MEDIVIR AB – INTERIM REPORT JANUARY – SEPTEMBER 2017

Positive data reported across multiple clinical programs

July - September

Significant events during the quarter

- Positive topline results from phase IIa osteoarthritis study showed disease-modifying benefit and an acceptable safety and tolerability in this patient population.
- FDA accepted Medivir´s IND application for MIV-711, enabling clinical development in the US.
- The exclusive rights to MIV-802 for Greater China were outlicensed to Ascletis.
- Clinical study of birinapant in combination with KEYTRUDA® (pembrolizumab) in patients with treatment-refractory solid tumours was initiated.
- An agreement was signed with Stanford University to launch an investigator-initiated clinical phase II study evaluating the effect of remetinostat gel on patients with basal cell carcinoma.
- Janssen Sciences Ireland UC decided to discontinue development of JNJ-4178 for hepatitis C.

Financial summary

- Net turnover for the continuing operations totalled SEK 5.1 million (25.7 m), SEK 5.1 million (13.5 m) of which comprised the third quarter's royalties. Other operating income totalled SEK 3.1 million (2.8 m).
- The loss before interest, tax, depreciation and amortisation (EBITDA) totalled SEK -78.3 million (-53.9 m). Basic and diluted earnings per share were SEK -3.94 (-1.87) and -3.94 (-1.87) respectively.
- The cash flow from operating activities amounted to SEK -63.6 million (-37.0).
- Liquid assets and short-term investments totalled SEK 557.8 million (955.0 m) at the period end.

January - September

Financial summary

- Net turnover for the continuing operations totalled SEK 32.4 million (83.2 m), where of SEK 28.5 million (57.0 m) comprised royalties for the period. Other operating income totalled SEK 7.5 million (10.3 m).
- The loss before interest, tax, depreciation and amortisation (EBITDA) totalled SEK -250.1 million (-174.9 m). Basic and diluted earnings per share were SEK -11.42 (-4.85) and -11.42 (-4.85) respectively.
- The cash flow from operating activities amounted to SEK -269.6 million (-110.5m).
- Non-recurring costs of SEK -11.2 million (-3.2 m) affected the result during the period.
- Liquid assets and short-term investments totalled SEK 557.8 million (955.0) at the period end.

Significant events after the period end

- An agreement was signed providing AMR Centre Ltd the exclusive worldwide rights to our research stage metallo-β-lactamase inhibitor program.
- Remetinostat phase II data demonstrating efficacy on skin lesions, reduction of itching and high tolerability in patients with early-stage MF-type CTCL were announced.
- Medivir has decided to bring forward the publication date for the Financial Statement 2017, from 16 February 2018 to 14 February 2018.
- In order to advance more rapidly the development of our clinical portfolio, Medivir has appointed Carnegie Investment Bank as its lead financial advisor, together with Kempen & Co N.V., to evaluate the company's capital structure and possible funding options.
- FDA Fast Track Designation received for MIV-711 for the treatment of OA and the phase IIa osteoarthritis study data was selected as late breaking abstract at the Annual Meeting of the American College for Rheumatology.

CEO's comments

Strides forward across the portfolio
The projects across our strong and balanced R&D portfolio continued to develop well during the third quarter, including the positive results achieved by two of our clinical programs. In addition, we signed agreements to outlicense two of our preclinical stage projects to realize their market potential and bring new treatments to patients in need.

Proprietary projects
The ground-breaking top-line results from the initial phase IIa study in the MIV-711 osteoarthritis project were released in September. This was the first time ever that clinical data has demonstrated benefits on both joint bone and cartilage in osteoarthritis patients. The fact that FDA granted fast track designation for MIV-711 and the selection by the American College of Rheumatology to present these results confirms its importance. MIV-711 has the potential to be the first disease-modifying drug for the treatment of osteoarthritis, a disease that affects some 30 million people in the USA alone and an estimated 240 million worldwide.

We expect to report headline data from our ongoing extension study with MIV-711 during the first half of 2018.

An additional important milestone in the MIV-711 project this quarter was the US Food and Drug Administration (FDA) acceptance of our IND application. We can now begin clinical development of MIV-711 in the USA.

These events pave the way for a successful out-licensing, and we have engaged external advisors to help find a suitable partner for the future development of MIV-711.

Within oncology – our key focus area – we also made good progress during the autumn. We announced the full phase II data from the remetinostat study in patients with early-stage cutaneous T-cell lymphoma (CTCL) after the end of the quarter. The data strongly supports advancement of this drug into pivotal clinical trials.

In September, we signed a clinical trial agreement with Stanford University to enable an investigator-initiated clinical phase II study of the effect of remetinostat in patients with basal cell carcinomas. The study is scheduled to begin in early 2018 and could establish that remetinostat has the potential for use in other skin-associated cancers in addition to CTCL.

During the quarter, in collaboration with Merck & Co., we launched a phase I/II study of birinapant in combination with KEYTRUDA®, to demonstrate clinically birinapant's effect as a combination treatment with immune checkpoint inhibitors for patients with treatment resistant solid tumours.

Partnered projects
Medivir continues to be successful in out-licensing programs from our scientific areas of expertise even in early stages. During the quarter, we signed an agreement granting Ascletis exclusive rights to develop, manufacture and commercialise MIV-802, a nucleotide prodrug against hepatitis C, in Greater China.

