MEDIVIR AB – INTERIM REPORT JANUARY – MARCH 2017

The quarter in brief

Significant events

- The osteoarthritis trial evaluating MIV-711 received the go-ahead to continue without any modifications after a positive fourth review of safety data.
- Christine Lind has been appointed as the new CEO of Medivir, effective as of 1 April 2017.
- Medivir's Extraordinary General Meeting, held in February, resolved on a voluntary redemption programme comprising a reduction in the share capital for repayment to the shareholders. Total cash proceeds of approximately SEK 857.5 million were distributed.
- An agreement was reached with Janssen concerning the out-licensing of the commercial rights to simeprevir and any products containing simeprevir in the Nordic region. In exchange, Medivir will receive royalties on all sales in the Nordic region of products containing simeprevir. The agreement also entitles Medivir to additional milestone payments with a combined value of approximately EUR 6 million. Medivir has, furthermore, returned the commercial rights to Adasuve in the Nordic region to Ferrer.

Financial summary

- Net turnover for the continuing operations totalled SEK 17.8 million (20.6 m), SEK 13.7 million (18.1 m) of which comprised the first quarter's royalties for simeprevir. Other operating income totalled SEK 2.4 million (4.8 m).
- The loss before interest, tax, depreciation and amortisation (EBITDA) totalled SEK -80.9 million (-60.7 m). Basic and diluted earnings per share were SEK -3.59 (-1.50).
- The cash flow from operating activities amounted to SEK -123.9 million (-36.4 m).
- Non-recurring personnel costs of SEK 10.0 million (0.0 m) affected the result during the quarter.
- Liquid assets and short-term investments totalled SEK 708.9 million (1,039.5 m) at the period end.

Significant events after the period end

- Positive data from the phase II clinical study of remetinostat in patients with cutaneous T-cell lymphoma were announced in April.
- Data from an ongoing phase II study with the triple combination of simeprevir, odalasvir and AL-335, was presented at The International Liver Congress™ in April.

Medivir in brief

Medivir is a research-based pharmaceutical company with a focus on oncology. We have a leading competence within protease inhibitor design and nucleotide/nucleoside science and we are dedicated to developing innovative pharmaceuticals that meet great unmet medical needs. Medivir's class B share is listed on the Nasdaq Stockholm Mid Cap List. *For additional information on Medivir, please visit: www.medivir.com*

CEO's comments

The transformation of Medivir
Medivir's research activities are now focused on oncology and projects in other areas will consequently be out-licensed. This out-licensing work will initially relate to the rights to develop and commercialise the MIV-802 hepatitis C project in China, Taiwan, Hong Kong, and Macau – an area that was excluded from the licensing agreement concluded with Trek Therapeutics in 2016. We are also working to out-license MIV-323 for the treatment of RSV infections, which we believe has the potential to be best-in class, but in which Medivir is no longer investing itself.

The final stage in Medivir's transformation process to becoming a company focused on research and development were completed during the first quarter of the year. An agreement was concluded with Janssen, out-licensing the commercial rights in the Nordic region to simeprevir and potential future products containing simeprevir. Medivir consequently no longer conducts commercialization activities for pharmaceutical products and is now fully focused on research and development activities.

The voluntary redemption programme in connection with the divestment of BioPhausia was also completed during the quarter, resulting in the transfer of SEK 857.5 million to the shareholders. Medivir's management bought shares and sold redemption rights from the redemption programme resulting in an increase in the management group's combined shareholding in Medivir.

Further progress for projects
All of our projects continued to develop according to plan during the quarter. The MIV-711 osteoarthritis trial had its fourth and final expected Data Monitoring Committee review of safety data. All four of the independent Data Monitoring Committee's reviews have yielded the best possible outcome, namely that the ongoing phase IIa trial should continue without any modifications. We expect, as previously stated, to present the data from MIV-711 in the third quarter of 2017.

Our research and development activities are now primarily focused on oncology, including the two very interesting projects in this area that were acquired in 2016: remetinostat and birinapant. We reported topline data from the phase II study of remetinostat in CTCL (cutaneous T-cell lymphoma) after the end of the reporting period. The data from the study was positive and we expect to request a meeting with the US FDA in order to enable a phase III study start in the latter half of 2017. We are also looking forward to starting phase I/II studies of birinapant in partnership with both Merck and the University of California (UCLA) in various cancers.

Royalties attributable to the approved hepatitis C drug, OLYSIO® (simeprevir) amounted to SEK 13.7 million during the first quarter, due to the decline in global net sales of OLYSIO®. Our partner, Janssen, continues to develop simeprevir in a fixed-dose combination with other direct-acting antivirals for hepatitis C and data from the ongoing phase II program are expected to be presented by our partner at upcoming conferences.

A strong, balanced R&D portfolio
I am delighted by the opportunity to lead the implementation of our new, oncology-focused strategy. Medivir has a strong, balanced R&D portfolio with interesting projects in various phases. For a more in-depth description of our strategy and portfolio, I recommend the presentations on our website, www.medivir.com. I also have every confidence in the expertise we have built up within our organisation and in our ability to create long-term value for our shareholders.

Christine Lind
President & CEO

Significant events, January – March 2017

In February, the osteoarthritis trial evaluating MIV-711 was given the go-ahead to continue without modification after a positive fourth review of safety data. The aim of the trial is to evaluate the safety, tolerability and efficacy of six months of treatment with MIV-711 in patients with moderate knee osteoarthritis. Data from the MIV-711-201 trial will be available during the third quarter of 2017, while data from the ongoing MIV-711-202 extension study will be available in the first half of 2018.

