

**Ortivus AB (publ)**  
**Interim Report**  
**January – March 2001**

Significant events:

- Net sales amounted to MSEK 36.8 (15.1 last year not including Sweet). The result after financial items was MSEK –3.3 (–5.9 last year not including Sweet).
- Sweet Computer Services, Inc. (SCS) was acquired and integration of the company follows plans. Sales showed a very positive development during the period.
- Sales of Mobimed showed a very strong development during the period with a strong flow of orders in Great Britain.
- The new generation of Mobimed is being prepared for rollout. The product will be presented at the convention of the European Society of Cardiology in Stockholm, September 1–5, 2001.

## Financial Report

### Sales and result

The Group had revenues of MSEK 36.8 (15.1\*). MSEK 13.2 (12.0) of this amount was in the form of sales to Agilent Technologies, MSEK 13.1 was sales by subsidiary Sweet, MSEK 10.2 (2.1) was sales by Mobimed and other sales were MSEK 0.3 (1.0). Revenue from Agilent Technologies was determined by the contractual minimum guaranty.

Expenses amounted to MSEK 32.6 (20.6\*), including depreciation and amortization in an amount of MSEK 5.2 (3.6). The increase in expenses is explained by costs in the newly acquired subsidiary Sweet and costs for development in a joint project with the University of Uppsala\*\*.

Previously capitalized development expenses were added in connection with the acquisition of Sweet. There was no further capitalization of development costs during the period.

The result after financial items was MSEK –3.3 (–5.9\*). The operating result before depreciation and amortization was MSEK 0.0 (–3.7). The improvement in result is explained by a high rate of growth in sales of Mobimed in Great Britain and by the acquisition of Sweet.

The Group's total consolidated cash flow for the period amounted to MSEK –8,9. Excluding the acquisition of Sweet, operating cash flow was MSEK +6.3.

The Group's consolidated equity increased from MSEK 207.6 to MSEK 223.6 during the period. MSEK 20.3 thereof was in the form of issuance of new shares to the shareholders of Sweet Computer Services, Inc. in connection with the acquisition. The period's result, MSEK –4.1, and translation differences in subsidiaries MSEK –0.2 account for the remainder.

Capital expenditures in tangible fixed assets amounted to MSEK 0.4 (2.8).

The Group's liquid funds amounted to MSEK 86.8 (121.5). Interest-bearing liabilities stood at MSEK 1.0 (1.3). The debt equity ratio was 1% (1%). The Group's net financial income was MSEK 1.9 (1.4).

The Group has engaged in hedging operations related to estimated currency flows denominated in USD. Without hedging, the reported result would have been MSEK 1.3 higher. The Group's deferred tax expense of MSEK 0.8 is attributable to Sweet.

*\* Excluding Sweet Computer Services, Inc. (SCS)*

*\*\* Ortivus has initiated cooperation with three researchers at the University of Uppsala to develop a computer-based decision-making support system for early diagnosis, risk assessment and treatment of patients with suspected cardiac infarction.*

## **Market**

### **MIDA**

#### **Cooperation agreement with Agilent Technologies (Hewlett-Packard)**

Ortivus has concluded two agreements with Agilent Technologies. One of the agreements calls for an extension of the present distribution agreement for the MIDA technology. The other deals with expanded industrial cooperation between the companies. Both agreements have a term of five years and contain provisions for guaranteed minimum compensation totaling USD 32 million.

### **Mobimed**

Marketing and sales efforts have resulted in several large orders. The flow of new orders from Great Britain was very high during the period; orders for a total of 50 patient units and 10 hospital units were thus received (year 2000, Q1: 15 patient and 2 hospital units). There are 32 ambulance organizations in Great Britain, 8 of which have purchased Mobimed. Discussions are in progress with an additional 14 ambulance organizations.

Installation is under way of existing orders for a total of 80 patient units and 14 hospital units, including the orders from Great Britain, which means that most of these orders will result in revenue during the year. Discussions are in progress with several hospital administrations in Sweden, Norway and Finland. Ortivus UK is also in discussions for additional orders. Ortivus US Inc. is conducting discussions with customers in North America.

Experience is highly positive from all reference facilities, which is also the basis for orders received. A new generation of Mobimed is being prepared for production and rollout of the system will take place this coming summer. The system will be presented both at convention of the European Society of Cardiology in Stockholm and at the FLISA ambulance trade show in Halmstad, September 1–5, 2001. The system is based on Windows 2000, which makes it more suitable for a broader rollout in the European market via distributors.

### **Sweet**

The American company Sweet was acquired by Ortivus effective as of January 1, 2001. Sweet is a market leader in the United States in administrative systems for ambulance health care.