After the period-end, we also announced that we signed an agreement with the AMR Centre in the UK which will see them take over the development of molecules targeting bacterial resistance from our research work on metallo-beta-lactamases, which are proteases.

I believe that our partners in both these cases are well positioned to lead the continued successful development of these projects.

Our partner, Janssen Sciences Ireland UC, presented medically promising results from JNJ-4178, a triple combination of simeprevir, odalasvir and AL-335 for the treatment of hepatitis C. Nevertheless, the project's as commercial potential was deemed insufficient and Janssen decided to discontinue development. Janssen, however, continues to sell simeprevir as a single agent for the treatment for hepatitis C.

Good foundation for further positive results
The progress made during and after the third quarter by both our proprietary and partnered projects, was significant, and the aggregate successes of recent months give me every confidence in Medivir's future. We are increasingly well-positioned to continue our journey towards becoming a pharmaceutical company that brings important, life-saving products to the market.

Christine Lind
President & CEO

Significant events, July – September 2017

In August, The FDA accepted Medivir´s IND application for MIV-711, enabling clinical development in the USA.

In August, a license agreement was entered with Ascletis for the exclusive rights to develop, manufacture and commercialize MIV-802 - Medivir's nucleotide polymerase inhibitor for hepatitis C in Greater China.

In August, a clinical phase I/II study of birinapant in combination with the anti-PD-1 therapy KEYTRUDA® (pembrolizumab) in patients with treatment-refractory solid tumours was initiated.

In September, Janssen Sciences Ireland UC decided to discontinue the development of the investigational hepatitis C treatment, JNJ-4178, the triple combination of simeprevir, odalasvir and AL-335. Medivir continues to be entitled to royalties on sales of single agent simeprevir globally.

In September, positive topline results were announced from the phase IIa osteoarthritis study, showing disease-modifying benefit of MIV-711 on joint structure. Patients who received MIV-711 for 6 months had significantly lower increases in bone area and cartilage thinning in the diseased knee compared to placebo.

In September, Medivir signed a clinical trial agreement with Stanford University, under the terms of which Medivir will provide remetinostat gel for an investigator-initiated study evaluating the effect of remetinostat on patients with basal cell carcinoma.

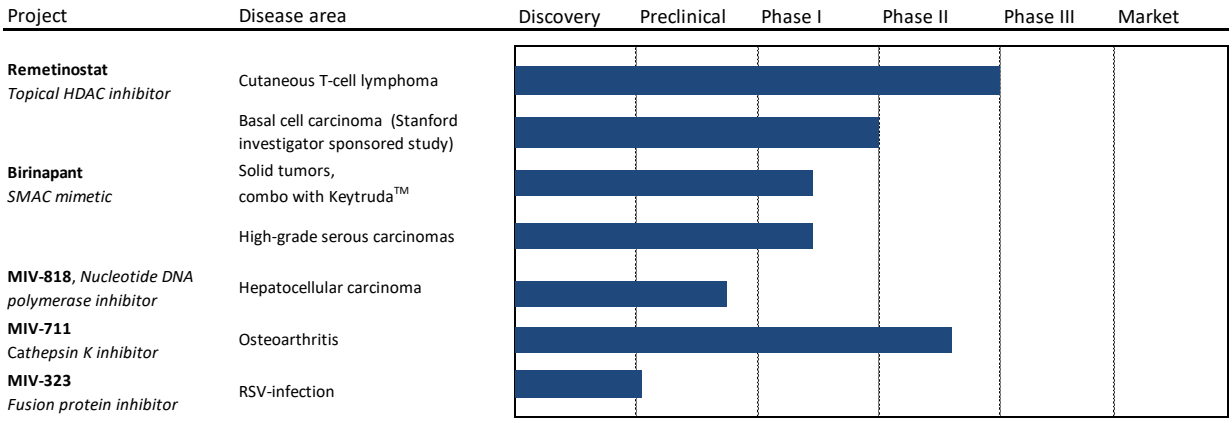
Research and development

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

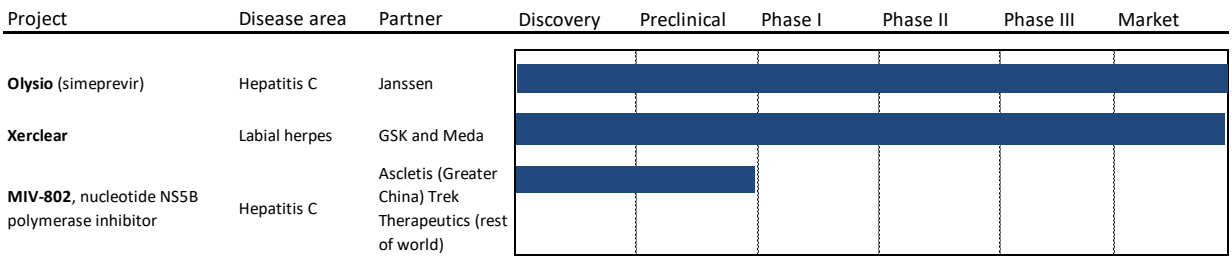
Medivir has successfully developed products all the way from concept to marketed products. In 2009, Xerclear (Zoviduo®) was approved for the treatment of labial herpes. The marketing rights to Xerclear in the USA, Canada and Mexico were divested in 2010, while the corresponding rights in Europe and the 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 Sciences Ireland UC 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 rare form of blood cancer that presents initially in the skin and is classified as an orphan disease. According to the US National Cancer Institute mycosis fungoides (MF) is the most common type of CTCL. Remetinostat is a new histone deacetylase (HDAC) inhibitor that Medivir develops for the topical treatment of early-stage MF/CTCL. The substance has been designed to be effective in the skin but to be degraded rapidly in the bloodstream to avoid the adverse effects previously associated with systemically administered HDAC inhibitors. Remetinostat is expected to be an important new treatment option. An open-label phase II study of remetinostat in early-stage MF/CTCL patients was initiated in late 2014. Medivir estimates the accessible market for early stage CTCL in the USA alone to be approximately USD 900 million per annum.