February also saw the announcement that Christine Lind had been appointed as the new President & CEO of Medivir. Christine has been employed by Medivir since 2015 and was recruited internally from the position of EVP Strategic Business Development. Christine Lind took up her new position on 1 April 2017.

Medivir's Extraordinary General Meeting in February resolved on a voluntary redemption programme entailing a reduction in the share capital for repayment to the shareholders and a bonus issue without issuance of new shares. The redemption programme comprised a total of 6,738,655 shares in Medivir. Upon completion of the application period, a total of 6,647,060 shares had been registered for redemption, comprising 131,589 class A shares and 6,515,471 class B shares, corresponding to an acceptance level of 98.6 per cent. In total, cash proceeds of approximately SEK 857.5 million were distributed to the shareholders, corresponding to SEK 129 per redeemed share.

In March, Medivir announced that it had reached an agreement with Janssen regarding the out-licensing of the commercial rights in the Nordic region for simeprevir and any products containing simeprevir. In exchange, Medivir will receive royalties on all sales in the Nordic region of products containing simeprevir in the same way as it already does for sales in the rest of the world. The agreement also entitles Medivir to additional milestone payments with a combined value of approximately EUR 6 million, based on certain sales targets in the Nordic region for combination products containing simeprevir. Medivir has, furthermore, returned the commercial rights to Adasuve in the Nordic region to Ferrer, the product's Marketing Authorisation Holder.

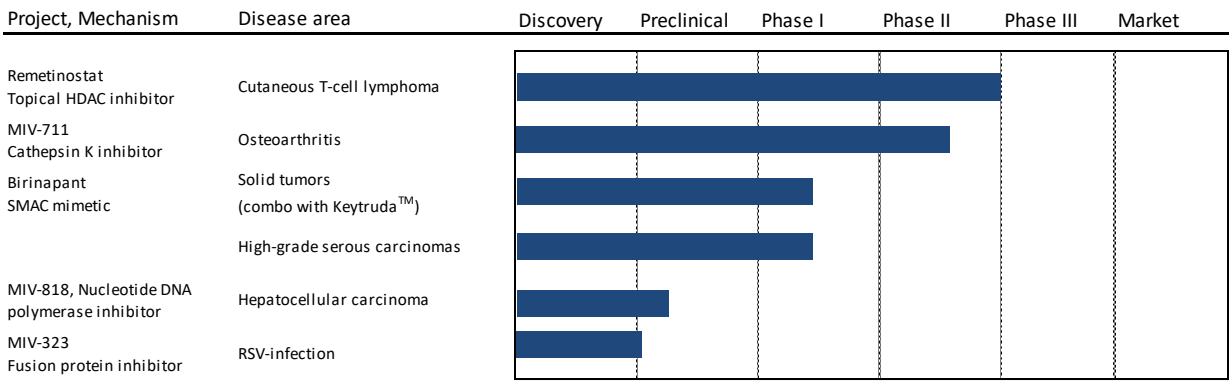
Research and development

Medivir's pharmaceutical product research and development portfolio is based on the company's expertise in the design of protease inhibitors and in the science of nucleotides and nucleosides. The company's research and development focus is on oncology and on the ongoing clinical project in the area of osteoarthritis.

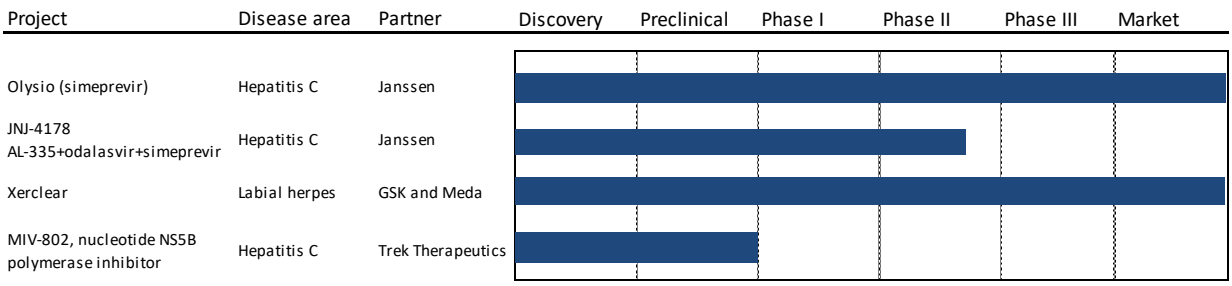
Medivir has successfully developed products all the way from concept to marketed products. In 2009, Xerclear (Zoviduo®) was approved for the treatment of labial herpes. The marketing rights to Xerclear in the USA, Canada and Mexico were divested in 2010, while the corresponding rights in Europe and the rest of the world have been out-licensed to GlaxoSmithKline, with the exception of China, Israel and South America where Medivir has retained the rights. In 2013, simeprevir (OLYSIO®) was approved in the USA, and in May 2014, it was granted marketing authorisation in the EU.

Subsequent marketing authorisations have followed in many other countries around the world. Simeprevir is approved as part of an antiviral combination treatment regimen for chronic genotype 1 and 4 hepatitis C infection in adult patients without cirrhosis or with compensated liver disease (indications vary by market). Janssen is responsible for the global clinical development of simeprevir and has exclusive, worldwide marketing rights.

