023, the fifth dose-escalation cohort was completed and no dose-limiting toxicity has been observed to date.

In December 2023, IGM announced a strategic pipeline prioritization for savings purposes that, among other things, affects IGM's study with aplitabart in combination with birinapant. Medivir has initiated a discussion with IGM on how the long-term value of birinapant can be maximized following the prioritization efforts.

The terms of the agreement also entitle Medivir to milestone payments up to a total of approximately $350 million, given that birinapant is successfully developed and approved, as well as incremental royalties up to the mid-teens on net sales. Part of all revenue goes to Tetralogic, but the majority goes to Medivir.

Xerclear

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

Following 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.

USP-1/TNG348

I In the first quarter of 2020 Medivir entered into a licensing agreement with the US-based company Tango Therapeutics for Medivir's preclinical research program USP-1. In September, Tango received IND approval from the FDA to start a phase 1/2 clinical trial with TNG348, a USP-1 inhibitor developed from the preclinical research program. This study, in which TNG348 is evaluated as monotherapy and in combination with a PARP inhibitor (olaparib) in patients with BRCA1/2-mutated, or other forms of HRD+ cancer, dosed the first patient in January 2024. The agreement entitles Medivir to multiple development and commercial milestone payments as well as royalties on future sales.

Preclinical projects

In February 2021 a licensing agreement with Ubiquigent was signed for the preclinical research 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) program aimed at addressing the threat of resistant bacteria was out-licensed in 2017 to the AMR Centre (today INFEX Therapeutics) in England.

In 2023, MET-X received QIDP-designation (Qualified Infectious Disease Product) from the FDA and has communicated its intention to initiate a phase I program for MET-X in 2024. Medivir is entitled to a share of potential future revenue.

Projects for partnership

Medivir has two clinical projects for partnership, remetinostat and MIV-711.

Remetinostat, for the treatment of various forms of skin cancer, is a histone deacetylase (HDAC) inhibitor, which is applied to the skin in the form of a gel and breaks down when it reaches the bloodstream, 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 as well as in different histological subtypes[1].

MIV-711 is a cathepsin K inhibitor for the treatment of osteoarthritis, showing positive effects on both bone and joint cartilage in osteoarthritis patients after only six months of treatment. Medivir has conducted a phase II study which showed that treatment with MIV-711 for a total of 12 months provided continued treatment effect on bone and cartilage and the patients also maintained the positive effect on self-reported pain and other clinical symptoms[2]. In February 2022, a subgroup analysis of Medivir's phase II study with MIV-711 against osteoarthritis was published, showing a significant reduction in osteoarthritis-related pain.

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

1) Referenser: 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.
2) Referens: 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.

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 operations are conducted in compliance with regulatory guidelines and industry standards that in a natural way integrates many of the most important sustainability issues.

Medivir's sustainability work focuses on conducting 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.

> 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.

With consideration for the environment

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

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

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

Medivir is a knowledge-intensive company that wants its employees to be able to attend international conferences and meetings in order to promote development and the exchange of ideas and experiences. In general, the company strives to reduce the environmental impact through conscious choice of means of transport and to avoid unnecessary business trips.

Medivir's sustainability work shall contribute to the UN's 17 global goals for sustainable development. The following four of these areas are deemed to be particularly essential for the company:
- Good health and well-being (Goal 3)
- Decent working conditions and economic growth (Goal 8)
- Sustainable industry, innovations and infrastructure (Goal 9)
- Sustainable consumption and production (Goal 12)

During 2023, Medivir has carried out the following initiatives:
- Carried out a first climate calculation to gain control over the emissions associated with the company's business trips, energy useage and consumption.
- Competence-enhancing efforts for the company's sustainability group in the form of workshops concerning essentials, goals and measurability.
- Initiated the development of long-term sustainability goals.
- Implemented a management system for the company's sustainability work and reporting.

In 2024, Medivir plans to:
- Establish a Code of Conduct for the company's suppliers, which must be attached to new and renegotiated agreements.
- Start keeping statistics on what percentage of the company's suppliers have signed Medivir's Code of Conduct.
- Set long-term, measurable sustainability goals for Medivir's four essential areas.




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 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 105,370,798, whereof 104,506,048 ordinary shares and 864,750 class C shares (55,735,651 class B-shares) in Medivir AB by January 15, 2024, with a nominal value of SEK 0.5. The average number of shares during the year was 60,438,038 (55,735,651). One ordinary share entitles to one vote and one Class C share entitles to 1/10 of a share. The class C share does not entitle to a dividend.The share capital at the year-end was SEK 52.7 million (27.9) and the equity totaled SEK 217.9 million (192.8).

Shareholders*

As of January 15, 2024, there were a total of 8,450 (8,543) shareholders, 2,495 (2,054) of whom held more than 1,000 shares. The fifteen biggest shareholders accounted for 58 percent (54%) of the total number of shares and 59 percent (54%) of votes. Foreign owners accounted for 19 percent (21%) of the total equity.

Share price performance and turnover, 2023

Medivir's share price decreased by 71 percent, from SEK 9.9 to SEK 2.85, in 2023. Nasdaq's Stockholm All Share Index (OMXSGI) increased by 18.8 percent during the same period. Medivir's market capitalization at the end of 2023 was SEK 0.32 billion (0.55 bn), based on the closing price paid at the year-end of SEK 2.85. A total of 17,356,735 Medivir shares were traded on the Nasdaq Stockholm exchange in 2023, corresponding to a turnover rate of 20 percent. The average daily trading volume during the year was 69,150 shares. The Medivir share is primarily traded on the Nasdaq Stockholm.

Share and related incentive plans

At the annual general meeting on May 4, 2023, new articles of association were adopted whereby the A share class was deleted and series B shares were reclassified as ordinary shares. In relation to the new incentive program that was adopted at the same annual general meeting, a new issue of 970,500 C-shares has taken place during the second quarter and of these, 105,750 have been converted into ordinary shares through the transfer of 105,750 own ordinary shares to the participants in LTIP 2023.

Warrants

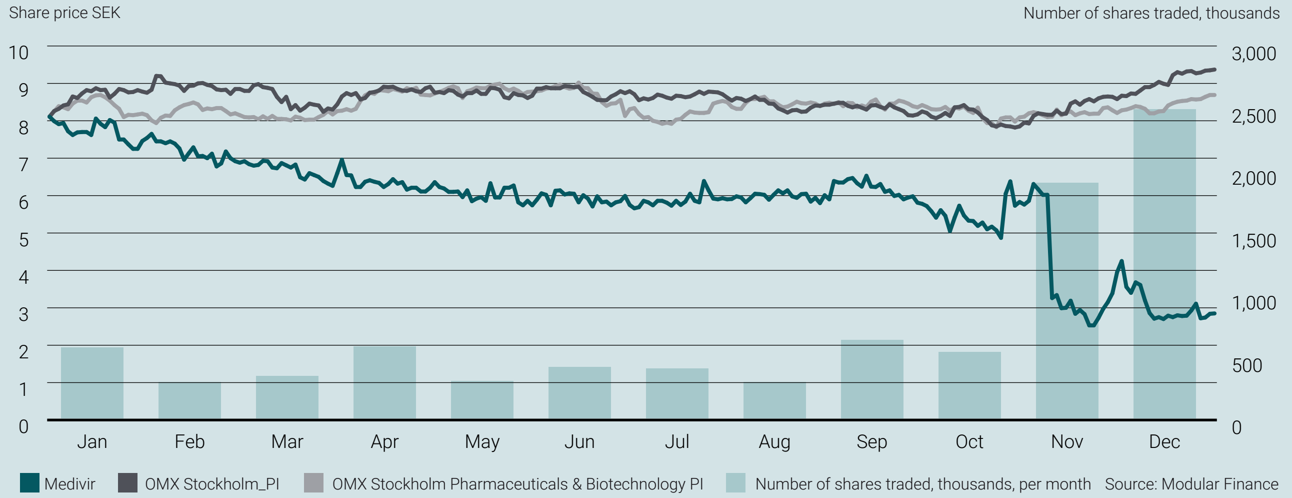
At the beginning of the period, there were 1,587,000 outstanding warrants in the ongoing incentive programs. During December 2023, 527,000 warrants in the 2020 program expired. The total number of outstanding warrants at the end of the period amounted to 1,060,000.

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. During December 2023, 527,000 warrants in the 2020 program expired. No shares were subscribed.

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 ordinary shares during the period from 1 December 2024 up to and including 15 December 2024. After recalculation caused by the rights issue in quarter 4 2023, each such warrant entitles the holder to subscribe for 1.06 new ordinary shares in the company at a subscription price of SEK 12.98.

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 ordinary shares during the period from 1 December 2025 up to and including 15 December 2025. After recalculation caused by the rights issue in quarter 4 2023, each such warrant entitles the holder to subscribe for 1.06 new ordinary shares in the company at a subscription price of SEK 13.30.

Share price performance and turnover



Source: Modular Finance

*The comparison figures in parentheses refer to data from December 30, 2022.

Share savings program

In May 2023, the Board of Directors proposed and the AGM approved a new long-term incentive program in the form of a share matching program. For each investment share, participants have the opportunity, provided that certain conditions are met, to receive one (1) ordinary share free of charge within the framework of LTIP 2023 ("matching shares") and in addition, provided that certain performance conditions are met, a maximum of five (5) additional ordinary shares ("performance shares") free of charge according to the terms of the program. As of December 31, Medivir's employees have purchased 105,750 investment shares at a price of SEK 7.34. The earned period is until the publication of the interim report for January-March 2026. After recalculation due to rights issue during quarter 4 2023, each investment share entitles to 1.22 ordinary shares

For a more detailed description, see Note 4 on pages 45–47.