Status/significant events:

- Positive top line data from the phase II study in early-stage CTCL patients were reported in April 2017 and further results were presented at the EORTC Cutaneous Lymphoma Task Force Meeting on October 15.
- Patients in the remetinostat gel 1% twice-daily arm had highest proportion of confirmed responses (8/20, 40%).
- Remetinostat also demonstrated an effect on itching (pruritus), a key symptom associated with CTCL. The remetinostat 1% twice-daily arm gave rise to an 80% rate of clinically significant reductions in the subgroup of patients with clinically significant itching at baseline.
- Across all three dose groups, topical remetinostat was well-tolerated and without signs of systemic adverse effects, including those associated with systemic HDAC inhibitors.
- Based on these results, Medivir expects to initiate discussions with regulatory authorities to initiate a phase III study thereafter.
- In September 2017 Medivir signed a clinical trial agreement with Stanford University to provide remetinostat gel for an investigator-initiated study of remetinostat to be conducted in patients with basal cell carcinoma. Further information on this study can be found at www.clinicaltrials.gov with the identifier NCT03180528

MIV-711

MIV-711 is a cathepsin K inhibitor in clinical development for the treatment of osteoarthritis. Cathepsin K is a protease that breaks down the collagen in bone and cartilage, and hence an inhibitor of cathepsin K has the potential to reduce joint structural disease progression, and by preventing these changes in joint structure, attenuate the longer-term progression of 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. 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:

- Positive top line data from MIV-711-201 were reported in September.
- Patients receiving MIV-711 once daily at both 100 and 200 mg doses experienced approximately 65% reductions in femoral joint bone area progression in the 6-month period compared to those receiving placebo (unadjusted p-values for both doses < 0.005). Similar to previous epidemiological cohort studies, the OA patients who received placebo in this study showed a 1% increase in medial femur joint bone area over the treatment period.
- MIV-711 also showed a benefit on cartilage degradation, with the 100mg group experiencing a 70% reduction in median loss of femoral cartilage thickness relative to placebo group, and the 200mg group even showing a small increase in median cartilage thickness.
- MIV-711 did not show a statistically significant effect on patient-reported numerical rating scale (NRS) pain following 6 months of treatment, the primary endpoint of the study. Nevertheless, consistent tendencies favouring both the 100mg and 200mg groups were observed across patient-reported pain and other patient-reported symptoms.
- The study data also indicate that both MIV-711 doses showed acceptable safety and tolerability for this patient population.
- The independent Drug Monitoring Committee held its second and final scheduled meeting during the MIV-711-202 study. The DMC reviewed all safety data from the phase IIa studies, including unblinded data from the initial study and data to date from the extension study. Based on this review, the DMC has recommended that the extension study should go ahead as planned. MIV-711-202 remains on track to be completed during the first half of 2018 as expected.

- With clinical data demonstrating MIV-711's potential to be the first disease modifying drug for osteoarthritis, Medivir has retained strategic advisors to seek a partner for the future development of MIV-711.

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-derived Activator of Caspase) and is therefore known as a SMAC mimetic compound. Despite breakthroughs by immuno-therapeutic drugs, including PD-1 and PD-L1 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:

- The dose escalation portion of a phase I/II study, in which birinapant is administered in combination with Merck's leading immunotherapeutic drug Keytruda® for the treatment of solid tumours began in August and is being carried out in partnership with Merck.

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 GLP safety studies are now ongoing in order to enable 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 actively 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 with JNJ-4178, a triple combination 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).

Status/significant events:

- In September, it was announced that Janssen Sciences Ireland UC had decided to discontinue the development of JNJ-4178. The project's results were medically promising, but the commercial potential was deemed insufficient. Janssen continues to sell simeprevir as a single agent for the treatment for hepatitis C.

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:

- In August, it was announced that Ascletis has licensed the exclusive rights to develop, manufacture and commercialize MIV-802, in Greater China. Under the terms of the agreement, Medivir received an upfront payment, and is entitled to receive milestones based on successful development through commercial launch and tiered royalties on net sales of MIV-802 containing products.

Ascletis will fund clinical development, manufacturing and commercialization of MIV-802 in Greater China.

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. Five new patent applications in the area of oncology were submitted during the third quarter. Medivir currently has 31 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 2.2 million (7.2 m).