Proprietary Pipeline



Partnership Pipeline



For further information about our projects, please visit: www.medivir.com

PROPRIETARY PROJECTS

Remetinostat

Cutaneous T-cell lymphoma (CTCL) is a chronic and rare form of blood cancer that manifests in the skin and is classified as an orphan disease. Remetinostat is a new histone deacetylase (HDAC) inhibitor that is in clinical development for the topical treatment of CTCL. The substance has been designed to be effective in the skin but to degrade rapidly in the bloodstream to avoid the adverse effects associated with systemically administered HDAC inhibitors. Remetinostat is consequently expected to be an important new treatment option for patients who suffer from this cancer, and the dermatooncologists who treat them. An open-label phase II study of remetinostat in early-stage CTCL patients was initiated in late 2014.
Medivir estimates the market for early stage CTCL in the USA alone to be approximately USD 900 million per annum.

Status/significant events:

- Medivir completed the acquisition of the remetinostat project in December 2016.
- Positive top line data from the phase II study were reported in April 2017.

MIV-711

MIV-711 is a cathepsin K inhibitor in clinical development for the treatment of osteoarthritis. Cathepsin K is a protease, which can break down the collagen in bone and cartilage, and hence an inhibitor of cathepsin K has the potential to reduce joint structural disease progression and attenuate pain. In support of this, MIV-711 has been demonstrated to exert joint protective effects in preclinical models of osteoarthritis. A phase IIa study (MIV-711-201) of MIV-711 in patients with moderate knee osteoarthritis was initiated in January 2016. In September 2016, the first patient was enrolled into an open-label phase IIa extension study, MIV-711-202, in which patients from MIV-711-201 who had a favourable response to MIV-711 treatment, or whose disease has worsened following placebo treatment, are treated with 200 mg MIV-711 once daily for six months.
Medivir estimates that the market for disease-modifying osteoarthritis drugs in the USA alone corresponds to a value in excess of USD 6 billion per annum, even if the use is limited to patients with moderate osteoarthritis in weight-bearing joints.

Status/significant events:

- The independent MIV-711-201 Drug Monitoring Committee held its fourth and final meeting in January, when unblinded safety data from the first 200 patients who had completed three months of treatment was reviewed. The Committee's recommendation after the review was that MIV-711-201 should continue according to plan.
- The MIV-711-201 study is fully enrolled and it is expected that headline data from this study will be presented in the third quarter of 2017, and that data from the extension study will be available in the first half of 2018.

Birinapant

Birinapant has the potential, through its actions on tumour cells and cells of the immune system, to improve the treatment of several types of cancer when used in combination with other drugs including checkpoint inhibitors and DNA damaging agents. Birinapant is a bivalent peptidomimetic of the SMAC protein (Secondary Mitochondrial Activator of Caspase) and is therefore known as a SMAC mimetic compound. Despite breakthroughs by immunotherapeutic drugs, including PD-1 antagonists, fewer than half of patients have clinically significant improvement after treatment. Global sales of these drugs nonetheless totalled USD 5.2 billion in 2016. The commercial potential available to a party capable of increasing the percentage of patients who respond to treatment is consequently significant.

Status/significant events:

- Medivir completed the acquisition of the birinapant project in December 2016.
- The dose escalation portion of a phase I/II study, in which birinapant is administered in combination with Merck's Keytruda™ (a leading immunotherapeutic drug) for the treatment of solid tumours, is scheduled to begin in the second quarter of 2017 and will be carried out in partnership with Merck.
- An investigator-initiated phase I/II study in partnership with UCLA of birinapant in combination with platinum-based chemotherapy in patients with high-grade serous ovarian cancer (HGSC) is scheduled to begin in the third quarter of 2017.

MIV-818

Liver cancer is the second highest cause of cancer-related death worldwide. Of the different forms of liver cancer, hepatocellular carcinoma (HCC) is the most prevalent. It is classified as an orphan disease in the West, but is more common in Asia in general and China in particular. Medivir has developed specialist expertise in selectively delivering active metabolites of nucleoside and nucleotide analogues to the liver as a result of the company's extensive experience of developing better treatments for chronic hepatitis B and hepatitis C virus infection. These methods are now being applied to develop orally administered, liver-specific therapeutics for the treatment of hepatocellular carcinoma and other forms of liver cancer.
Combined sales of HCC therapeutics in the seven biggest markets are expected to equate to USD 5.6 billion by 2023. MIV-818 has the potential to become the first liver-targeted, orally administered drug to address HCC and other forms of liver cancer.

Status/significant events:

- In November 2016, MIV-818 was selected as a candidate drug (CD) for the treatment of hepatocellular cancer (HCC) and other forms of liver cancer.
- Preclinical safety studies are now ongoing before the start of clinical trials.
- Clinical trials are expected to start in the first half of 2018.

MIV-323

Human respiratory syncytial virus (RSV) is a major viral cause of respiratory tract infection in infants, the elderly and the severely immunocompromised. Almost all children will have been infected with RSV by the time of their second birthday. 33.8 million cases of RSV infections of the lower respiratory tract were reported for children under the age of 5 in 2005, 3.4 million of which required hospitalisation and which are estimated to have caused between 66,000 and 199,000 deaths. The RSV fusion protein is a mediator of viral entry into host cells and an important target for new medicines. Medivir has an in-licensing agreement for the RSV programme with Boehringer Ingelheim. The agreement provides exclusive, global rights to a drug programme for the treatment and prevention of RSV infections.

Status/significant events:

- In December, MIV-323 was selected as a candidate drug (CD) from the RSV fusion inhibitor project, and entered non-clinical development.
- Medivir is currently seeking a partner for the MIV-323 project.