Sweet has recently launched new software offering ambulance health care a complete administrative system for alarms, invoicing and patient records, which has been very well received. Sweet's existing sales and service organization, and customer base of 1,700 customers all over the United States paves the way for introducing Mobimed in the American market. Together with Ortivus' clinical systems, a complete product program for ambulance health can be launched in the United States.

### **Biosaca**

Upgrading of Biosaca was completed during the period and Biosaca will be re-launched at the Associated Professional Sleep Societies convention in Chicago, June 7–9, 2001.

## **Organization and business development**

Mats-Olof Wallin was appointed to the post of Vice President/Chief Financial Officer for the Group. Mats-Olof Wallin was most recently with Pharmacia, where he for several years held leading managerial positions.

Ortivirus US, Inc.'s present Vice President, Walter Young, has been appointed to the post of President of subsidiary Sweet. With the acquisition of Sweet, Ortivirus has gained products that generate a positive operating result, thus contributing to financing the ongoing effort in introducing Mobimed and positioning Ortivirus in the American market. Existing customers will have a better opportunity of upgrading their present systems to include the entire Mobimed system.

Ortivirus is now recruiting a sales manager for Scandinavia to oversee increased marketing activity in the Nordic market.

Development work during the period has focused on completing the next generation of systems for patient Informatics. Rollout of the system is scheduled for the summer of 2001. Upgrading and adapting existing Mobimed equipment has been accomplished for existing markets and customers. Upgrading of the software for Biosaca was completed. The launch of these systems is expected to increase sales of Mobimed and Biosaca.

Biohome is a collective name for Ortivirus activities for care outside the traditional care institutions, such as remote care or care in the patient's own home. Cooperation was initiated during the period with several qualified partners in the areas of neonatal home care and care for older, chronically ill patients. Through these projects, and additional projects to be added during the year, Ortivirus intends to position itself as a leading provider of products and services in the emerging market for remote care and treatment. In the longer term, this market is believed to possess considerable commercial potential. Ortivirus' solutions and services are to a large extent based on products and components already developed in the Company, such as Mobimed. This is then complemented by proprietary new development or by components from other suppliers and partners. So far, the work has been concentrated to IT infrastructure and measuring systems suitable for home care.

Together with three researchers at the University of Uppsala, Ortivirus continued during the period to develop an integrated, computer-based decision-making support system for early diagnosis, risk assessment and treatment of patients with suspected cardiac infarction.

## **Year 2001**

### **Cooperation agreement with Agilent Technologies (Hewlett-Packard)**

The agreement with Agilent Technologies means opportunities for increased sales of MIDA and for distribution of Ortivirus' other products. The industrial cooperation has commenced, which means that joint projects have been identified and are in the process of being evaluated. The cooperation with Agilent has thus been intensified and is already during 2002 expected to result in the launch of new products, among them products with MIDA integrated with Agilent's new patient monitoring system. Thanks to this cooperation with a global company, it will be possible to include Ortivirus' technology and systems solutions in far more products and in larger volumes.

### **Mobimed**

Revenue from Mobimed is expected to increase in coming years as health and hospital care will be placing more emphasis on early treatment of many acute illnesses, such as thrombolysis treatment in cases of cardiac infarction and requirements for improved documentation, follow-up, integration information and quality assurance. Mobimed in ambulances provide the necessary tools for initiating early remote treatment. It provides computerized patient data management, observations and advanced opportunities for post-processing and integration of patient-related information

Experience is highly positive from all reference facilities, which should lead to further commercial orders during the year. Discussions with prospective distributors in those European countries where Ortivus currently lacks representation will be intensified in conjunction with the launch of a new generation of Mobimed during this summer. Sales will also increase thanks to new service, training and upgrading agreements with hospital administrations, whose ambulances are already equipped with Mobimed, and as a result of introduction of Mobimed in new markets.

### **Acquisition of Sweet**

Effective as of January 1, 2001, Ortivus acquired the American company Sweet, which is the market leader in the United States in administrative programs for ambulance health care. Sweet's existing sales and service organization and customer base of 1,700 customers all over the United States pave the way for introducing Mobimed in the American market. Sales of Sweet's program showed a very positive development during the period.

### **Biosaca**

Biosaca will be re-launched during the spring of 2001. Sales of Biosaca are expected to increase substantially in coming years as a result of current efforts to upgrade the software for Biosaca and building the marketing for Biosaca.

### **The Group**

The Board of Directors stands by its previously given forecast of a strong increase in sales, at the same time as the result is expected to be significantly better than in 2000.