Financial overview, July – September 2017

Summary of the Group's figures	Q3		Q1 - Q3		Full year
(SEK m)	2017	2016	2017	2016	2016
Net turnover	5.1	25.7	32.4	83.2	93.0
Operating profit before depreciation and amortisation (EBITDA)	-78.3	-53.9	-250.1	-174.9	-300.6
Operating profit (EBIT)	-80.6	-57.2	-259.2	-183.5	-312.4
Profit/loss before tax	-79.9	-55.2	-256.6	-177.5	-307.7
Basic earnings per share, SEK	-3.94	-1.87	-11.42	-4.85	10.50
Diluted earnings per share, SEK	-3.94	-1.87	-11.42	-4.85	10.47
Net worth per share, SEK	30.39	48.99	30.39	48.99	64.38
Cash flow from operating activities	-63.6	-37.0	-269.6	-110.5	-182.3
Cash and cash equivalents at period end	557.8	955.0	557.8	955.0	1 698.5

Revenues

Net turnover for the period from July – September totalled SEK 5.1 million (25.7 m), corresponding to a decrease of SEK 20.6 million attributable to the reduction in royalty income from simeprevir and a non-recurring income of SEK 10.3 million in third quarter 2016. The revenues from Medivir's pharmaceutical sales in the third quarter have been discontinued and totalled SEK 0 million (1.9 m). Royalties from Janssen´s sales of simeprevir and GlaxoSmithKline's sales of Xerclear (Zoviduo) during the quarter totalled SEK 5.1 million (13.5 m). Other operating income amounted to SEK 3.1 million (2.8 m) and mainly referred to the letting of research facilities in the UK.

Operating expenses

The cost of goods for resale totalled SEK 0 million (-0.7 m), due to the discontinued pharmaceutical sales.

Other external costs totalled SEK -66.4 million (-53.4 m), corresponding to an increase of SEK 13 million which was mainly attributable to a bad debt loss of SEK 9.8 million (0) and the increase in the scale of the research programmes conducted through contracted research organisations. Personnel costs amounted to SEK -20.1 million (-28.2 m) and have decreased by SEK 8.1 million in comparison with the same quarter last year due to the reorganisation implemented during 2016. The total expenses totalled SEK -86.5 million (-81.6 m).

Depreciation and amortisation totalled SEK -2.3 million (-3.3 m) for the period.

Net financial items totalled SEK 0.7 million (2.0 m), corresponding to a decrease of SEK 1.3 million due to lower financial assets and comprised of unrealised gains driven by positive market valuation of short-term, interest-bearing investments.

Operating profit/loss

The operating profit/loss totalled SEK -80.6 million (-57.2 m), corresponding to a decrease of SEK 23.4 million attributable, in part, to the reduction in royalty income from simeprevir (OLYSIO®) and a non-recurring income in third quarter 2016. External costs increased, attributable to ongoing research and development programmes and a bad debt loss. The increased external expenses were partly offset by lower personnel cost.

Taxes

Tax for the period totalled SEK 0 million (1.0 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. Tax deficits are not capitalized due to uncertainties in the utilization.

Financial overview, January – September 2017

Revenues

Net turnover for the period from January – September totalled SEK 32.4 million (83.2 m), corresponding to a decrease of SEK 50.8 million attributable to the reduction in royalty income from simeprevir and a non-recurring income of SEK 10.3 million in same period last year. The revenues from Medivir's pharmaceutical sales in the period totalled SEK 2.5 million (9.4 m). Royalties from Janssen´s sales of simeprevir and GlaxoSmithKline's sales of Xerclear (Zoviduo) during the period totalled SEK 28.5 million (57 m). Other operating income amounted to SEK 7.5 million (10.3 m) and mainly referred to the letting of research facilities in the UK.

Operating expenses

The cost of goods for resale totalled SEK -1.7 million (-1.8 m), due to the discontinued pharmaceutical sales.

Other external costs totalled SEK -207.3 million (-169.3 m), corresponding to an increase of SEK 38.0 million which was attributable to a bad debt loss of SEK 9.8 million (0 m) and to the increase in the scale of the research programmes conducted through contracted research organisations. Personnel costs amounted to SEK -79.6 million (-96.6 m) and have decreased by SEK 17.0 million in comparison with the same period last year due to the reorganisation implemented during 2016. Adjusted for non-recurring personnel costs, the decrease totalled SEK 25.0 million. The total expenses totalled SEK -286.9 million (-265.9 m), whereof SEK 11.2 million (3.2 m) were non-recurring cost.

Depreciation and amortisation totalled SEK -9.1 million (-8.7 m) for the period. Other operating costs amounted to SEK -1.4 million (-0.7 m).

Net financial items totalled SEK 2.6 million (6.1 m), corresponding to a decrease of SEK 3.5 million due to lower financial assets and comprised of unrealised gains driven by positive market valuation of short-term, interest-bearing investments.

Operating profit/loss

The operating profit/loss totalled SEK -259.2 million (-183.5 m), corresponding to a decrease of SEK 75.7 million attributable to the reduction in royalty income from simeprevir (OLYSIO) and a non-recurring income in the same period last year. External costs increased, attributable to ongoing research and development programmes and a bad debt loss. The increased external expenses were partly offset by lower personnel cost. Adjusted for non-recurring costs, the operating profit/loss totalled SEK -248.0 million (-180.3 m).