PARTNERED PROJECTS

JNJ-4178

Simeprevir is an NS3/4A protease inhibitor jointly developed by Janssen Sciences Ireland UC and Medivir AB and indicated for the treatment of chronic hepatitis C infection as a component of a combination antiviral treatment regimen. Interim data from an ongoing phase IIa study of simeprevir, odalasvir and AL-335 were presented at the European Association for the Study of the Liver (EASL) Special Conference in September 2016. All 60 treatment-naive patients with hepatitis C virus (HCV) genotype (GT) 1 infection who were treated with the triple combination for six or eight weeks achieved sustained viral response 12 weeks after the completion of treatment (SVR12). Based on the interim safety and efficacy data from this study, the triple combination of simeprevir (75 mg, QD), odalasvir (25 mg, QD) and AL-335 (800 mg, QD), now referred to as JNJ-4178, was selected for further development.

Status/significant events:

- In November 2016, Janssen Research & Development, LLC initiated a phase IIb open-label study of the combination treatment of simeprevir, odalasvir and AL-335 (JNJ-4178) in treatment-naive and treatment-experienced non-cirrhotic patients with chronic hepatitis C genotype 1, 2, 4, 5, and 6 infection.
- The objectives of the study are to investigate the efficacy, safety and pharmacokinetics of treatment with JNJ-4178. Patients in the study will receive the triple combination treatment for either six or eight weeks, and the primary efficacy endpoint will be the percentage of patients with a sustained virological response 12 weeks after the end of treatment (SVR12).
- The ongoing phase II study is assessing the same triple combination treatment in patients with or without compensated cirrhosis.
- Additional data was presented by Janssen at The International Liver Congress™ of EASL in April 2017.

MIV-802

MIV-802 is a potent, pan-genotypic nucleotide-based inhibitor of the HCV NS5B polymerase, which is currently in preclinical development. Hepatitis C treatment comprises a combination of several pharmaceuticals with different mechanisms. Nucleotides are generally regarded as an important component of any such combination treatment, due to their potent and broad spectrum antiviral effect on multiple HCV genotypes and high barriers to resistance. Preclinical data indicate that MIV-802 can be used effectively in combination with other classes of antiviral agents for the treatment of HCV, including protease inhibitors and NS5A inhibitors. In August 2016, Medivir entered into a licensing agreement with Trek Therapeutics for the exclusive rights to develop and commercialise MIV-802 globally, excluding China, Taiwan, Hong Kong and Macau.

Status/significant events:

- MIV-802 is in preclinical development by Trek Therapeutics.
- Medivir is also seeking a partner for the development and commercialisation of the MIV-802 hepatitis C project in China, Taiwan, Hong Kong and Macau.

Patents

Securing patent protection is the foundation for all new pharmaceutical projects, whether a project derives from our own laboratories or is in-licensed. Patents and other exclusive rights, such as data exclusivity and trademark protection are crucial to companies´ future commercial prospects. Two new patent applications for protease inhibitors in the area of oncology were submitted during the first quarter. The patent for MIV-802 was granted within the EU and has already been granted in the USA. Medivir currently has 28 active patent families, with over 150 granted national patents.

Royalty undertakings

A significant percentage of Medivir's research and development project work has been carried out exclusively in-house and Medivir is consequently entitled to all revenues in respect of these inventions. Some of Medivir's research and development projects originate from universities and pharmaceutical companies, and Medivir is consequently entitled to the revenues generated by these projects but obliged to pay royalties on their commercialisation. Certain projects have been progressed with patented research tools which are in-licensed from other companies and for which royalties are payable. The combined royalty costs for the period were SEK 1.3 million (1.2 m).

Financial overview, January – March 2017

Summary of the Group's figures	Q1		Full year
(SEK m)	2017	2016	2016
Net turnover	17.8	20.6	93.0
Operating profit before depreciation and amortisation (EBITDA)	-80.9	-60.7	-300.6
Operating profit (EBIT)	-85.6	-63.7	-312.4
Profit/loss before tax	-84.3	-62.9	-307.7
Basic earnings per share, SEK	-3.59	-1.50	10.50
Diluted earnings per share, SEK	-3.59	-1.50	10.41
Net worth per share, SEK	38.93	52.39	64.38
Cash flow from operating activities	-123.9	-36.4	-180.1
Cash and cash equivalents at period end	708.9	1,039.5	1,698.5

Revenues

Net turnover for the period from January − March totalled SEK 17.8 million (20.6 m), corresponding to a decrease of SEK 2.8 million attributable to the reduction in royalty income from simeprevir. The revenues from Medivir's continuing pharmaceutical sales in the first quarter totalled SEK 2.5 million (1.8 m) and comprised the final quarter of sales of commercial products in the Nordic market. The combined value of Janssen's global sales of simeprevir totalled USD 22.8 million (32.2 m), which generated royalties for the quarter of SEK 13.7 million (18.1 m). Royalties from GlaxoSmithKline's sales of Xerclear (Zoviduo) during the period totalled SEK 1.6 million (0.7 m). Other operating income amounted to SEK 2.4 million (4.8 m) and referred to the letting of research facilities in the UK.

Operating expenses

The cost of goods for resale totalled SEK -1.7 million (0.5 m), corresponding to a decrease of SEK 2.2 million.

Other external costs totalled SEK -64.6 million (-52.4 m), corresponding to an increase of SEK 12.2 million which was due to the increase in the scale of the research programmes conducted through contracted research organisations. Personnel costs amounted to SEK -33.4 million (-34.2 m) and, adjusted for non-recurrent costs, have decreased by SEK 10.8 million in comparison with the same period last year due to the reorganisation implemented during the fourth quarter of 2016.