Medivir's 15 largest shareholders January 15, 2024[1]

Name	Ordinary Shares	% of votes	% of capital
Linc AB	12,801,243	12.24	12.15
HealthInvest Partners AB	10,250,000	9.80	9.73
Nordea Investment Funds	9,975,836	9.54	9.47
Avanza Pension	9,395,409	8.98	8.92
Nordnet Pensionsförsäkring AB	5,417,344	5.18	5.14
NGL Förvaltning AB	2,514,938	2.40	2.39
Private individual	2,415,000	2.31	2.29
Bank Julius Baer & Co Ltd	1,724,700	1.65	1.64
SEB life international assurance	1,355,340	1.30	1.29
Ålandsbanken ABP	1,236,641	1.18	1.17
Johan Claesson	1,101,264	1.05	1.05
Pershing LLC	900,400	0.86	0.85
Jan Nydahl	819,596	0.78	0.78
Roger Nilsson	770,000	0.74	0.73
Skandia fonder	768,738	0.73	0.73
Total, 15 largest shareholders	**61,446,449**	**58.75**	**58.31**
Total, other shareholders	**43,924,349**	**41.25**	**41.69**
TOTAL	**105,370,798**	**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.

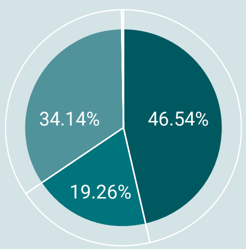
Analysts who cover Medivir

Klas Palin, Erik Penser Bank, *Richard Ramanius*, Redeye, *Joe Pantginis*, H.C. Wainwright & Co, *Jason McCarthy*, Maxim Group LLC.

Shareholder breakdown by size of holding January 15, 2024

Holding	No. of shareholders	No. of shares	Holding (%)	Votes (%)
1–500	4,997	646,827	0.61	0.62
501–1,000	958	728,208	0.69	0.70
1001–5,000	1,519	3,722,806	3.53	3.56
5,001–10,000	360	2,665,516	2.53	2.55
10,001–15,000	141	1,758,896	1.67	1.68
15,001–20,000	119	2,141,267	2.03	2.05
20,001–	356	93,707,278	88.93	88.85
TOTAL	**8,543**	**55,735,651**	**100**	**100**

Shareholder categories January 15, 2024, % of capital



- Swedish institutions
- Foreign institutions
- Swedish private investors
- Foreign private investors

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 class C shares	Total no. of ordinary shares	Total no. of shares
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
2023	Conversion of class B shares to ordinary shares	0,5	–	27,867,826	–	-55,735,651	–	55,735,651	55,735,651
2023	Share savings program LTIP 2023	0,5	485,250	28,353,076	–	–	864,750	55,841,401	56,706,151
2023	New share issue	0,5	24,332,324	52,685,399	–	–	864,750	104,506,048	105,370,798

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 2023 fiscal year. All figures refer to the 2023 fiscal year of the Group, unless otherwise indicated. Comparisons, unless otherwise indicated, are made with the 2022 fiscal year. For the six-year summary, please see page 63.

The Medivir Group comprises the Parent Company, Medivir AB, and one subsidiary company, Medivir Personal AB. The subsidiary company is 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 8–16.

Significant events in 2023

Fostroxacitabine bralpamide (fostrox)

- In February, it was announced that the recommended phase 2 dose for the first combination arm with fostrox in combination with Lenvima® in the dose escalation phase (phase 1b) was determined at 30 mg.
- In March, it was announced that the first patient had been dosed in the expansion part (phase 2a) with fostrox in combination with Lenvima.
- In April, new data were presented showing significantly increased anti-tumor effect of fostrox in triple combination with anti-PD1 and Lenvima, in non-clinical tumor models.
- Medivir's patent application for fostrox was approved in June by the Chinese patent authority.
- In August, the last patient was included in phase 2a with fostrox in combination with Lenvima and the first clinical results, evaluated locally, showed good tolerability and promising tumor control.
- In September, Medivir reported promising data from a centrally conducted evaluation of the dose escalation part (phase 1b) of fostrox in combination with Lenvima, where, among other things, one complete and two partial tumor responses were reported in a total of six patients
- Non-clinical data from tumor models concerning the additive effect of fostrox in combination with Lenvima or Nexavar® were presented at the ILCA conference in September.
- In Medivir's Q3 report and subsequent webcast on October 27, in-depth data from the 18 patients in phase 1b/2a who underwent at least 12 weeks of follow-up were presented. These data continued to demonstrate clear patient benefit for fostrox in combination with Lenvima.
- In November, it was announced that the company's interactions with the FDA regarding fostrox's clinical development plan had been intensified with a first Type D meeting with a positive response regarding critical parts of the design for the planned phase 2b study.
- At the end of November, it was announced that the development of an updated formulation of fostrox suitable for commercial manufacture had been completed.
- In December, it was announced that Medivir has signed an agreement with Lonza for the manufacture of fostrox medicinal substance for the planned phase 2b study.
- In December, it was announced that the sustained clinical benefit from the ongoing phase 1b/2a trial continues to improve as data matures.

Oher projects

- In January, Medivir's partner Infex Therapeutics received 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 September, Medivir's partner Tango Therapeutics received IND approval from the FDA to start a phase 1/2 clinical trial with TNG348. TNG348 is a USP-1 inhibitor developed by Tango Therapeutics from the preclinical USP1 program that was in-licensed from Medivir in 2020.
- In December, Medivir's partner IGM Biosciences announced a strategic pipeline prioritization for savings purposes that, among other things, affects IGM's DR-5 agonist, aplitabart, in combination with birinapant, which was in-licensed from Medivir in 2021.

The company

- In February, Pia Baumann took up her position as Medivir's Chief Medical Officer.
- The Annual General Meeting in May re-elected Uli Hacksell, Lennart Hansson, Bengt Westermark, Yilmaz Mahshid, and Anette Lindqvist as members of the board of directors. Uli Hacksell was re-elected as chairman of the board.
- In August, Medivir's Scientific Advisory Council was formed, consisting of five world-leading experts in liver cancer.
- In October, the board announced that Anette Lindqvist is leaving her position as a board member in Medivir for personal reasons.
- In October the nomination committee was appointed ahead of the AGM in May 2024. The Nomination Committee consists of Karl Tobieson, appointed by Linc AB, Richard Torgerson, appointed by Nordea Investment Funds, Anders Hallberg, appointed by Health-Invest Partners and Uli Hacksell, Chairman of the Board, Medivir AB.
- In December, a rights issue was carried out, through which the company received proceeds of approximately SEK 129 before deduction of costs attributable to the rights issue.

Significant events after the end of the fiscal year

- In January, a directed issue to Hallberg Management AB was carried out amounting to approximately SEK 20 million before deduction of issuance costs.
- Positive data from the ongoing phase 1b/2a study in advanced liver cancer (HCC) showing further improved response and time to progression was presented at the ASCO GI Symposium in San Francisco.
- In January Tango Therapeutics announced that it had dosed the first patient with TNG348, a new USP1-inhibitor from the preclinical USP1 program licensed in from Medivir in 2020.
- Medivir's Nomination Committee has announced that for the 2024 Annual General Meeting it will propose re-election of Uli Hacksell, Lennart Hansson, Yilmaz Mahshid and Bengt Westermark as board members.The Nomination Committee proposes the election of Angelica Loskog and Anna Törner as new board members and that Uli Hacksell is re-elected Chairman of the Board.

Long-term incentive plans

Warrants

At the beginning of the period, there were 1,587,000 outstanding warrants in the ongoing incentive programs. During December 2023, 527,000 warrants in the 2020 program expired. No shares were subscribed. The total number of outstanding warrants at the end of the period amounted to 1,060,000.

Share savings program

In May 2023, the Board of Directors proposed and the AGM approved a new long-term incentive program in the form of a share matching program. For each investment share, participants have the opportunity, provided that certain conditions are met, to receive one (1) ordinary share free of charge within the framework of LTIP 2023 ("matching shares") and in addition, provided that certain performance conditions are met, a maximum of five (5) additional ordinary shares ("performance shares") free of charge according to the terms of the program. As of December 31, Medivir's employees have purchased 105,750 investment shares at a price of SEK 7.34. The earned period is until the publication of the interim report for January-March 2026. After recalculation due to rights issue during quarter 4 2023, each investment share entitles to 1.22 ordinary shares. For more information about Medivirs long-term incentive programs, please see Note 4 on page 45 and the Corporate Governance Report, pages 29–30.

The Group's results and financial position

Revenues, expenses, and results

Net turnover for the period from January – December was SEK 7.6 million (4.4 m) corresponding to an increase of SEK 3.2 million, the increase mainly refers to higher royalty income in the second quarter of 2023 and milestone income related to that Tango Therapeutics having dosed the first patient.

Other external costs totaled SEK -68.9 million (-69.1 m), corresponding to a decrease of SEK 0.2 million.

Personnel costs amounted to SEK -27.4 million (-20.7 m) an increase of 6.6 million which relates to more employees and cost of the share savings program that was implemented during Q2, 2023. The total overheads amounted to SEK -100.4 million (-93.6 m), an increase of 6.8 million.

Depreciation, amortization and impairment for the period totaled SEK -2.7 million (-2.6 m).

The operating loss totaled SEK -91.4 million (-87.4 m), SEK -4.1 million lower compared to previous year. The lower result mainly relates to higher personnel costs.

Net financial items totaled SEK 2.1 million (-1.4 m), an increase of SEK 3.5 million, the increase relates mainly to changes in value of short-term investment funds.

The tax for the period totaled SEK 0.0 million (0.0 m). The loss for the period totaled SEK -89.3 million (-88.8 m), a decline of SEK 0.6 million.

Cash flow and financial position

Cash and cash equivalents, including short-term investments with a maximum term of three months, totaled SEK 169.5 million (117.4 m), corresponding to an increase of SEK 52.1million. The corresponding amount at the beginning of 2023 was SEK 117.4 million (221.2 m).

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

Cash flow from operating activities totaled SEK -59.7 million (-101.8 m), with changes in working capital accounting for SEK 26.4 million (-15.6 m) of this total.

Cash flow from financing activities totaled SEK 112.1 million (-1.5 m).

Investments, depreciation, amortization and impairment

The period's investments in tangible and intangible fixed assets totaled SEK -0.3 million (-0.4 m).