Taxes

Tax for the period totalled SEK -0.5 million (4.3 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. Tax deficits are not capitalized due to uncertainties in the utilization.

Cash flow, investments, and financial position

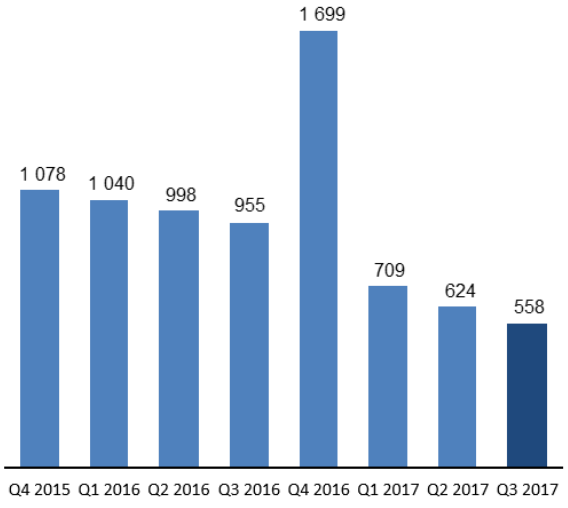
Liquid assets, including short-term investments with a maximum term of three months, amounted to SEK 557.8 million (955.0 m) at the end of the period, corresponding to a decrease of SEK 397,2 million. The corresponding figure at the beginning of 2017 was SEK 1,698.5 million (1,077.9 m). Liquid assets at the period end exclude the Q3 royalties of SEK 5.1 million. Pledged assets at the end of the period totalled SEK 90.0 million (0). 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 -269.6 million (-110.5 m), with changes in working capital accounting for SEK -12.0 million (-7.1 m) of this total.

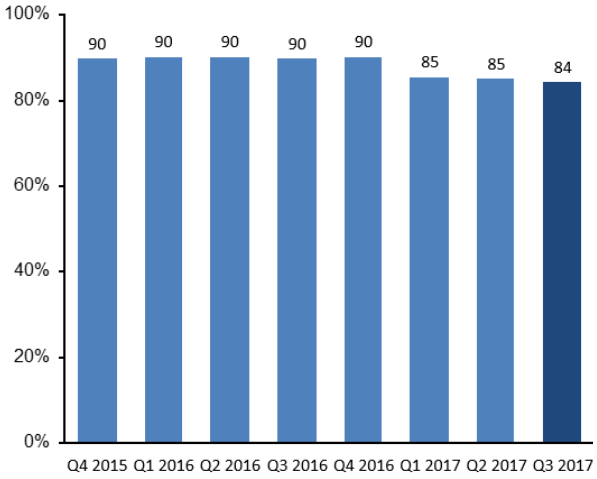
Cash flow from financing activities totalled SEK -858.7 million (0 m) and mainly derive from the voluntary redemption programme implemented during the period. The period's investments in tangible and intangible fixed assets totalled SEK -12.2 million (-11.8 m) and referred to research and office equipment and IT systems.

Depreciation and write-downs of tangible and intangible fixed assets totalling SEK -9.1 million (-8.7 m) were charged to the profit/loss for the period.

Liquid assets and short-term investments (SEK m)



Equity/assets ratio, %



Other disclosures, January – September 2017

Employees

Medivir had 91 (114) employees (FTEs) at the period end, 55% (53%) of whom were women. 20 (0) of these employees have been given notice of termination of employment, but who's employment has not yet been terminated.

Share-related incentive plans

To enable the staff to take part of and contribute to a positive value development for the company and to improve the possibilities for the company to keep and employ new competent and dedicated staff the company issued 48 515 warrants during the second quarter as part of the incentive program approved by the AGM. The warrants were issued at a market value of SEK 9.41 each at an exercise price of SEK 89.36 per share. The exercise date is 15th of January 2021.

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 33.6 million (107.3 m). Sales to Group companies totalled SEK 0 million (0 m).

The operating profit/loss was SEK -259.9 million (-182.2 m), corresponding to a decrease of SEK 77.7 million. Combined operating expenses totalled SEK -293.5 million (-289.5 m). Net financial items totalled SEK 2.9 million (6.3 m), corresponding to a decrease of SEK 3.4 million due to lower financial assets and comprised of unrealised gains driven by positive market valuation of short-term, interest-bearing investments.

The tax for the period totalled SEK -0.6 million (0 m). The net profit/loss for the period was SEK -257.7 million (-175.9 m), corresponding to a decrease of SEK 81.8 million.

Liquid assets, including short-term investments with a maximum term of three months, amounted to SEK 549.2 million (821,5 m), of which SEK 90.0 million (0) 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 0.2 million (1.4 m), attributable to royalty payments to Uppsala Hallbechem AB (Board Member, Anders R Hallberg and to Sybesam AB, (former Board Member Bertil Samuelsson in 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 regulatory market approval, 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.