Depreciation and amortisation totalled SEK -4.8 million (-3.0 m) for the period. Other operating costs amounted to SEK -1.4 million.

Net financial items totalled SEK 1.3 million (0.8 m), corresponding to an improvement of SEK 0.5 million due to unrealised gains driven by positive market valuation of short-term, interest-bearing investments.

Results

Operating profit/loss

The operating profit/loss totalled SEK -85.6 million (-63.7 m), corresponding to a decrease of SEK 21.9 million attributable, in part, to the reduction in royalty income from simeprevir (OLYSIO®), in part to increased external costs attributable to ongoing research and development programmes, and in part to non-recurrent personnel costs of SEK 10.0 million, SEK 8.0 million of which was due to the change of President & CEO.

Taxes

Tax for the period totalled SEK -0.6 million (3.2 m).

The Group's tax is based on a legally stipulated tax rate of 22%, which is also expected to be the effective tax rate. Deficits in the parent company, Medivir AB, are not capitalised and no deferred tax has, therefore, been credited to the result.

Financial overview, January – March 2017

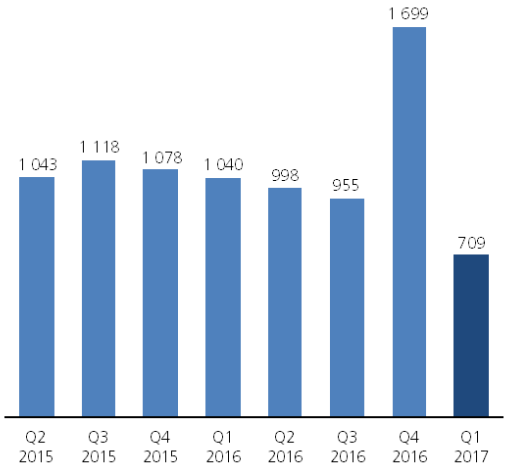
Cash flow, investments, and financial position

Liquid assets, including short-term investments with a maximum term of three months, amounted to SEK 708.9 million (1,039.5 m) at the end of the period, corresponding to a decrease of SEK 330.6 million. The corresponding figure at the beginning of 2017 was SEK 1,698.5 million (1,077.9 m). Liquid assets at the period end exclude the Q1 royalties of SEK 15.3 million. Pledged assets at the end of the period totalled SEK 90.0 million (54.3 m). Medivir's financial assets are, in accordance with its financial policy, invested in low-risk, interest-bearing securities.

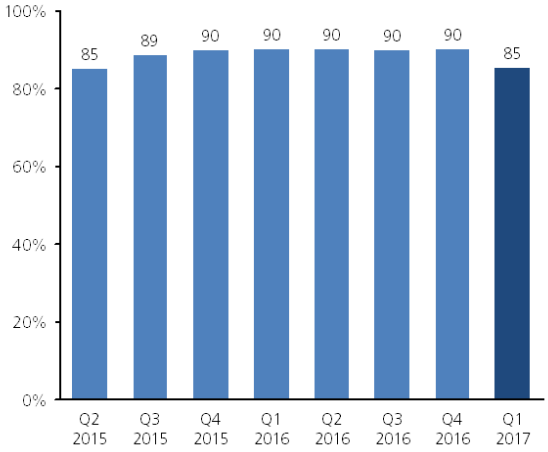
Cash flow from operating activities totalled SEK -123.9 million (36.4 m), with changes in working capital accounting for SEK -49.1 million (13 m) of this total. Cash flow from financing activities totalled SEK -857.5 million (0.0 m) and derive from the voluntary redemption programme implemented during the quarter. The period's investments in tangible and intangible fixed assets totalled SEK -8.3 million (-1.8 m) and referred to research and office equipment and IT systems.

Depreciation and write-downs of tangible and intangible fixed assets totalling SEK -4.8 million (-3.0 m) were charged to the profit/loss for the period.

Liquid assets and short-term investments (SEK m)



Equity/assets ratio, %



Other disclosures, January – March 2017

Employees
Medivir had 105 (127) employees (FTEs) at the period end, 57% (55%) of whom were women. 21 (4) of these employees have been given notice of termination of employment, but who's employment has not yet been terminated.

Share-related incentive plans
Medivir currently has no active share-related incentive plan. The LTI 2014 incentive plan expired during the quarter and approximately 38,000 shares from the buyback programme were issued to the participants. Medivir held 11,413 bought back shares at the period end.

The Parent Company in brief
Medivir AB (publ.), corporate ID no. 556238-4361, is the Parent Company of the Group. Its operations consist of research and development, and administrative and company management functions.
The Parent Company's total revenues amounted to SEK 18.2 million (30.2 m). Sales to Group companies totalled SEK 0 million (6.6 m).

The operating profit/loss was SEK -85.8 million (-62.5 m), corresponding to a decrease of SEK 23.3 million. Combined operating expenses totalled SEK -103.9 million (-92.7 m). Net financial items totalled SEK 1.4 million (0.9 m), corresponding to an improvement of SEK 0.5 million due to unrealised gains driven by positive market valuation of short-term, interest-bearing investments.

The tax for the period totalled SEK -0.7 million (-0.2 m). The net profit/loss for the period was SEK -85.1 million (-61.9 m), corresponding to a decrease of SEK 23.2 million.
Liquid assets, including short-term investments with a maximum term of three months, amounted to SEK 704.1 million (949.6 m), SEK 90.0 million (0) if which is pledged until 15 December 2017.

See the section entitled "Financial overview" for additional comments on the operations.

