

Medivir divests its pharmaceutical company BioPhausia (Nordic Brands) to Karo Pharma

Stockholm, Sweden — Medivir AB (Nasdaq Stockholm: MVIR) today announces that the company has entered into an agreement with Karo Pharma AB regarding the sale of Medivir's subsidiary BioPhausia AB (Nordic Brands) to Karo Pharma. The purchase price will be SEK 908 million on a cash and debt free basis, including a normalized working capital. The transaction is expected to close by mid-December 2016.

Background and rationale

As previously communicated through press releases in June and August 2016, the Board of Directors of Medivir tasked the management to investigate a separation of the group's operations into two independent companies, with the aim to separately list the commercial operations. In the meantime, the Nordic Brands portfolio (BioPhausia AB) has attracted significant interest from several prospective buyers. In a structured process of evaluating a sale versus a separate listing, the Board of Directors of Medivir has concluded that a divestment of BioPhausia AB to Karo Pharma is the best alternative for BioPhausia, Medivir and its shareholders.

Nordic Brands in brief

BioPhausia consists of thirteen established pharmaceutical drugs with strong brand names. For the period of Q3-2015 to Q2-2016, BioPhausia generated revenues of SEK 189 million.

Transaction details

The transaction entails a divestment of 100 per cent of the shares in Medivir's wholly owned subsidiary BioPhausia AB for a purchase price of SEK 908 million on a cash and debt free basis including normalized working capital. Transaction costs are estimated to approximately SEK 25 million. The separation process and operational realignment as a consequence of the sale will result in additional one off costs of approximately SEK 15 million. The employees that today serve this operation are not part of the transaction, and approximately 10 employees will therefore unfortunately have to leave Medivir after the transaction.

Closing of the transaction is subject to customary provisions. The purchase price will be paid in cash only.

Financial impact for Medivir and its shareholders

Based on the purchase price of SEK 908 million, the transaction will increase the net result for the consolidated Medivir and the parent company Medivir AB with approx. SEK 530 million and approx. SEK 300 million respectively. Furthermore, the transaction will strengthen the cash position, after setting aside an escrow amount during warranty period of twelve months, with approx. SEK 780 million.

The Board of Director's intention is to recommend, following a review of the capital need, that excess proceeds as a result of the divestment should, to the extent possible, be distributed to the shareholders, by way of dividend or otherwise. The Board of Directors will present its recommendations and proposals, which are subject to Medivir shareholder approval, not later than in connection with the year-end report.

Niklas Prager, CEO of Medivir, commented: *"I am convinced that this sale of the Nordic Brands portfolio to Karo Pharma is the best way to maximize the value for our shareholders. The commercial portfolio can continue its positive development in an organization with a strong focus on specialty pharmaceuticals, while*

Medivir can focus fully on its transformation to an oncology focused and effective R&D company with an exciting portfolio of projects in different stages of development.”

Advisers

Medivir has engaged Carnegie Investment Bank as financial adviser and Vinge as legal adviser in connection with the transaction.

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This information is 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 CFO set out above, at 08.00 CET on 1 November, 2016.

About Medivir

Medivir is a research based pharmaceutical company with a research focus on oncology and infectious diseases. We have a leading competence within protease inhibitor design and nucleotide/nucleoside science and we are dedicated to develop innovative pharmaceuticals that meet great unmet medical need. Our commercial organization provides a portfolio of specialty care pharmaceuticals on the Nordic market. Medivir is listed on the Nasdaq Stockholm, Mid Cap.