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 end of Q3

In October, Medivir signed an agreement providing AMRC the exclusive worldwide rights to Medivir's research stage metallo-β-lactamase inhibitor (MBLI) program. This key research program is aimed at tackling the threat posed by NDM-1 and other metallo-β-lactamases, enzymes that make bacteria resistant to widely used beta-lactam antibiotics such as penicillin. AMR Centre (AMRC), the leading UK organisation working to combat the global problem of drug resistance, will take forward this program. The goal is a treatment that could be given alongside existing antibiotics that would block the resistance mechanism that the NDM-1 bacteria have developed. It would take the form of a combination therapy containing the MBLI alongside an existing β-lactam antibiotic, with the MBLI inactivating the resistance mechanism thereby restoring and maintaining the antibiotic activity.

In October, Medivir announced phase II efficacy and safety data in patients with Mycosis Fungoides (MF) type early-stage Cutaneous T-cell Lymphoma (CTCL). Data demonstrated that remetinostat gel 1%, when applied topically twice daily, reduced the severity of CTCL skin lesions. Remetinostat also caused a clinically significant reduction in the severity of pruritus (itching) in those patients with clinically significant pruritus at the start of the study, and was highly tolerable with no systemic adverse effects. The primary end-point of the study was the proportion of patients with either a complete or partial confirmed response to therapy, assessed using the Composite Assessment of Index Lesion Severity. The study showed a dose response with patients in the remetinostat gel 1% twice daily arm having the highest proportion of confirmed responses including 1 complete response.

Medivir received FDA Fast Track Designation for MIV-711 for the treatment of OA. The FDA´s Fast Track program is designed to facilitate the development and expedite the review of drugs that are intended to treat serious conditions. In order to receive Fast Track designation, a product must also demonstrate the potential to fill an unmet medical need. The purpose is to get important new drugs to patients earlier.

MIV-711 phase IIa osteoarthritis study data was selected as late breaking abstract at the Annual Meeting of the American College for Rheumatology (ACR), which will take place Nov 3-8 in San Diego, USA.

In October, Medivir decided to bring forward the publication date for the Financial Statement 2017, from 16 February 2018 to 14 February 2018.

Medivir's Nomination Committee for the 2018 Annual General Meeting has now been appointed and comprises: Bo Öberg, founder and class A shareholder, (Bo Öberg also represents Nils Gunnar Johansson and Christer Sahlberg, via an agreement between the three class A shareholders), Maria Rengefors, Nordea Fonder, Bengt Julander, Linc AB and Anna Malm Bernsten, Chairman of the Board of Medivir AB.

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.

Future financing

Research is time and capital consuming and like many other research and development companies, Medivir might also be dependent on external financing of its projects within the core area of oncology. In order to advance the development of remetinostat and the remainder of our exciting pipeline, Medivir has appointed Carnegie Investment Bank as its lead financial advisor, together with Kempen & Co N.V., to evaluate the company's capital structure and possible funding options.

Huddinge, 26 October 2017

Christine Lind
President & CEO

The information in this report comprises the information that Medivir is obliged to disclose under the provisions of the Swedish Securities Markets Act.

This information was released for publication at 08.30 CET on 26 October 2017.

For further information, please contact
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Anders Lundin, interim CFO, +46 (0) 73 125 1453

Conference call for investors, analysts and the media
The Interim Report, January – September 2017 will be presented by Medivir's President & CEO, Christine Lind.

Time: Thursday, 26 October 2017, at 14.00 (CET).
Phone numbers for participants from:
Sweden + 46 8 566 426 96
Europe + 44 20 3008 9801
USA + 1 855 753 2236

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:

Financial Statement (January – December 2017)
14 February 2018
Interim Report (January – March 2018)
27 April 2018
Annual General Meeting
3 May 2018
Interim Report (January – June 2018)
25 July 2018

Consolidated Income Statement, summary	Q3		Q1 - Q3		Full year
(SEK m)	2017	2016	2017	2016	2016
Continuing operations					
Net turnover	5.1	25.7	32.4	83.2	93.0
Other operating income	3.1	2.8	7.5	10.3	12.7
Total income	**8.2**	**28.5**	**39.9**	**93.5**	**105.7**
Merchandise	-	-0.7	-1.7	-1.8	-3.1
Other external expenses	-66.4	-53.4	-207.3	-169.3	-237.7
Personnel costs	-20.1	-28.2	-79.6	-96.6	-162.7
Depreciations and write-downs	-2.3	-3.3	-9.1	-8.7	-11.8
Other operating expenses	-	0.0	-1.4	-0.7	-2.9
Operating profit/loss	**-80.6**	**-57.2**	**-259.2**	**-183.5**	**-312.4**
Net financial items	0.7	2.0	2.6	6.1	4.7
Profit/loss after financial items	**-79.9**	**-55.2**	**-256.6**	**-177.5**	**-307.7**
Tax	0.0	1.0	-0.5	4.3	12.9
Net profit/loss for the period from continuing operations	**-79.9**	**-54.2**	**-257.1**	**-173.1**	**-294.9**
Net profit/loss for the period from discontinued operations	-	3.9	-	42.6	577.7
Net profit/loss for the period	**-79.9**	**-50.3**	**-257.1**	**-130.6**	**282.9**
Net profit/loss for the period attributable to:					
Parent Company shareholders	-79.9	-50.3	-257.1	-130.6	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	-3.94	-2.01	-11.42	-6.43	-10.94
- Continuing operations, diluted earnings	-3.94	-2.01	-11.42	-6.43	-10.94
- Discontinued operations, basic earnings	-	0.14	-	1.58	21.44
- Operations discontinuing, diluted earnings	-	0.14	-	1.57	21.39
- Total operations, basic earnings	-3.94	-1.87	-11.42	-4.85	10.50
- Total operations, diluted earnings	-3.94	-1.87	-11.42	-4.85	10.47
Average number of shares, '000	20 308	26 941	22 515	26 941	26 941
Average number of shares after dilution '000	20 356	27 199	22 563	27 180	27 004
Number of shares at period end, '000	20 308	26 916	20 308	26 917	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 62-69 of the 2016 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 2016, 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, hence no reconciliation between prior and new principles has been prepared. The comparative figures for the Income Statement in the reports in 2017 will be stated in accordance with the new format.
The company has not changed the assessment of the effects of introducing IFRS 9 and IFRS 15 January 1, 2018, other than disclosed in the annual report 2016.