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 -2.7 million (-2.6 m) 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 payments and royalty costs are attributable to the Xerclear project.

Royalty costs during the period totaled SEK 0.8 million (0.9 m).

Breakdown of net sales

SEK million	2023	2022
Upfront and milestone payments	3,582	0
Royalty	4,052	4,408
Total	**7,633**	**4,408**

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 340 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 these risks, the uncertainty in our surrounding world has increased more recently, including through Russia's war of invasion against Ukraine, Hamas's terrorist attack and Israel's retaliatory warfare as well as the conflict over Taiwan. Although the central banks at the moment seem to have inflation under control there is still a risk that political and geopolitical conflicts have a negative impact on the economy and inflation.

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 47–49.

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 10 (9) employees (recalculated as full-time positions), 60 percent (56%) of whom were women.

Salaries, remuneration, and social security contributions totaled SEK 25,527 thousand (19,444 k); for further information, see Note 4, pages 45–47. For details of guidelines for remuneration to senior executives, see the Corporate Governance Report on pages 29–30. See Note 4 with regard to remuneration disbursed to senior executives in the 2023 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 2023. For additional information on Medivir's environmental and occupational health & safety work, see page 17.

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.

The Parent Company's total turnover amounted to SEK 7.6 million (4.4 m).

Combined operating expenses totaled SEK -100.9 million (-94.0 m), an increase with SEK 6.9 million.

The operating loss was SEK -91.9 million (-87.8 m), corresponding to a decrease in the result of SEK 4.1 million.

Net financial items totaled SEK 3.5 million (-0.2 m), corresponding to an increase of SEK 3.7 million.

The tax for the period totaled SEK 0.0 million (0.0 m). The net loss for the period was SEK -88.4 million (-87.9 m), corresponding to a decrease of SEK 0.4 million. The lower result mainly relates to higher personnel costs.

Liquid assets, including short-term investments with a maximum term of three months, amounted to SEK 169.5 million (116.9 m).

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 combination arm in phase 2a.The existing cash and cash equivalents are estimated to meet the company's liquidity needs until Q1 2025 according to current plans and assumptions.

Proposed treatment of non-restricted equity

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

	SEK
Share premium reserve	733,090,844
Accumulated loss	-479,068,002
Net profit for the year	-88,377,426
Total	**165,645,416**

The Board of Directors proposes that the Annual General Meeting resolve that the above amount, namely SEK 165,645,416, be carried forward.

Dividend

The Board of Directors proposes that no dividend be paid for the 2023 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 2023.

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 19–20 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.

2023 Annual General Meeting

The Annual General Meeting was held on May 4, 2023. In all, 14 (18) shareholders attended, either in person or through proxies, representing 29.39 percent (29.27) 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, Yilmaz Mahshid and 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.
- Approval of the Remuneration Report.
- Election of Grant Thornton Sweden AB as Auditors.
- 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.
- Adoption of a new Articles of Association in accordance with the board's proposal.
- 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 ordinary 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 a share savings program in accordance with the Board´s proposal under a new incentive program.

2023 Extra General Meeting

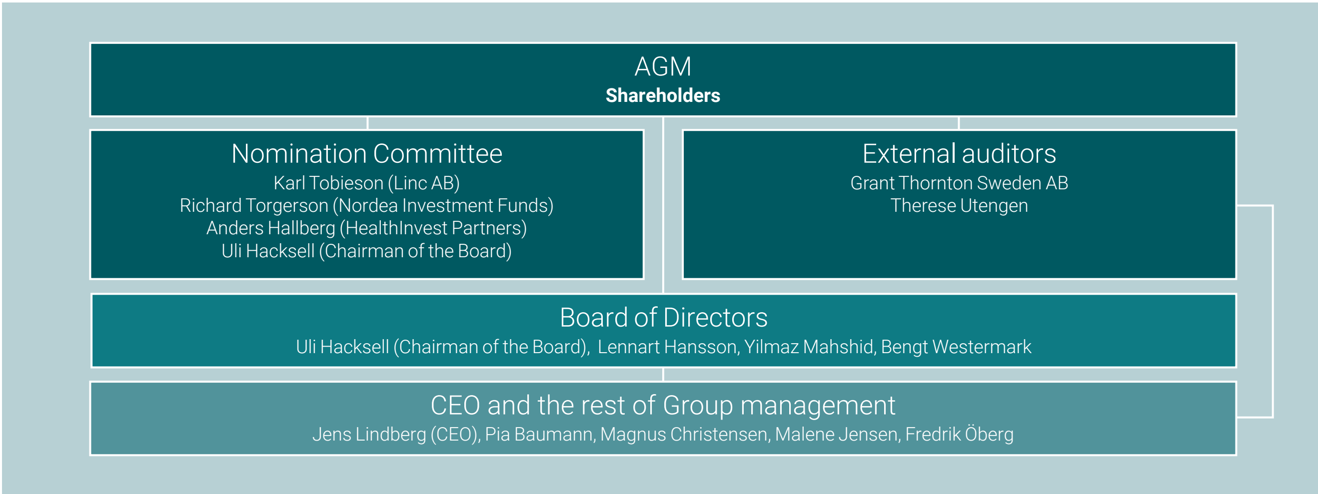
An Extra General Meeting in December 2023 resolved on a rights issue of ordinary shares for current shareholders of appoximately SEK 148 million before transaction costs.

Annual General Meeting 2024

The AGM 2024 will be held on May 7, at Helio GT30, Grev Turegatan 30, Stockholm, Sweden.

Nomination Committee

Under the Nomination Committee procedure adopted at the 2023 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, 2023.

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 2024 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 2023 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 has held six meetings ahead of the 2024 Annual General Meeting. The Committee's full proposals for the 2024 AGM is published in conjunction with publication of the notice convening the AGM.

The composition of the 2023–2024 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 (until January 2024)
- Stefan Bengtsson, representing CA Fastigheter AB (from February 2024)
- Uli Hacksell, Chairman of the Board Medivir AB

Medivir's Nomination Committee has announced that for the 2024 Annual General Meeting it will propose re-election of Uli Hacksell, Lennart Hansson, Yilmaz Mahshid and Bengt Westermark as board members.The Nomination Committee proposes the election of Angelica Loskog and Anna Törner as new board members and that Uli Hacksell is re-elected Chairman of the Board.

Members of the Nomination Committee

The Nomination Committee, ahead of the 2024 AGM (appointed by the biggest shareholders in terms of the number of votes held on Sept. 30, 2023)

Name	Representing	Proportion of votes, % Sept. 30, 2023
Karl Tobieson	Linc AB	12,23
Richard Torgerson	Nordea Investment Funds	8,92
Anders Hallberg	HealthInvest Partners	6,74
Uli Hacksell	Medivir's Chairman of the Board (convenor)	0,79
Total		**28,68**

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 2023 AGM until the end of the 2024 AGM comprised five Members of the Board and no Deputy Members, including the Chairman of the Board. As of October 2023 there is a vacancy in the Board that will be filled at the 2024 AGM in May. 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 33 for a presentation of the Members of the Board.

Rules of Procedure and Board Meetings

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

The Rules of Procedure also regulate how the Board shall receive information and documentation in order to ensure its ability to take well-founded decisions. The Board adopts written instructions for the CEO each year, clarifying the CEO's responsibility for the ongoing administration, methods of reporting to the Board, the requirement for internal control instruments, and other matters requiring a decision by the Board or which must be reported to the Board. The Rules of Procedure require an inaugural Board Meeting to be held immediately after the AGM. The Board normally also holds a minimum of six additional Meetings each year. Four of these Meetings are held in conjunction with the publication of the Group's annual and interim reports. Each meeting addresses the company's project portfolio and business development. In addition, at least one meeting addresses specific long-term strategy issues. The budget and economic outlook are addressed at the final Meeting of each calendar year. Additional meetings, incl. online meetings, 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 2023

The Board has held 22 minuted Meetings in 2023 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 29. 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

January | February | March | April | May | June | July | August | September | October | November | December

February

Nomination Committee
- Proposals for the AGM

Board Meeting
- Q4 report, press release
- Report from the Auditor, Q4 and year-end audit process
- Bonus payments, previous year
- Decision on the annual salary review for the CEO and senior executives

March

Board Meeting
- Approval of the annual accounts
- Notice convening the AGM
- Meeting with auditor in the absence of management

April

Board Meeting
- Q1 report, press release

May

AGM

Board Meeting
- Inaugural Board Meeting

Board Meeting
- Review and analysis of the project portfolio
- Audit plan

June

Board Meeting
- Strategy discussion, kick-off
- Review and analysis of the project portfolio

August

Board Meeting
- Q2 report, press release

September

Strategy & Business plan
- Workshop with management
- Risk review

October

Board Meeting
- Follow-up of strategy discussion from August Meeting

Nomination Committee
- Convening meeting ahead of the AGM

Nomination Committee
- Board evaluation

November

Board Meeting
- Q3 report, press release
- Review and analysis of the project portfolio
- Report from the auditor regarding Q3 report
- Preliminary budget

December

Board Meeting
- Business plan and budget
- Corporate Objectives
- Risk follow-up
- Report from the auditor regarding the year-end process
- Impairment testing
- Review and analysis of the project portfolio

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	21/22	690,000
Bengt Westermark	2017	1945	Yes	Yes	22/22	260,000
Lennart Hansson	2018	1956	Yes	Yes	21/22	260,000
Yilmaz Mahshid	2021	1979	No	Yes	22/22	260,000
Anette Lindqvist[2]	2022	1961	Yes	Yes	15/16	260,000

1) The attendance of the Board members refers to the year 2023. Total remuneration refers to fees paid to the Board of Directors during the period from May 2023 – April 2024. 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 45–47 for the actual amounts disbursed.
2) Resigned, October 20, 2023.

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 34. 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

The board of directors proposes that the annual general meeting decide on the following guidelines for remuneration to senior executives in Medivir. The proposed guidelines are in all material aspects corresponding to the guidelines adopted at the 2020 annual general meeting. However, it has been clarified that pension benefits can exceed 25 percent of the fixed salary if this follows from the applicable collective agreement. Furthermore, the notice period for the CEO has been adjusted.