Transactions with related parties
Transactions with related parties are on market terms. There are existing agreements between companies owned by senior executives and Medivir, dating from 2005, which entitle the senior executives to royalties on products that the company may develop based on patented inventions that the company has purchased from the parties in question. During the period, transactions with related parties totalled SEK 0.1 million (0.6 m), whereof royalty payments to Uppsala Hallbechem AB (Board Member, Anders R Hallberg) totalled SEK 0.1 million (0.2 m), and those to Sybesam AB (Board Member, Bertil Samuelsson) totalled SEK 0.0 million (0.4 m). Bertil Samuelsson is no longer a Member of the Board and is, therefore, only classified as a related party for the period from January to June 2016. No other services were purchased by the company from related parties during the period.

Significant risks and uncertainty 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. The process of research and pharmaceutical development, all the way up to approved registration, is both high-risk and capital-intensive. The majority of projects initiated will never achieve market authorisation. If competing pharmaceuticals 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 expected. Medivir's ability to produce new candidate drugs, to enter into partnerships for its projects, to successfully develop its projects to market launch and continued sales, and to secure funding for its operations, are decisive in terms of the company's future.

Medivir is exposed to the following main risk categories:
Exogenous risks – such as regulatory approval risk, competition, price changes, and patent protection.
Operating risks – such as integration risk and a reliance on key employees and partnerships.
Financial risks – such as liquidity, interest, currency and credit risk.

A more detailed description of the exposure to risk, and of the ways in which Medivir manages it, is provided in the 2016 Annual Report, see pages 38-40 and in Note 8 on pages 73-75. The Annual Report is available on the company's website: www.medivir.se.

Significant events after the end of Q1
Positive data for the clinical phase II study of remetinostat, a histone deacetylase (HDAC) inhibitor for topical use were announced in April. The study evaluated remetinostat in patients with early-stage cutaneous T-cell lymphoma (CTCL) and enrolled 60 patients with the mycosis fungoides (MF) variant of CTCL. Medivir intends to initiate discussions with medicines agencies on the basis of this data with the aim of initiating a phase III study later this year. Complete data from the phase II study is expected to be

presented at scientific conferences in the latter half of 2017.

Data from an ongoing phase II study with the triple combination of simeprevir, odalasvir and AL-335, was presented at The International Liver Congress™ in April. Data demonstrated that this regimen has the potential to shorten treatment duration, offer high efficacy and is generally well tolerated in those whose disease is caused by hepatitis C virus (HCV) genotype 1 (GT1), one of the most prevalent causes of hepatitis C globally. The three-drug regimen achieved 100% SVR12 for 6- and 8-week treatment duration in treatment-naïve, GT1, non-cirrhotic patients. The three-drug combination did not have sufficient efficacy in patients with HCV genotype 3 to justify further development in this patient population. All-oral combination regimens, containing odalasvir, AL-335 with or without simeprevir were generally safe and well tolerated.

Annual General Meeting

The Annual General Meeting will be held at 14.00 (CET) on 3 May 2017 at the IVA conference centre at Grev Turegatan 16 in Stockholm.

Outlook

Medivir's future investments will be in oncology – an area in which the company can build on its cutting-edge competences in the design of protease inhibitors and nucleotide/nucleoside science. Ongoing projects outside this therapeutic area will be prepared for out-licensing. Medivir has a strong capital base and several projects in its core area of oncology in both the early and late development phases, and this is expected to generate long-term shareholder value.

Stockholm, 28 April 2017

Christine Lind
President & CEO

This Interim Report has not been subject to auditor's review.

The information in this report comprises the information that Medivir AB is obliged to make public pursuant to the EU Market Abuse Regulation.

The information was submitted for publication, through the agency of the contact persons set out above, at 08.30 CET on 28 April 2017.

For further information, please contact:
Christine Lind, President & CEO,
+46 (0) 8 5468 3100
Ola Burmark, CFO, +46 (0) 725 480 580

Conference call for investors, analysts, and the media

The Interim Report for the period from January − March 2017 will be presented by Medivir's President & CEO, Christine Lind.

Time: Friday, 28 April 2017, at 14.00 (CET).

Phone numbers for participants from:
Sweden 08-566 426 91
Europe +44 20 3008 9804
USA +1 855 753 2235

The conference call will also be streamed via a link on the website: www.medivir.com

The presentation will be available on Medivir's website after completion of the conference.

Financial calendar:

Annual General Meeting, 2017
3 May 2017

Interim Report (January – June 2017)
25 July 2017

Interim Report (January – September 2017)
26 October 2017

Consolidated Income Statement, summary	Q1		Full year
(SEK m)	2017	2016	2016
Continuing operations			
Net turnover	17.8	20.6	93.0
Other operationg income	2.4	4.8	12.7
Total income	**20.2**	**25.4**	**105.7**
Merchandise	-1.7	0.5	-3.1
Other external expenses	-64.6	-52.4	-237.7
Personnel costs	-33.4	-34.2	-162.7
Depreciations and write-downs	-4.8	-3.0	-11.8
Other operating expenses	-1.4	-	-2.9
Operating profit/loss	**-85.6**	**-63.7**	**-312.4**
Net financial items	1.3	0.8	4.7
Profit/loss after financial items	**-84.3**	**-62.9**	**-307.7**
Tax	-0.6	3.2	12.9
Net profit/loss for the period from continuing operations	**-84.8**	**-59.7**	**-294.9**
Net profit/loss for the period from discontinued operations	-	19.3	577.7
Net profit/loss for the period	**-84.8**	**-40.4**	**282.9**
Net profit/loss for the period attributable to:			
Parent Company shareholders	-84.8	-40.4	282.9
Earnings per share, calculated from the net profit/loss attributable to Parent Company shareholders during the period			
Earnings per share (SEK per share)			
- Continuing operations, basic earnings	-5.13	-2.22	-10.94
- Continuing operations, diluted earnings	-5.13	-2.22	-10.86
- Discontinued operations, basic earnings	22.62	0.72	21.44
- Operations discontinuing, diluted earnings	22.62	0.72	21.27
- Total operations, basic earnings	-3.59	-1.50	10.50
- Total operations, diluted earnings	-3.59	-1.50	10.41
Average number of shares, '000	23,637	26,966	26,941
Average number of shares after dilution '000	23,637	27,199	27,160
Number of shares at period end, '000	20,308	26,966	26,917