Consolidated Statement of Comprehensive Income	Q3		Q1 - Q3		Full year
(SEK m)	2017	2016	2017	2016	2016
Net profit/loss for the period	**-79.9**	**-50.3**	**-257.1**	**-130.6**	**282.9**
Other comprehensive income					
Items that may be reclassified in the Income Statement					
Exchange rate differences	0.5	-1.2	0.5	-1.2	-1.2
Total other comprehensive income	**0.5**	**-1.2**	**0.5**	**-1.2**	**-1.2**
Total comprehensive income for the period	**-79.4**	**-51.6**	**-256.6**	**-131.8**	**281.6**
Total comprehensive income attributable to:					
- Continuing operations	-79.4	-55.5	-256.6	-174.4	-296.1
- Discontinued operations	-	3.9	-	42.6	577.7
Total net profit/loss	**-79.4**	**-51.6**	**-256.6**	**-131.8**	**281.6**

Consolidated Balance Sheet, summary

(SEK m)	30-sep 2017	30-sep 2016	31-dec 2016
Assets			
Intangible fixed assets	121.1	382.8	111.9
Tangible fixed assets	15.8	28.1	22.0
Deferred tax receivable	-	-	1.0
Inventories	-	27.1	0.4
Current receivables	36.0	74.5	87.8
Short-term investments	409.1	779.7	1 504.6
Cash and cash equivalents	148.7	175.3	193.8
Total assets	**730.7**	**1 467.5**	**1 921.5**
Shareholders' equity and liabilities			
Shareholders' equity	617.1	1 318.7	1 732.9
Deferred tax liabilities	-	42.5	-
Long-term liabilities	-	0.0	-
Current liabilities	113.7	106.3	188.6
Total shareholders' equity and liabilities	**730.7**	**1 467.5**	**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**	**1 152.3**	**-1.8**	**142.5**	**1 450.2**
Total comprehensive income for the period	-	-	-1.2	-130.6	-131.8
Share incentive plan: value of employee service	-	0.4	-	-	0.4
Closing balance, 30 September 2016	**157.2**	**1 152.7**	**-3.0**	**11.9**	**1 318.7**
Opening balance, 1 January 2016	**157.2**	**1 152.3**	**-1.8**	**142.5**	**1 450.2**
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**	**1 153.6**	**-3.1**	**425.3**	**1 732.9**
Opening balance, 1 January 2017	**157.2**	**1 153.6**	**-3.1**	**425.3**	**1 732.9**
Total comprehensive income for the period	-	-	0.5	-257.6	-257.1
Redemption program	-38.7	-818.8	-	-	-857.5
Warrants	-	0.5	-	-	0.5
Stock dividend issue	39.3	-39.3	-	-	-
Transaction costs	-	-	-	-1.7	-1.7
Closing balance, 30 September 2017	**157.7**	**296.0**	**-2.5**	**166.0**	**617.1**

Consolidated Cash Flow Statement, summary	Q3		Q1 - Q3		Full Year
(SEK m)	2017	2016	2017	2016	2016
Cash flow from operating activities before changes in working capital	**-88.2**	**-11.9**	**-257.6**	**-103.3**	**-189.7**
Changes in working capital	24.6	-25.1	-12.0	-7.1	7.4
Cash flow from operating activities	**-63.6**	**-37.0**	**-269.6**	**-110.5**	**-182.3**
Investing activities					
Acquisition/sale of fixed assets	-0.9	-5.0	-12.2	-11.8	-105.0
Sale of operations	-	-	-	-	- 908.3
Cash flow from investing activities	**-0.9**	**-5.0**	**-12.2**	**-11.8**	**803.3**
Financing activities					
Redemption program	-0.5	-	-857.5	-	-
Warrants	0.5	-	0.5	-	-
Transaction costs	-1.7	-	-1.7		
Cash flow from financing activities	**-1.7**	**-**	**-858.7**	**-**	**-**
Cash flow for the period	**-66.2**	**-42.0**	**-1 140.5**	**-122.3**	**620.9**
Cash and cash equivalents at beginning of period	624.1	997.5	1 698.5	1 077.9	1 077.9
Exchange rate difference, liquid assets	-0.1	-0.4	-0.1	-0.6	-0.4
Cash and cash equivalents at end of period	**557.8**	**955.0**	**557.8**	**955.0**	**1 698.5**
Cash flow attributable to discontinued operations					
Cash flow from operating activities	-	6.5	-	26.5	64.9
Cash flow from investing activities	-	-	-	-	908.3
Cash flow for the period	**-**	**6.5**	**-**	**26.5**	**973.2**