Senior executives includes the managing director and other persons in the group management. The guidelines should be applied to compensation that is agreed upon, and changes that are made to already agreed compensation, after the guidelines have been adopted by the annual general meeting in 2024. The guidelines do not cover compensation that is decided by the general meeting.

The guidelines' promotion of Medivir's business strategy, long-term interests and sustainability

Medivir creates shareholder value by developing innovative cancer medicines for major medical needs, either in-house or in partnership with other companies. For further information on Medivir's business strategy, please visit the Company´s website www.medivir.com. The successful implementation of the business strategy and the safeguarding of Medivir's long-term interests, including its sustainability, requires that Medivir can recruit and retain competent employees who work to achieve maximum shareholder and customer value. This requires that Medivir can offer competitive remuneration. These guidelines enable senior executives to be offered a competitive total compensation.

In Medivir, long-term incentive programs have been established by two warrant programs and a share matching program. They have been decided by the general meeting and are therefore not covered by these guidelines. For the same reason, the incentive program that the board has proposed that the annual general meeting in 2024 should adopt is also not covered. More information about the previous incentive programs is available on Medivir´s website.

The forms of compensation etc.

The compensation for senior executives must be market-based and may consist of the following components: fixed cash salary, variable cash compensation, pension benefits and other benefits. The general meeting can in addition - and independently of these guidelines - decide on, for example, share and share price-related compensation. The total compensation for senior executives should contain a balanced mix of the above-mentioned components and conditions in the event of termination as well as severance pay. The board should annually evaluate whether share or share price-related long-term incentive programs should be proposed to the general meeting.

The fixed cash salary must be individual and based on the senior executive's areas of responsibility and experience.

The variable cash compensation may amount to no more than 50 percent of the fixed annual cash salary.

For senior executives, pension benefits must be defined contribution unless the executive is covered by a defined benefit pension according to mandatory collective agreement provisions. Variable cash compensation must be pensionable.

Remuneration to senior executives (SEK thousand)

Function	Year	Fixed salary	Performance-related pay	Benefits	Severance pay	Pension	Total
CEO Jens Lindberg[1]	**2023**	**2,569**	**945**	**83**	**3,597**	**630**	**4,228**
	2022	2,253	344	80	2,676	600	3,276
Former interim CEO Magnus Christensen[2]	**2023**	**-**	**-**	**-**	**-**	**-**	**-**
	2022	174	-	-	174	47	221
Other senior executives[3]	**2023**	**6,391**	**1,402**	**45**	**7,838**	**1,843**	**9,681**
	2022	4,159	347	-	4,505	1,510	6,015
Total	**2023**	**8,960**	**2,347**	**128**	**11,435**	**2,474**	**13,908**
	2022	6,585	691	80	7,355	2,157	9,512

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) For 2022, it includes a subsidy in accordance with the warrant programs approved at the Annual General Meetings in May 2022.
In 2022, the CEO bought 250,000 and other senior executives bought a total of 250,000 warrants.

The pension premiums for a defined contribution pension must amount to a maximum of 25 percent of the fixed annual cash salary, unless otherwise stipulated in the collective agreement. The board shall have the right to offer other solutions that are cost-equivalent for the company, regardless of the above.

Other benefits may include i.a. company car and occupational health care. Such benefits must be of limited value in relation to other compensation and be consistent with what is market-wise customary in the respective geographic market. Other benefits may total no more than 15 percent of the fixed annual cash salary.

Termination of employment
Upon termination of the senior executive's employment, a mutual notice period of no more than six months shall apply. As far as the CEO is concerned, however, the notice period in case of termination by the company can amount to a maximum of 12 months. Fixed cash salary should be paid during the notice period. As a starting point, severance payments or similar compensation shall not be paid.

Criteria for distribution of variable cash compensation, etc.
Variable cash compensation must be linked to predetermined and measurable criteria, which can be financial or non-financial, designed with the aim of promoting the company's long-term value creation. The criteria should relate to the development in the development projects the Company conducts and the partnerships the Company enters into for the acceleration of clinical development and future commercialization, as well as the compensation (for example, one-off payments at the conclusion of the agreement, milestone compensation, compensation for research services, or royalties) this development results in. The criteria must further be designed to promote Medivir's business strategy and long-term interests, including its sustainability.

Fulfillment of criteria for payment of variable cash compensation must be measured over a period of one year. When the measurement period for fulfillment of criteria for the payment of variable cash compensation has ended, the extent to which the criteria have been fulfilled must be determined. The board is responsible for the assessment regarding variable cash compensation to senior executives. As far as financial targets are concerned, the assessment must be based on the financial information most recently published by the company.

Salary and employment conditions for employees
When preparing the board's proposal for these remuneration guidelines, salary and employment conditions for the company's employees have been taken into account. Information regarding the employees' total remuneration, the components of the remuneration as well as the increase and rate of increase of the remuneration over time have formed part of the board's decision-making basis when evaluating the fairness of the guidelines and the restrictions that follow from these.

The decision-making process for establishing, reviewing and implementing the guidelines
The board has not set up a remuneration committee, but the tasks assigned to such a committee is carried out by the board of directors in its entirety. The board's proposal for guidelines for remuneration to senior executives has therefore been prepared by the board. The board must draw up proposals for new guidelines at least every four years and submit the proposal for decision at the annual general meeting. The guidelines shall apply until new guidelines are adopted by the general meeting. Since the board has not established a remuneration committee, the board is also responsible for following and evaluating programs for variable remuneration for group management, the application of guidelines for remuneration to senior executives and current remuneration structures and remuneration levels in the group. In the board's consideration of and decisions on remuneration-related matters, the CEO or other senior executives are not present, to the extent that they are affected by the matters.

Deviation from the guidelines
The board may decide to temporarily deviate from the guidelines in whole or in part, if in an individual case there are special reasons for it and a deviation is necessary to satisfy Medivir's long-term interests, including its sustainability, or to ensure Medivir's financial viability.

Evaluation of principles for remuneration to senior executives

In 2023, 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.

Warrants

At the beginning of the period, there were 1,587,000 outstanding warrants in the ongoing incentive programs. During December 2023, 527,000 warrants in the 2020 program expired. The total number of outstanding warrants at the end of the period amounted to 1,060,000.

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 ordinary shares during the period from 1 December 2023 up to and including 15 December 2023. The valuation calculation for 2020 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 ordinary shares in the company at a subscription price of SEK 27.10. During December 2023, 527,000 warrants in the 2020 program expired. No shares were subscribed.

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 ordinary 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. After recalculation caused by the rights issue in quarter 4 2023, each such warrant entitles the holder to subscribe for 1.06 new ordinary shares in the company at a subscription price of SEK 12.98.

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 ordinary 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. After recalculation caused by the rights issue in quarter 4 2023, each such warrant entitles the holder to subscribe for 1.06 new ordinary shares in the company at a subscription price of SEK 13.30.

Share savings program

In May 2023, the Board of Directors proposed and the AGM approved a new long-term incentive program in the form of a share matching program. For each investment share, participants have the opportunity, provided that certain conditions are met, to receive one (1) ordinary share free of charge within the framework of LTIP 2023 ("matching shares") and in addition, provided that certain performance conditions are met, a maximum of five (5) additional ordinary shares ("performance shares") free of charge according to the terms of the program. As of December 31, Medivir's employees have purchased 105,750 investment shares at a price of SEK 7.34. The earned period is until the publication of the interim report for January-March 2026. After recalculation due to rights issue during quarter 4 2023, each investment share entitles to 1.22 ordinary shares.

Election of auditors

The duties of the Nomination Committee include proposing an auditor to the AGM. Grant Thornton Sweden AB (GT) was appointed as the company's external auditors for a one-year period up to and including the 2024 AGM. Therese Utengen, 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 conduct an overview review of one interim report and an audit of 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 2023 and 2022 are shown in the table below.

Audit and audit consulting costs (SEK thousand)

	2023	2022
Grant Thornton		
Audit engagement	96	–
Auditing activities other than audit engagement	450	–
Tax advice	–	–
Other services	75	–
Total, Grant Thornton	**621**	**–**
PwC		
Audit engagement	413	536
Auditing activities other than audit engagement	55	55
Tax advice	–	46
Other services	–	78
Total, PWC	**468**	**715**
Total	**1,088**	**715**

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 47–49.

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, including through Russia's invasion of Ukraine, Hamas's terror attack and Israel's counter-warfare, as well as the conflict over Taiwan. Although central banks seem to have inflation at the moment, under control, there is still a risk that political and geopolitical conflicts have a negative impact on the economy and inflation.

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 and InDex Pharmaceuticals AB.

Shares in Medivir: 1,000,000 ordinary 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 Boards of InDex Pharmaceuticals AB and CureTech Bio AB. Chairman of the Boards of Cinclus Pharma Holding AB, Ignitus AB and Sixera Pharma AB.

Shares in Medivir: 40,000 ordinary shares.

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: 50,000 ordinary shares.

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: Co-founder and Chairman of the Board of Mesenkia Therapeutic AB. Member of various advisory groups for medical research funding.

Shares in Medivir: 32,000 ordinary shares.

Refers to the shareholding on February 20, 2024. 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: 107,000 ordinary 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: 51,000 ordinary shares.

Warrants in Medivir: 0.

Magnus Christensen

Born: 1974.

Title: Chief Financial Officer.

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

Employed: 2019.

Background: More than 20 years of experience in business and finance. Interim CEO at Medivir, May 2021-January 2022. 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: 76,000 ordinary shares.

Warrants in Medivir: 247,500.

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 17 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: 23,320 ordinary 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: 123,908 ordinary shares.

Warrants in Medivir: 197,500.

Refers to the shareholding on February 20, 2024. See websitre for current holdings.