Notes

Accounting principles
Medivir applies International Financial Reporting Standards (IFRS) as endorsed by the European Union. Significant accounting and valuation principles are presented on pages 50-57 of the 2015 Annual Report. The Group's Interim Report has been prepared in accordance with IAS 34. The Parent Company applies the principles recommended by the Swedish Financial Reporting Board in its recommendation, RFR 2. Other new or revised IFRS standards and IFRIC interpretations that have come into force since 31 December 2015 have had no significant effect on the Group's or Parent Company's financial position or results. In the fourth quarter, Medivir divested the subsidiary BioPhausia AB. BioPhausia made a significant contribution to the Consolidated Income Statement and Balance Sheet. For this reason, we have adjudged IFRS 5 to be applicable; the divested operations are, therefore, kept distinct from the continuing operations and the profit/loss is stated as a separate item in the Income Statement. The results for the divested operations are stated on a separate line in the Income Statement.

From 1 January 2017, the Income Statement is presented in accordance with the classification by type of cost method. The classified by function method was previously used. The sole effect of the change is a revision of the Income Statement structure. The net profit/loss for the periods presented is not affected. The comparative figures for the Income Statement in the reports in 2017 will be stated in accordance with the new format.

Consolidated Statement of Comprehensive Income

(SEK m)	Q1 2017	Q1 2016	Full year 2016
Net profit/loss for the period	**-84.8**	**-40.4**	**282.9**
Other comprehensive income			
Items that may be reclassified in the Income Statement			
Exchange rate differences	0.0	-0.2	-1.2
Total other comprehensive income	**0.0**	**-0.2**	**-1.2**
Total comprehensive income for the period	**-84.8**	**-40.6**	**281.6**
Total comprehensive income attributable to:			
- Continuing operations	-84.8	-59.9	-296.1
- Discontinued operations	-	19.3	577.7
Total net profit/loss	**-84.8**	**-40.6**	**281.6**

Consolidated Balance Sheet, summary

(SEK m)	31-mar 2017	31-mar 2016	31-dec 2016
Assets			
Intangible fixed assets	118.5	392.2	111.9
Tangible fixed assets	18.9	25.4	22.0
Deferred tax receivable	-	-	1.0
Inventories	-	23.7	0.4
Current receivables	81.1	81.8	87.8
Short-term investments	557.2	862.5	1,504.6
Cash and cash equivalents	151.7	177.0	193.8
Total assets	**927.3**	**1,562.6**	**1,921.5**
Shareholders' equity and liabilities			
Shareholders' equity	790.6	1,410.1	1,732.9
Deferred tax liabilities	-	36.4	-
Provisions	40.4	-	30.3
Current liabilities	96.3	116.1	158.3
Total shareholders' equity and liabilities	**927.3**	**1,562.6**	**1,921.5**

Consolidated Statement of Changes in Equity

(SEK m)	Share capital	Other paid-in capital	Exchange rate difference	Accum. loss	Total equity
Opening balance, 1 January 2016	**157.2**	**1,761.8**	**-1.8**	**-467.1**	**1,450.1**
Total comprehensive income for the period	-	-	-0.2	-40.4	-40.6
Share incentive plan: value of employee service	-	0.6	-	-	0.6
Closing balance, 31 March 2016	**157.2**	**1,762.4**	**-2.0**	**-507.4**	**1,410.1**
Opening balance, 1 January 2016	**157.2**	**1,761.8**	**-1.8**	**-467.1**	**1,450.1**
Total comprehensive income for the period	-	-	-1.2	282.9	281.6
Share incentive plan: value of employee service	-	1.2	-	-	1.2
Closing balance, 31 December 2016	**157.2**	**1,763.1**	**-3.1**	**-184.3**	**1,732.9**
Opening balance, 1 January 2017	**157.2**	**1,763.1**	**-3.1**	**-184.3**	**1,732.9**
Total comprehensive income for the period	-	-	0.0	-84.8	-84.8
Redemption program	-38.7	38.7	-	-857.5	-857.5
Stock dividend issue	38.7	-38.7	-	-	-
Closing balance, 31 March 2017	**157.2**	**1,763.1**	**-3.1**	**-1,126.6**	**790.6**

Consolidated Cash Flow Statement, summary

(SEK m)	Q1 2017	Q1 2016	Full Year 2016
Cash flow from operating activities before changes in working capital	**-70.4**	**-49.4**	**-193.8**
Changes in working capital	-53.5	13.0	13.7
Cash flow from operating activities	**-123.9**	**-36.4**	**-180.1**
Investing activities			
Acquisition/sale of fixed assets	-8.3	-1.8	-107.4
Sale of operations	-	-	908.3
Cash flow from investing activities	**-8.3**	**-1.8**	**801.0**
Financing activities			
Redemption program	-857.5	-	-
Cash flow from financing activities	**-857.5**	**-**	**-**
Cash flow for the period	**-989.6**	**-38.2**	**620.9**
Cash and cash equivalents at beginning of period	1,698.5	1,077.9	1,077.9
Exchange rate difference, liquid assets	0.0	-0.2	-0.4
Cash and cash equivalents at end of period	**708.9**	**1,039.5**	**1,698.5**
Cash flow attributable to discontinued operations			
Cash flow from operating activities	-	23.7	36.4
Cash flow from investing activities	-	-	-
Cash flow from finanacial activities	-	-	-
Cash flow for the period	**-**	**23.7**	**36.4**