Parent company income statement, summary	Q3		Q1 - Q3		Full year
(SEK m)	2017	2016	2017	2016	2016
Net turnover	5.1	32.3	32.4	103.0	131.0
Other operating income	1.0	0.7	1.2	4.3	4.5
Total income	**6.1**	**33.0**	**33.6**	**107.3**	**135.4**
Merchandise	-	-0.7	-1.7	-1.8	-3.1
Other external expenses	-65.0	-55.1	-201.7	-174.0	-255.9
Personnel costs	-20.1	-30.8	-79.6	-104.4	-173.1
Depreciations and write-downs	-2.3	-3.3	-9.1	-8.7	-11.8
Other operating expenses	-	0.0	-1.4	-0.7	-2.9
Operating profit/loss	**-81.3**	**-57.0**	**-259.9**	**-182.2**	**-311.3**
Profit/loss from participation in Group companies	-	-	-	-	675.5
Net financial items	0.8	2.0	2.9	6.3	4.0
Profit/loss after financial items	**-80.5**	**-54.9**	**-257.0**	**-175.9**	**368.2**
Appropriations	-	-	-	-	37.9
Tax	-	0.1	-0.6	0.0	0.2
Net profit/loss for the period	**-80.5**	**-54.9**	**-257.7**	**-175.9**	**406.3**

Parent company statement of comprehensive income	Q3		Q1 - Q3		Full year
(SEK m)	2017	2016	2017	2016	2016
Net profit/loss for the period	-80.5	-54.9	-257.7	-175.9	406.3
Other comprehensive income for the period, net after tax	-	-	-	-	-
Total comprehensive income for the period	**-80.5**	**-54.9**	**-257.7**	**-175.9**	**406.3**

Parent company balance sheet, summary	30-sep	30-sep	31-dec
(SEK m)	2017	2016	2016
Assets			
Intangible fixed assets	121.1	18.5	111.9
Tangible fixed assets	15.8	27.9	22.0
Shares in subsidiaries	0.1	604.2	0.1
Inventories	-	1.8	0.4
Receivables on Group companies	21.9	21.7	22.2
Current receivables	34.4	57.1	85.6
Short-term investments	409.1	779.7	1 504.6
Cash and bank balances	140.2	41.8	187.9
Total assets	**742.5**	**1 552.6**	**1 934.7**
Shareholders' equity and liabilities			
Shareholders' equity	612.9	1 147.1	1 729.7
Appropriations	-	37.9	-
Deferred tax liabilities	-	0.3	-
Other provisions	13.6	-	30.3
Liabilities to Group companies	20.4	277.3	21.0
Current liabilities	95.5	90.0	153.6
Total shareholders' equity and liabilities	**742.5**	**1 552.6**	**1 934.7**

Key ratios, share data, options	Q3		Q1 - Q3		Full year
	2017	2016	2017	2016	2016
Return on:					
- shareholders' equity, %	-27.2	-15.7	-29.2	-16.7	-18.5
- capital employed, %	-48.6	-16.4	-29.1	-17.1	-19.3
- total capital, %	-41.2	-14.8	-25.8	-15.3	-17.4
Number of shares at beginning of period, '000	20 319	26 966	26 966	26 966	26 966
Number of shares at period end, '000	20 319	26 966	20 319	26 966	26 966
- of which class A shares	475	606	475	606	606
- of which class B shares	19 833	26 310	19 833	26 310	26 310
- of which repurchased B shares	11	49	11	49	49
Average number of shares, '000	20 308	26 941	22 515	26 941	26 941
Outstanding warrants, '000	49	68	49	68	63
Share capital at period end, SEK m	157.7	157.2	157.7	157.2	157.2
Shareholders' equity at period end, SEK m	617.1	1 318.7	617.1	1 318.7	1 732.9
Earnings per share, SEK					
- Continuing operations, basic earnings	-3.94	-2.01	-11.42	-6.43	-10.94
- Continuing operations, diluted earnings	-3.94	-2.01	-11.42	-6.43	-10.94
- Discontinued operations, basic earnings	-	0.14	-	1.58	21.44
- Discontinued operations, diluted earnings	-	0.14	-	1.57	21.39
- Total operations, basic earnings	-3.94	-1.87	-11.42	-4.85	10.50
- Total operations, diluted earnings	-3.94	-1.87	-11.42	-4.85	10.47
Shareholders' equity per share, SEK	30.39	48.99	30.39	48.99	64.38
Net worth per share, SEK	30.39	48.99	30.39	48.99	64.38
Cash flow per share after investments, SEK	-3.18	-1.56	-12.52	-4.54	23.05
Equity/assets ratio, %	84.4	89.9	84.4	89.9	90.2
EBITDA	-78.3	-53.9	-250.1	-174.9	-300.6
EBIT	-80.6	-57.2	-259.2	-183.5	-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.

AUDITOR'S REPORT

Introduction

We have reviewed the condensed interim financial information (interim report) of Medivir AB (publ) as of 30 September 2017 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 26 October 2017

Öhrlings PricewaterhouseCoopers AB

Tobias Stråhle
Authorized Public Accountant