Income Statements

The Group's Income Statement, SEK k	NOTE	GROUP 2023	GROUP 2022	PARENT COMPANY 2023	PARENT COMPANY 2022
Net sales	1	7,633	4,408	7,633	4,408
Other operating income	24	1,363	1,820	1,363	1,820
Total income		**8,997**	**6,228**	**8,997**	**6,228**
Other external costs	3, 5	−68,865	−69,078	−71,963	−71,854
Personnel costs	4	−27,373	−20,735	−27,373	−20,735
Depreciation, amortization and impairment	12, 13, 14	−2,741	−2,571	−137	−204
Other operating expenses		−1,433	−1,198	−1,433	−1,198
Operating profit/loss		**−91,414**	**−87,354**	**−91,908**	**−87,763**
Profit/loss from participations in Group companies	6	–	–	528	309
Interest income and similar profit/loss items	8	3,005	8	3,005	8
Interest expenses and similar profit/loss items	9	−913	−1,419	−2	−491
Profit/loss after financial items		**−89,322**	**−88,765**	**−88,377**	**−87,938**
Tax	10	–	–	–	–
Net profit/loss for the year		**−89,322**	**−88,765**	**−88,377**	**−87,938**
Net profit/loss for the year attributable to:					
Parent Company shareholders		−89,322	−88,765	−88,377	−87,938
Earnings per share, calculated from the profit/loss attributable to: Parent Company shareholders during the year					
Earnings per share	11				
Basic earnings per share, all operations		−1.48	−1.59	−1.46	−1.58
Diluted earnings per share, all operations		−1.48	−1.59	−1.46	−1.58
Average number of shares, '000		60,438	55,736	60,438	55,736
Average number of shares after dilution, '000		60,438	55,736	60,438	55,736
Number of shares at year-end, '000		105,371	55,736	105,371	55,736

– = not applicable

Statement of Comprehensive Income

The Group's Income Statement, SEK k	GROUP 2023	GROUP 2022	PARENT COMPANY 2023	PARENT COMPANY 2022
Net profit/loss for the year	**−89,322**	**−88,765**	**−88,377**	**−87,938**
Other comprehensive income				
Items that may be reclassified in the Income Statement				
Translation differences	−64	3	–	–
Total other comprehensive income	**−64**	**3**	**–**	**–**
Total comprehensive income for the year	**-89,386**	**−88,762**	**−88,377**	**−87,938**

– = = not applicable

Balance Sheets

SEK k	NOTE	GROUP 2023 31 dec	GROUP 2022 31 dec	PARENT COMPANY 2023 31 dec	PARENT COMPANY 2022 31 dec
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	0	9	0	9
Equipment, tools, fixtures and fittings	13	212	340	212	340
Right-of-use assets	14	12,150	14,493	–	–
Total property, plant and equipment		**12,363**	**14,841**	**212**	**349**
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		**108,675**	**111,153**	**96,624**	**96,761**
Current assets					
Current receivables					
Accounts receivable	7	–	–	–	–
Tax receivables		1,446	1,446	1,446	1,446
Other receivables		1,329	1,379	1,329	1,304
Prepaid expenses and accrued income	17	6,946	2,784	7,735	3,544
Total current receivables		**9,721**	**5,610**	**10,510**	**6,294**
Short-term investments					
Other short-term investments	18	143,963	110,986	143,963	110,986
Cash and bank balances	18	25,553	6,448	25,498	5,864
Total short-term investments		**169,516**	**117,434**	**169,461**	**116,850**
Total current assets		**179,237**	**123,044**	**179,971**	**123,145**
TOTAL ASSETS		**287,912**	**234,197**	**276,595**	**219,905**

– = not applicable

SEK k	NOTE	GROUP 2023 31 dec	GROUP 2022 31 dec	PARENT COMPANY 2023 31 dec	PARENT COMPANY 2022 31 dec
EQUITY AND LIABILITIES					
Equity, Group					
Share capital		52,685	27,868	–	–
Other capital contributed		910,269	805,349	–	–
Exchange rate difference		−3,309	−3,245	–	–
Accumulated profit/loss		−741,721	−637,184	–	–
Total equity, Group		**217,925**	**192,789**	**–**	**–**
Equity, Parent Company					
Restricted equity					
Share capital		–	–	52,685	27,868
Total restricted equity		**–**	**–**	**52,685**	**27,868**
Non-restricted equity					
Non-restricted share premium fund		–	–	733,091	628,171
Accumulated profit/loss		–	–	−479,068	−375,915
Net profit/loss for the year		–	–	−88,377	−87,938
Total non-restricted equity	26	**–**	**–**	**165,645**	**164,318**
Total equity, Parent Company		**–**	**–**	**218,331**	**192,186**
Non-current liabilities					
Lease debt	23	11,264	13,399	–	–
Total non-current liabilities		**11,264**	**13,399**	**–**	**–**
Current liabilities					
Accounts payable	7	16,360	3,763	16,630	3,767
Liabilities to Group companies	2	–	–	1,811	1,811
Lease debt, short-term	23	2,271	2,113	–	–
Other liabilities		1,286	1,460	1,286	1,468
Accrued expenses and deferred income	19	38,807	20,673	38,807	20,673
Total current liabilities		**58,724**	**28,009**	**58,264**	**27,719**
Total equity and liabilities		**287,912**	**234,197**	**276,595**	**219,905**

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, 2022	**27,868**	**804,944**	**–3,248**	**–548,419**	**281,146**	**55,735,651[1]**
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[2]**
Opening balance, January 1, 2023	**27,868**	**805,349**	**–3,245**	**–637,184**	**192,789**	**55,735,651[3]**
Net profit/loss for the year	–	–	–	–89,322	–89,322	**–**
Exchange rate differences	–	–	–64	–	–64	**–**
Total comprehensive income for the period	**–**	**–**	**–64**	**–89,322**	**–89,386**	**–**
Warrants	485	291	–	472	1,249	**970,500**
New share issue	24,332	104,629	–	–	128,961	**48,664,647**
Transaction costs	–	–	–	–15,688	–15,688	**–**
Closing balance, December 31, 2023	**52,685**	**910,269**	**–3,309**	**–742,721**	**217,925**	**105,370,798[4]**

1) 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).
2) 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).
3) Opening number of shares in 2023: 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 2023: 104,506,048 ordinary shares and 854,750 C shares, nominal value: SEK 0,50 (of which ordinary shares 11,413 and C shares 864,750 held by the company).

Parent Company, SEK k	Share capital	Other capital contributed	Translation reserve	Accumulated profit/loss	Total equity	Number of shares
Opening balance, January 1, 2022	**27,868**	**628,171**	**–320,601**	**–55,314**	**280,124**	**55,735,651[1]**
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[2]**
Opening balance, January 1, 2023	**27,868**	**628,171**	**–375,915**	**–87,938**	**192,186**	**55,735,651[3]**
Appropriation of profits:						
Profit/loss for the previous year brought forward	–	–	–87,938	87,938	–	–
Net profit/loss for the year	–	–	–	–88,377	–88,377	–
Share savings program	485	291	472	–	1,249	970,500
New share issue	24,332	104,629	–	–	128,961	48,664,647
Transaction costs	–	–	–15,688	–	–15,688	–
Closing balance, December 31, 2023	**52,685**	**733,091**	**–479,068**	**–88,377**	**218,331**	**105,370,798[4]**

1) 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).
2) 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).
3) Opening number of shares in 2023: 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 2023: 104,506,048 ordinary shares and 854,750 C shares, nominal value: SEK 0,50 (of which ordinary shares 11,413 and C shares 864,750 held by the company).

The nominal value has been calculated as the share capital divided by the total number of shares. Proposed dividend for 2023: SEK 0 per share.

Statements of Cash Flow

		GROUP		PARENT COMPANY	
Total operations, SEK k	**NOTE**	**2023**	**2022**	**2023**	**2022**
Operating activities					
Profit/loss after financial items		–89,322	–88,765	–88,377	–87,938
Adjustment for non-cash items	22	3,213	2,571	609	204
		–86,109	**–86,194**	**–87,768**	**–87,734**
Tax paid		–	–	–	–
Cash flow from operating activities before changes in working capital		**–86,109**	**–86,194**	**–87,768**	**–87,734**
Cash flow from changes in working capital					
Increase (–)/decrease (+) in current receivables		–4,113	–860	–4,218	–1,233
Increase (+)/decrease (–) in current liabilities		30,557	–14,766	30,547	–14,363
Cash flow from operating activities		**–59,665**	**–101,820**	**–61,439**	**–103,329**
Investing activities					
Acquisition of property, plant and equipment	13	–	–382	–	–382
Acquisition of right-of-use assets	14	–261	–	–	–
Cash flow from investing activities		**–261**	**–382**	**–**	**–382**
Financing activities					
Warrants issue		–	404	–	–
Amortization of leasing debt	23	–1,977	–1,940	–	–
New share issue		129,738	–	129,738	–
Transaction costs		–15,688	–	–15,688	–
Cash flow from financing activities		**112,073**	**–1,535**	**114,050**	**–**
Cash flow for the year		**52,147**	**–103,737**	**52,611**	**–103,711**
Cash and cash equivalents at the beginning of the year		117,434	221,167	116,850	220,561
Exchange rate differences, cash and cash equivalents		–64	3	–	–
Cash and cash equivalents at the end of the year	18	**169,516**	**117,434**	**169,461**	**116,850**

– = not applicable

Accounting policies 2023

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, 2023, 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, 2023

Changes in IAS 1 design of financial reports. The change means that the requirement in IAS 1 for disclosure of significant accounting principles has been replaced with a requirement for material accounting principles. The Group has analyzed and adapted its accounting principles based on the materiality criterion in the IASB's Practice Statement 2. A number of new standards and changes to interpretations of existing standards come into force for financial years beginning after January 1, 2024, which have not been early applied when preparing the Group's financial statements. New and amended standards with future application are deemed to have no significant effect on the Group's financial statements.

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 47–49. 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 51.