Parent company income statement, summary

(SEK m)	Q1 2017	Q1 2016	Full year 2016
Net turnover	17.8	27.2	131.0
Other operating income	0.4	3.0	4.5
Gross profit	**18.2**	**30.2**	**135.4**
Merchandise	-1.7	0.5	-3.1
Other external expenses	-62.7	-53.4	-255.9
Personnel costs	-33.4	-36.8	-173.1
Depreciations and write-downs	-4.8	-3.0	-11.8
Other operating expenses	-1.4	-	-2.9
Operating profit/loss	**-85.8**	**-62.5**	**-311.3**
Profit/loss from participation in Group companies	-	-	675.5
Net financial items	1.4	0.9	4.0
Profit/loss after financial items	**-84.4**	**-61.7**	**368.2**
Appropriations	-	-	37.9
Tax	-0.7	-0.2	0.2
Net profit/loss for the period	**-85.1**	**-61.9**	**406.3**

Parent company statement of comprehensive income

(SEK m)	Q1 2017	2017	Full year 2016
Net profit/loss for the period	-85.1	-61.9	406.3
Other comprehensive income for the period, net after tax	-	-	-
Total comprehensive income for the period	**-85.1**	**-85.1**	**3.4**

Parent company balance sheet, summary (SEK m)	31-mar 2017	31-mar 2016	31-dec 2016
Assets			
Intangible fixed assets	118.5	16.8	111.9
Tangible fixed assets	18.9	25.2	22.0
Shares in subsidiaries	0.1	604.2	0.1
Inventories	-	2.9	0.4
Receivables on Group companies	22.2	23.0	22.2
Current receivables	76.5	53.9	85.6
Short-term investments	557.1	862.5	1,504.6
Cash and bank balances	147.0	87.1	187.9
Total assets	**940.2**	**1,675.6**	**1,934.7**
Shareholders' equity and liabilities			
Shareholders' equity	787.2	1,260.9	1,729.7
Appropriations	-	37.9	-
Deferred tax liabilities	-	0.5	-
Other provisions	40.4	-	30.3
Liabilities to Group companies	20.9	278.0	21.0
Current liabilities	91.6	98.2	153.6
Total shareholders' equity and liabilities	**940.2**	**1,675.6**	**1,934.7**

Key ratios, share data, options

	Q1		Full year
	2017	2016	2016
Return on:			
- shareholders' equity, %	-26.9	-16.7	-18.5
- capital employed, %	-26.7	-17.6	-19.3
- total capital, %	-23.7	-15.8	-17.4
Number of shares at beginning of period, '000	26,966	26,966	26,966
Number of shares at period end, '000	20,319	26,966	26,966
- of which class A shares	475	606	606
- of which class B shares	19,844	26,310	26,310
- of which repurchased B shares	11	49	49
Average number of shares, '000	23,637	26,941	26,941
Outstanding warrants, '000	-	238	219
Share capital at period end, SEK m	157.2	157.2	157.2
Shareholders' equity at period end, SEK m	790.6	1,410.1	1,732.9
Earnings per share, SEK			
- Continuing operations, basic earnings	-5.13	-2.11	2.79
- Continuing operations, diluted earnings	-5.13	-2.11	2.76
- Discontinued operations, basic earnings	22.62	0.44	-
- Discontinued operations, diluted earnings	22.62	0.43	-
- Total operations, basic earnings	-3.59	-1.50	10.50
- Total operations, diluted earnings	-3.59	-1.50	10.41
Shareholders' equity per share, SEK	38.93	52.39	64.38
Net worth per share, SEK	38.93	52.39	64.38
Cash flow per share after investments, SEK	-5.59	-1.42	23.05
Equity/assets ratio, %	85.3	90.2	90.2
EBITDA	-80.9	-60.7	-300.6
EBIT	-85.6	-63.7	-312.4

Key ratio definitions

Average number of shares. The unweighted average number of shares during the year.
Basic earnings per share. Profit/loss per share after 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 after investments. Cash flow after investments divided by the average number of shares.
Diluted earnings per share. Profit/loss per share after tax divided by the average number of shares and outstanding warrants adjusted for any dilution effect.
EBIT (Earnings before interest and taxes). Operating profit/loss after depreciation and amortization.
EBITDA (Earnings before interest, taxes, depreciation and amortisation). Operating profit/loss before depreciation and amortisation.
Equity/assets ratio. Shareholders' equity in relation to the Balance Sheet total.
Net worth per share. Shareholders' equity plus hidden assets in listed equities divided by the number of shares at the period end.
Operating margin. Operating profit/loss as a percentage of net turnover.
Return on capital employed. Profit/loss after financial items plus interest expenses as a percentage of the average capital employed.
Return on shareholders' equity. Profit/loss after tax as a percentage of the average shareholders' equity.
Return on total assets. Profit/loss after financial items plus interest expenses as a percentage of the average Balance Sheet total.
Shareholders' equity per share. Shareholders' equity divided by the number of shares at the period end.

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.