Development costs for the product are reported, as of the date when the above criteria are fulfilled, as intangible fixed assets at historical cost. Expenses arising before this date will continue to be reported as costs. Historical costs include direct costs for the completion of the pharmaceutical, including patents, registration application costs, and product tests including remuneration to employees. Amortization is calculated on a straight-line basis in order to spread the development costs over the estimated useful life. Amortization begins when the pharmaceutical is approved for sale. Useful life is based on the underlying patent term.

Medivir's other research and development costs are reported as they arise as costs for patent and technology rights, and other similar assets, developed in-house. Against the background of the content of Note 12 in page 51, 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 on page 55. 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.

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.

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 2024 are estimated at SEK 3,600 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, see Note 4 on pages 47–49.

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 on page 50 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. 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 50.

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 thousand	**2023**	**2022**	**2023**	**2022**
Breakdown of net sales				
Out-licensing and collaboration agreements	3,582	–	3,582	–
Royalty	4,052	4,408	4,052	4,408
Total	**7,633**	**4,408**	**7,633**	**4,408**
Geographic breakdown of net sales				
Sweden	192	221	192	221
Nordic region, other	186	187	186	187
Europe, other	3,307	3,562	3,307	3,562
USA	3,582	–	3,582	–
World, other	367	438	367	438
Total	**7,633**	**4,408**	**7,633**	**4,408**
External customers who account for more than 10% of net sales (SEK k)				
Customer #1	4,052	4,408	4,052	4,408
Customer #2	3,585	–	3,585	–

02 Intra-Group transactions

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

03 Audit costs and audit consulting

Remuneration paid to the statutory audit firm and its network by the Medivir Group in 2023 totaled SEK 1,088 thousand (715 k), of which SEK 621 thousand (715 k) was paid to the statutory audit firm, Grant Thornton Sweden AB (prior year Öhrlings PricewaterhouseCoopers AB), which sum can be broken down into the following categories:

	GROUP AND PARENT COMPANY			
	2023		2022	
SEK thousand	**Total**	**Of which to GT**	**Total**	**Of which to PWC**
Audit engagement	509	96	536	536
Auditing activities other than audit engagement	505	450	55	55
Tax advice	–	–	46	46
Other services	75	75	78	78
Total	**1,088**	**621**	**715**	**715**

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

	GROUP			
	2023		2022	
Average number of employees	**Women**	**Men**	**Women**	**Men**
Sweden	6	4	5	4
Total	**6**	**4**	**5**	**4**

Salaries, remuneration, social security contributions and pension costs, SEK thousand [1, 2]	**GROUP 2023**	**GROUP 2022**
Salaries and remuneration		
Jens Lindberg (CEO from 24 Jan 2022)	3,597	2,676
Magnus Christensen (Interim CEO from 5 May 2021 to 24 Jan 2022)	–	174
Uli Hacksell (Chairman of the Board from 5 May 2021)	690	685
Yilmaz Mahshid (Chairman of the Board from 5 May 2021)	260	257
Lennart Hansson (Member of the Board from 3 May 2018)	260	257
An van Es Johansson (Member of the Board from 9 May 2019 to 5 May 2022)	–	83
Bengt Westermark (Member of the Board from 3 May 2017)	260	257
Anette Lindqvist (Member of the Board from 5 May 2022 until 20 October 2023)	217	173
Total, Board of Directors and CEO	**5,284**	**4,562**
Other senior executives	7,838	4,505
Other employees	4,204	3,506
Salaries and remuneration, total	**17,326**	**12,573**
Statutory and contractual social security contributions	**3,895**	**3,596**
Pension costs of which for the CEO: SEK 630 thousand (647 k)	3,307	3,275
Total salaries, remuneration, social security contributions, and pension costs	**24,527**	**19,444**
Other personnel related costs	2,845	1,291
Total personnel costs	**27,373**	**20,735**

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.

Board of Directors
SEK 1,687 thousand (1,712 k) was paid in Directors' fees to the Board of Directors of Medivir during the financial year, SEK 690 thousand (685 k) 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.

04 cont.

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 or according to the collaboration agreement. 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 Jens Lindberg during the year totaled SEK 2,569 thousand. Last year amounted to SEK 2,426 thousand, of which SEK 2,253 thousand to Jens Lindberg and SEK 174 thousand to Magnus Christensen. Bonuses paid to the CEO totaled SEK 945 thousand. Last year's bonuses to the CEO amounted to SEK 344 thousand, of which SEK 344 thousand to Jens Lindberg and SEK 0 thousand to Magnus Christensen.Other benefits totaled SEK 83 thousand. Last year amounted to SEK 80 thousand, of which SEK 80 thousand to Jens Lindberg and SEK 0 thousand to Magnus Christenssen. Pension provisions to the CEO during the year totaled SEK 630 thousand. Last year totaled SEK 647 thousand, of which SEK 600 thousand to Jens Lindberg and SEK 47 thousand to Magnus Christensen.

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 6,391 thousand (4,159 k) have been paid to other senior executives, together with SEK 1,402 thousand (347 k) in performance-related pay, SEK 0 thousand (0 k) in severance pay, and SEK 45 thousand (0 k) in benefits, comprising a total of SEK 7,838 thousand (4,505 k) in remuneration paid. Pension provisions have been made in the sum of SEK 1,843 thousand (1,510 k).

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. In the second quarter of 2018, Medivir's employees purchased 51,864 warrants with a market value of SEK 5.63 each and a strike price of SEK 52.75 per share. The warrants can be exercised to subscribe for new class B shares during the period from December 16, 2021 through January 15, 2022. The 2018 valuation calculation was based on the following figures: term, 3.66 years; strike price, SEK 52.75; VWAP, SEK 39.66; risk-free interest rate, -0.16 percent; volatility, 32 percent. After recalculation caused 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, a new longterm incentive was approved. 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 warrants can be exercised to subscribe for new ordinary shares during the period from December 1, 2023 through December 15, 2023. The 2020 valuation calculation was based on the following figures: term, 3.58 years; strike price, SEK 31.40; VWAP, SEK 15.70; risk-free interest rate, 0.0 percent; volatility, 41 percent.

After recalculation because of the rights issue in the first quarter of 2021, each such warrant entitles the holder to subscribe for 1.16 new ordinary shares in the company at a subscription price of SEK 27.10.

The subscription period ended on December 15 2023, and no shares were subscribed under 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 ordinary 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. After recalculation caused of the rights issue in the forth quarter of 2023, each such warrant entitles the holder to subscribe for 1.06 new ordinary shares in the company at a subscription price of SEK 12.98.

On December 31there were a total of 535,000 outstanding warrants in the program.

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 ordinary 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.After recalculation caused of the rights issue in the forth quarter of 2023, each such warrant entitles the holder to subscribe for 1.06 new ordinary shares in the company at a subscription price of SEK 13.30.

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

On December 31, there were a total of 1,060,000 (1,587,000) outstanding warrants within the framework of LTI 2020, 2021 and 2022.

	GROUP	
Stock options programs	**2023**	**2022**
Warrants subscribed in LTI 2020		527,000
Warrants subscribed in LTI 2021	535,000	535,000
Warrants subscribed in LTI 2022	525,000	525,000
Total	**1,060,000**	**1,587,000**

Share savings program (LTIP-2023)
In May 2023, the Board of Directors proposed and the AGM approved a new long-term incentive program in the form of a share matching program. According to the terms of the program, a maximum of 135,500 investment shares can be subscribed by the participants of the program. For each investment share, participants have the opportunity, provided that certain conditions are met, to receive one (1) ordinary share free of charge within the framework of LTIP 2023 ("matching shares") and in addition, provided that certain performance conditions are met, a maximum of five (5) additional ordinary shares ("performance shares") free of charge according to the terms of the program.

04 cont.

The right to acquire the matching shares shall apply, provided that the relevant individual has not resigned, been terminated, or otherwise notified or been notified of the termination of their employment, and that the relevant individual retains their investment shares.The CEO (up to 28,500 matching shares), the management team (up to four individuals and 28,500 matching shares each), and other employees (up to six individuals and 6,500 matching shares each) are eligible. Decisions regarding transfer are made by the board, with the matching shares to be transferred free of charge. In total, up to 634,500 new ordinary shares may be subscribed to under the LTIP 2023.

As of December 30, Medivir's employees have purchased 105,750 investment shares at a price of SEK 7.34. The earned period is until the publication of the interim report for January-March 2026. After recalculation due to rights issue during quarter 4 2023, each investment share entitles to 1.22 ordinary shares.

05 Leasing agreements including property rent

	GROUP		PARENT COMPANY	
SEK thousand	**2023**	**2022**	**2023**	**2022**
Costs for the year[1]	–	–	3,113	2 780
Nominal value of future minimum lease payments for irrevocable leasing agreements including property rent:				
Within one year	–	–	3,288	3 045
Between two and five years	–	–	12,739	11 856
Over five years	–	–	–	2 964
Total	**–**	**–**	**16,028**	**17 865**

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	**2023**	**2022**	**2023**	**2022**
Dividends from subsidiaries	–	–	528	309
Total	**–**	**–**	**528**	**309**

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 should strive to 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 217,925 thousand (192,789 k). The cash and cash equivalent position and short-term investments total SEK 169,516 thousand (221,167 k), and the equity/assets ratio is 75.7 percent (82.3%).

The connection between categories and Medivir's Balance Sheet items

The Group, 31 Dec. 2023, 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	143,963	–	–	143,963
Cash and bank balances	–	25,553	–	25,553
Accounts payable	–	–	–16,360	–16,360
Financial leasing liabilities	–	–	–13,535	–13,535
Total	**143,963**	**25,553**	**–29,895**	**139,621**

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**

07 cont.

Parent Company, 31 Dec. 2023, 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	143,963	–	–	143,963
Cash and bank balances	–	25,498	–	25,498
Accounts payable	–	–	–16,360	–16,360
Total	**143,963**	**25,498**	**–16,360**	**153,100**

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**

	Carrying amount	Recognition at fair value at the end of the period, based on:		
The Group, 31 Dec. 2023, SEK thousand		**Level 1**	**Level 2**	**Level 3**
Financial assets recognized at fair value in the Income Statement:				
Short-term investments	143,963	143,963	–	–
Total assets	**143,963**	**143,963**	**–**	**–**

	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**	**–**	**–**

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 6,5 months, totaled 169,516 thousand (117,434 k) on 31 December 2023. SEK 143,963 thousand (110,986 k) of this sum was invested in fixed income funds.

An average return on cash and cash equivalents of 4.41 percent (-0.14%) was achieved in 2023. The return has fluctuated during the year between 0 percent and 0.6 percent (0% and -0.89%). 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 567 thousand (568 k) on a full-year basis.

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 2023 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 571 thousand (21 k) in exchange rate profits/losses and the exchange rate items component of net financial items totals SEK 0 thousand (0 k).

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.

2023	Net sales	Costs	Operating profit/loss	Change +/– 5%
EUR	4,052	–32,000	–27,948	+/– 1,397
USD	3,582	–2,737	845	+/– 42
GBP	–	–5,950	–5,950	+/– 298
CHF	–	–2,817	–2,817	+/– 141
DKK	–	–498	–498	+/– 25
SEK	–	–24,862	–24,862	+/– 0
Total	**7,633**	**–68,865**	**–61,232**	**+/– 1,818**

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**

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 1,818 thousand (2,802 k).

A corresponding weakening of the Swedish krona would have yielded a deterioration in the net profit/loss of SEK 1,818 thousand (2,802 k).

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 2023, 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 2023, a bad debt loss of SEK 0 thousand (0 k) was reported.

Other receivables amounts to SEK 1,329 thousand (1,379 k) of which SEK 0 thousand (0 k) is overdue per 31 December 2023.

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 2024 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. 2023	**Less than 1 year**	**2–3 years**	**More than 3 years**	**Less than 1 year**	**2–3 years**	**More than 3 years**
Accounts payable	16 360	–	–	16 360	–	–
Leasing agreements	3 288	6 435	6 304	3 288	6 435	6 304

	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

The amounts maturing within 12 months are consistent with the reported amounts, because the discount effect is insignificant. Increased accounts payables compared to the previous year refer to costs attributable to the rights issue in December 2023.

08 Interest income and similar profit/loss items

	GROUP		PARENT COMPANY	
SEK thousand	**2023**	**2022**	**2023**	**2022**
Interest income, other	27	8	27	8
Change in fair value of fixed income fund, unrealized	2,977	–	2,977	–
Total	**3,005**	**8**	**3,005**	**8**

09 Interest expenses and similar profit/loss items

	GROUP		PARENT COMPANY	
SEK thousand	**2023**	**2022**	**2023**	**2022**
Interest expenses, other	−2	–	−2	–
Interest expenses, lease	−911	−928	–	–
Change in fair value of fixed income fund, unrealized	–	−491	–	−491
Total	**−913**	**−1,419**	**−2**	**−491**

10 Tax

	GROUP		PARENT COMPANY	
SEK thousand	**2023**	**2022**	**2023**	**2022**
Tax on profit/loss for the year				
Current tax	–	–	–	–
Tax on profit/loss for the year	**–**	**–**	**–**	**–**
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	−89,322	−88,765	−88,377	-87,938
Tax at the applicable rate for the Parent Company	18,400	18,286	18,206	18,115
Tax effect of non-deductible costs	−53	−85	−53	−85
Tax effect of non-taxable income	113	147	113	64
Tax effect of loss carry-forwards not previously capitalized	−18,460	−18,348	−18,266	−18,094
Reported tax	**0**	**0**	**0**	**0**

At the year-end, the total accumulated taxable loss of the Group was SEK 1,393 million (1,309 m) of which SEK 0 million (0 m) 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	
	2023	**2022**
Total verksamhet		
Basic earnings per share, SEK[1]	−1.48	−1.59
Diluted earnings per share, SEK[2]	−1.48	−1.59
Net profit/loss for the year, SEK thousand	−89,322	−88,765
Average number of shares, '000[3]	60,438	55,736

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

2023, SEK thousand	GROUP Acquired R&D	GROUP Capital-ized R&D expend-iture	PARENT COMPANY Acquired R&D	PARENT COMPANY Capital-ized R&D expend-iture
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
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**

2022, SEK thousand	GROUP Acquired R&D	GROUP Capital-ized R&D expend-iture	PARENT COMPANY Acquired R&D	PARENT COMPANY Capital-ized R&D expend-iture
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
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 2023 and the analysis shows that there is no indication of impairment.

The impairment test includes assessments regarding the number of patients to be treated, treatment duration, estimated price, and number of years on the market based on the patent situation. A WACC of 10 percent has been used in the calculation.

13 Property, plant and equipment

SEK thousand	GROUP		PARENT COMPANY	
Buildings and land[1]	**2023**	**2022**	**2023**	**2022**
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	−4,018	−3,856	−4,018	−3,856
Depreciation for the year	−9	−162	−9	−162
Accumulated depreciation at year-end	**−4,027**	**−4,018**	**−4,027**	**−4,018**
Book value at year-end	**0**	**9**	**0**	**9**

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	**2023**	**2022**	**2023**	**2022**
Cost at beginning of the year	4,285	3,903	4,285	3,903
Capital expenditure	–	382	–	382
Closing accumulated cost	**4,285**	**4,285**	**4,285**	**4,285**
Depreciation at beginning of the year	−3,946	−3,903	−3,946	−3,903
Depreciation for the year	−127	−42	−127	−42
Accumulated depreciation at year-end	**−4,073**	**−3,946**	**−4,073**	**−3,946**
Book value at year-end	**212**	**340**	**212**	**340**

14 Leases

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

SEK thousand	GROUP				
Right-of-use assets	**2023**	**Acquisition 2023**	**2022**	**Acquisition 2022**	**2021**
Properties	23,729	–	23,729	3,434	20,295
Equipment	586	–	586	–	586
Cars	777	261	516	–	516
Closing accumulated cost	**25,092**	**261**	**24,831**	**3,434**	**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	**2023**	**Depreciation 2023**	**2022**	**Depreciation 2022**	**2021**
Properties	−11,791	−2,514	−9,277	−2,266	−7,011
Equipment	−586	–	−586	–	−586
Cars	−565	−90	−475	−101	−374
Accumulated depreciation at year-end	**−12,942**	**−2,604**	**−10,338**	**−2,367**	**−7,971**
Accumulated depreciation at year-end	**12,150**		**14,493**		**13,426**

The total cash outflow for leases in 2023 was SEK 3,113 thousand (2,780 k).

15 Participations in Group companies

SEK thousand	PARENT COMPANY 2023	2022
Opening cost	150,267	150,267
Voluntary liquidation	−150,167	–
Closing accumulated cost	**100**	**150,267**
Depreciation at beginning of the year	−150,167	−150,167
Voluntary liquidation	150,167	–
Closing accumulated depreciation	**–**	**−150,167**
Book value at year-end	**100**	**100**

Subsidiary:	Corporate ID no.	Registered office	Number of shares	Share of capital	Book value, 2023	Book value, 2022
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
Summa					**100**	**100**

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

During 2023, the following companies have undergone voluntary liquidation, Glycovisc BioTeach AB, Medivir UK Ltd, Tetralogic Birinapant UK Ltd and Tetralogic Shape UK Ltd.

16 Financial assets held for sale

SEK thousand	GROUP 2023	GROUP 2022	PARENT COMPANY 2023	PARENT COMPANY 2022
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 2023.

17 Prepaid expenses and accrued income

SEK thousand	GROUP 2023	GROUP 2022	PARENT COMPANY 2023	PARENT COMPANY 2022
Prepaid rent	–	–	789	741
Licensing fees	562	489	562	489
Accrued royalty income	868	1,203	868	1,203
Accrued milestone payment	3,582	–	3,582	–
Insurance	498	244	498	244
Other items	1,436	847	1,436	866
Total	**6,946**	**2,784**	**7,735**	**3,544**

18 Other short-term investments and cash equivalents

SEK thousand	GROUP 2023	GROUP 2022	PARENT COMPANY 2023	PARENT COMPANY 2022
Other short-term investments	143,963	110,986	143,693	110,986
Cash and bank balances	25,553	6,448	25,498	5,864
Total	**169,516**	**117,434**	**169,461**	**116,850**

The Group's net available cash on the balance sheet date amounted to SEK 169,516 thousand (117,434 k).

19 Accrued expenses and deferred income

	GROUP		PARENT COMPANY	
SEK thousand	**2023**	**2022**	**2023**	**2022**
Accrued personnel costs	7 340	2 758	7 340	2 758
Accrued research costs	9 745	3 760	9 745	3 760
Deferred royalty payments	13 374	12 563	13 374	12 563
Other items[1]	8 348	1 592	8 348	1 592
Total	**38 807**	**20 673**	**38 807**	**20 673**

1) "Other items" include accrued costs attributable to the rights issue.

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 anddevelopment 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	646,171	–	123,392	311,250	211,529
Future contingent liabilities linked to net sales targets	309,235	–	–	–	309,235
Total	**955,406**	**–**	**123,392**	**311,250**	**520,764**

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 2023.

The future contingent liabilities reported represent contractual payments and are not discounted or risk adjusted. As stated in the company's risk factors on pages 23-25, 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 2023 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	2023	2022	2023	2022
Adjustments for non-cash items				
Depreciation, amortization and impairment of assets	2,741	2,571	137	204
Other	472	–	472	–
Total	**3,213**	**2,571**	**609**	**204**

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	
	2023	2022	2023	2022
Cash and cash equivalents	25,553	6,448	25,498	5,864
Short-term investments	143,963	110,986	143,963	110,986
Non-current financial liabilities	–11,264	–13,399	–	–
Current financial liabilities	–2,271	–2,113	–	–
Net debt	**155,982**	**101,992**	**169,461**	**116,850**

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	Leasing debts maturing within 1 year	Leasing debts maturing after 1 year	Total
Net debt on 1 January 2023	**6,448**	**110,986**	**–**	**–**	**–2,113**	**–13,399**	**101,922**
Cash flow	19,105	32,977	–	–	–	–	52,083
Amortization of leasing debt	–	–	–	–	2,113	–136	1,977
Reclassification short-term component	–	–	–	–	–2,271	2,271	0
Net debt on 31 December 2023	**25,553**	**143,963**	**–**	**–**	**–2,271**	**–11,264**	**155,982**

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	Leasing debts maturing within 1 year	Leasing debts 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 of leasing debt	–	–	–	–	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**

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	Leasing debts maturing within 1 year	Leasing debts maturing after 1 year	Total
Net debt on 1 January 2023	**5,864**	**110,986**	**–**	**–**	**–**	**–**	**116,850**
Cash flow	19,633	32,977	–	–	–	–	52,610
Net debt on 31 December 2023	**25,498**	**143,963**	**–**	**–**	**–**	**–**	**169,461**

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	Leasing debts maturing within 1 year	Leasing debts 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**

24 Other operating income

	GROUP		PARENT COMPANY	
	2023	**2022**	**2023**	**2022**
Capital gain sale of tangible fixed assets	–	35	–	35
Exchange rate differences	1,337	1,219	1,337	1,219
Other	26	566	26	566
Total	**1,363**	**1,820**	**1,363**	**1,820**

25 Events after the end of the reporting period

In January, Tango Therapeutics announced that the first patient had been dosed with TNG348, a new USP1 inhibitor from the preclinical USP1 program licensed from Medivir in 2020.

Positive results from the ongoing phase 1b/2a study in advanced hepatocellular cancer (HCC), demonstrating further improved response and time to progression, were presented at the ASCO GI Congress in San Francisco.

Hallberg Management AB has subscribed to and been allocated all issued shares in accordance with the resolution on issuance. The subscription price was SEK 2.65, resulting in Medivir receiving a subscription proceeds of approximately SEK 20 million before deduction of issuance costs.

Medivir's Nomination Committee has announced that for the 2024 Annual General Meeting it will propose re-election of Uli Hacksell, Lennart Hansson, Yilmaz Mahshid and Bengt Westermark as board members.The Nomination Committee proposes the election of Angelica Loskog and Anna Törner as new board members and that Uli Hacksell is re-elected Chairman of the Board.

26 Proposed treatment of non-restricted equity

The Board of Directors proposes that the non-restricted equity of SEK 165,645,416 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, April 4 , 2024

Uli Hacksell
Chairman of the Board

Lennart Hansson
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 April 4, 2024
Grant Thornton Sweden AB

Therese Utengen
Authorized public accountant

Auditor's Report

To the general meeting of the shareholders of Medivir AB corporate identity number 556238-4361

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Medivir AB for the year 2023 except for the corporate governance statement on pages 26–32. The annual accounts and consolidated accounts of the company are included on pages 22-63 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 as of December 31, 2023 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 December 31, 2023 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. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

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

Other information

The audit of the annual accounts and consolidated accounts for the year 2022 has been performed by another auditor who has submitted an audit report dated April 3, 2023 with unmodified opinions in the Report on the annual accounts and consolidated accounts.

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.

Valuation of intangible fixed assets

The value of the intangible fixed assets amounts to kSEK 96 312 as at December 31, 2023 and includes the research projects Remetinostat and Birinapant. The research projects have not been completed and has not begun to generate revenue. Since the Group's intangible assets are of material amount and include significant elements of assessments and estimates, valuation of intangible fixed assets have been assessed as a key audit matter. Information about this key audit matter can be found in the annual report in accounting policies on pages 40-41, impairment test note 12, in the section risk factors on pages 23-25 and in the section Significant estimates and judgments on pages 43-44.

Our audit has included the following audit procedures but were not limited to these:

- Assessment of the reasonableness of future cash flows by evaluating the company management's assumptions and forecasts,
- Audit of impairment tests with the support of our own valuation specialists in terms of methodology and discount rates as well as macroeconomic aspects,
- Examination and assessment that applied accounting principles are in accordance with IFRS and whether information disclosed in the annual report is in all material respect sufficient in accordance with the Annual Accounts Act and IFRS.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–21 and 64–67. The other information also consists of the renumeration report, which we have had access to prior to the date of this audit report. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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 intends 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 mistake, 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 mistake and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or mistake, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from mistake, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

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

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

IIn addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Medivir AB for the year 2023 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

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

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

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

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

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

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Medivir AB for the financial year 2023.

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 in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

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

Auditor's responsibility

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

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

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

The audit firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable 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 audit 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 have been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 26-32 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

Grant Thornton Sweden AB, Kungsgatan 57 SE 103 94 Stockholm, was appointed auditor of Medivir AB by the general meeting of the shareholders on the May 4, 2023 and has been the company's auditor since the May, 4 2023.

Stockholm, April 4, 2024
Grant Thornton Sweden AB

Therese Utengen
Authorized public accountant

Key ratios

Group	2023	2022	2021	2020	2019	2018
EBITDA, SEK thousand	−88,673	−84,782	−59,524	−38,470	−118,894	−326,498
EBIT, SEK thousand	−91,414	−87,354	−62,118	−42,900	−125,979	−351,030
Operating margin, %	−1,197.5	−1,981.6	−243.2	−307.6	−1,444.0	−1,471.0
Profit margin, %	−1,170.1	−2,013.6	−245.0	−305.6	−1,413.7	−1,468.7
Debt/equity ratio, multiple	0.1	0.2	0.2	0.3	0.6	0.4
Return on:						
shareholders' equity, %	−43.5	−37.5	−29.8	−30.0	−50.2	−85.3
capital employed, %	−40.2	−34.9	−27.2	−26.6	−41.0	−85.3
total capital, %	−33.9	−30.8	−23.4	−22.0	−34.6	−67.7
Equity/assets ratio, %	75.7	82.3	83.7	74.1	62.8	73.4
Average number of shares, '000	60,438	55,736	52,815	24,288	24,288	23,956
Number of shares at year-end, '000	105,371	55,736	55,736	24,288	24,288	24,288
Earnings per share, SEK						
Basic earnings per share, all operations	−1.48	−1.59	−1.20	−1.75	−5.08	−14.62
Diluted earnings per share, all operations	−1.48	−1.59	−1.20	−1.75	−5.08	−14.62
Equity per share, before and after dilution, SEK[1]	2.07	3.46	5.04	5.84	7.59	12.67
Net worth per share, before and after dilution, SEK[1]	2.07	3.46	5.04	5.84	7.59	12.67
Cash flow per share from operating activities, SEK	−0.99	−1.83	−0.92	−2.39	−6.10	−13.30
Cash flow per share after investments, SEK	−0.99	−1.83	−0.92	−2.17	−5.92	−13.59
Cash flow per share after financing activities, SEK	0.86	-1.86	2.85	−2.67	−6.19	−7.58
Dividend per share, SEK	–	–	–	–	–	–
Number of outstanding share warrants	1,060,000	1,587,000	1,113,864	636,699	109,699	109,699
Share savings program	105,750	–	–	–	–	–
Capital employed	231,459	208,300	295,164	158,393	228,338	307,606

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.

The above key ratios are deemed to be relevant for the type of operations conducted by Medivir and to contribute to an increased understanding of the financial report.

Six-year summary

Group, SEK thousand	2023	2022	2021	2020	2019	2018
Income Statements						
Net sales	7,633	4,408	25,538	13,948	8,724	23,863
Total expenses	−100,411	−91,762	−87,656	−56,848	−134,703	−374,893
Operating profit/loss	−91,414	−87,354	−62,118	−42,900	−125,979	−351,030
Net financial items	2,092	−1,411	−460	280	2,645	555
Profit/loss after financial items	−89,322	−88,765	−62,579	−42,620	−123,334	−350,475
Tax	–	–	−546	–	−106	161
Profit/loss after tax	−89,322	−88,765	−63,125	−42,620	−123,440	−350,314

	31 Dec. 2023	31 Dec. 2022	31 Dec. 2021	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018
Balance Sheets						
Intangible fixed assets	96,312	96,312	96,312	96,320	96,341	96,885
Property, plant and equipment	12,363	14,841	13,597	16,211	23,283	10,828
Financial fixed assets	–	–	–	–	21,027	–
Deferred tax receivables	–	–	–	–	–	–
Inventories and current receivables	9,721	5,610	4,750	8,924	18,302	25,358
Liquid assets and short-term investments	169,516	117,434	221,167	70,007	134,509	286,282
Shareholders' equity	217,925	192,789	281,146	141,905	184,456	307,606
Deferred tax liability/provisions	–	–	–	–	–	–
Long-term interest-bearing liabilities	11,264	13,399	12,964	14,888	37,153	–
Long-term non-interest-bearing liabilities	–	–	–	–	16,879	14,763
Current liabilities	58,724	28,009	41,716	34,670	54,974	96,983
Balance Sheet total	287,912	234,197	335,825	191,462	293,462	419,352

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 30.
- Q2 Interim Report January–June, publishing date August 22.
- Q3 Interim Report January–September, publishing date November 6.

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

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

2024 Annual General Meeting

The Annual General Meeting will be held at 2 pm on May 7
The Annual General Meeting will be held at Helio GT30, Grev Turegatan 30, 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 26, 2024,
- 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 30, 2024.

PLEASE NOTE:
Important information regarding nominee-registered shares:
To be entitled to participate in the annual general meeting, a shareholder whose shares are held in the name of a nominee must, in addition to providing notification of participation, register its shares in its own name so that the shareholder is recorded in the share register relating to the circumstances on 26 April 2024. Such registration may be temporary (so-called voting right registration) and is requested from the nominee in accordance with the nominee's procedures and in such time in advance as the nominee determines. Voting right registrations completed by the nominee not later than 30 April 2024 are taken into account when preparing the register of shareholders.

For full details of the 2024 Annual General Meeting, please see the convening notice on the website, www.medivir.com.

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

MEDIVIR

Medivir AB
PO Box 1086
SE-141 22 Huddinge
Sweden
Visiting Address: Lunastigen 5
Tel: +46 (0)8-546 831 00
E-mail: info@medivir.com