*Ortivirus AB combines IT and telecommunications in medical/technical applications. The Company develops manufactures and markets systems and components that save lives and monitor patients' health in ambulances, at hospitals and in the home. The most important business areas are Patient Informatics and decision-making support in the field of emergency cardiac disease, pre-hospital care and analysis and support in connection with investigations of sleep disturbances, epilepsy and other neurological conditions. Ortivus AB was established in 1985 in Sweden. In addition to subsidiary Biosys, subsidiaries are established in the United Kingdom and the United States. In January 2001, the American company Sweet Computer Services, Inc. was acquired. Sweet is the market leader in the United States in administrative systems for ambulance health care. Sales in 2000 were MSEK 67. The number of employees is about 110.*

*Ortivirus AB is listed on the O-list of the OM Stockholm Stock Exchange since January 1997.*

### Consolidated Statement of Income January-March

Amounts in SEK thousand

|   | 2001          | 2000          | Full year 2000 |
|---|---------------|---------------|----------------|
| Net sales   | 36 846        | 15 144        | 66 706         |
| Cost of goods sold                                      | -9 304        | -2 459        | -15 734        |
| <b>Gross profit</b>                                     | <b>27 542</b> | <b>12 685</b> | <b>50 972</b>  |
| Selling expenses  | -8 427        | -5 995        | -26 101        |
| Administrative expenses                                 | -9 114        | -4 764        | -19 833        |
| Research and development expenses                       | -15 070       | -9 842        | -41 025        |
| Other operating income/expenses                         | -187          | 626           | 1 640          |
| <b>Operating result 1)</b>                              | <b>-5 257</b> | <b>-7 290</b> | <b>-34 347</b> |
| Net financial items                                     | 1 924         | 1 385         | 3 954          |
| <b>Result after financial items</b>                     | <b>-3 333</b> | <b>-5 905</b> | <b>-30 393</b> |
| <b>Result after taxes</b>                               | <b>-4 085</b> | <b>-5 914</b> | <b>-30 485</b> |
| 1) Depreciation and amortization charged to this result | 5 216         | 3 636         | 15 346         |
| Of which amortization of intangible fixed assets        | 4 498         | 3 164         | 12 969         |

### Consolidated Balance Sheet

|  | 3/31/01        | 3/31/00        | 12/31/00       |
|--|----------------|----------------|----------------|
| <b>Fixed assets</b>                              |                |                |                |
| Intangible fixed assets                          | 124 807        | 90 063         | 80 661         |
| Tangible fixed assets                            | 4 145          | 5 153          | 5 022          |
| Financial fixed assets                           | 743            | 16             | 109            |
| <b>Total fixed assets</b>                        | <b>129 695</b> | <b>95 232</b>  | <b>85 792</b>  |
| <b>Current assets</b>                            |                |                |                |
| Inventories                                      | 7 845          | 7 493          | 7 214          |
| Short-term receivables                           | 30 887         | 20 656         | 37 323         |
| Short-term investments                           | 49 767         | 98 163         | 49 243         |
| Liquid funds                                     | 36 983         | 23 369         | 46 368         |
| <b>Total current assets</b>                      | <b>125 483</b> | <b>149 681</b> | <b>140 148</b> |
| <b>Total assets</b>                              | <b>255 177</b> | <b>244 913</b> | <b>225 940</b> |
| Shareholders' equity                             | 223 634        | 232 511        | 207 613        |
| Minority interest                                | 92             | 118            | 92             |
| Provisions and long-term liabilities             | 1 104          | 1 489          | 1 212          |
| Current liabilities                              | 30 348         | 10 795         | 17 023         |
| <b>Total shareholders equity and liabilities</b> | <b>255 177</b> | <b>244 913</b> | <b>225 940</b> |
| Number of shares outstanding (thousands)         | 13 732         | 13 059         | 13 059         |
| Number of warrants outstanding (thousands)       | 110            | 110            | 110            |

### Consolidated Statement of Cash Flow

|                               |               |                |                |
|-------------------------------|---------------|----------------|----------------|
| Current operations            | 2 808         | -957           | -15 139        |
| Change in working capital     | 4 068         | -7 356         | -17 516        |
| Investments                   | -15 628       | -2 755         | -5 088         |
| Financing                     | -108          | -179           | -100           |
| <b>Change in liquid funds</b> | <b>-8 861</b> | <b>-11 247</b> | <b>-37 843</b> |

### Key financial measures

|                                 | 3/31/01 | 12/31/00 | 12/31/99 | 12/31/98 | 12/31/97 | 12/31/96 |
|---------------------------------|---------|----------|----------|----------|----------|----------|
| Result                          | -4 085  | -30 485  | -1 244   | -22 639  | 5 804    | 1 392    |
| Profit margin                   | -9%     | -46%     | -2%      | -54%     | 13%      | 3%       |
| return on equity                | -2%     | -14%     | -1%      | -13%     | 3%       | 2%       |
| Return on capital employed      | -1%     | -13%     | 0%       | -13%     | 4%       | 2%       |
| Equity ratio                    | 88%     | 92%      | 92%      | 92%      | 94%      | 91%      |
| Shareholders' equity/share, SEK | 16.29   | 15.90    | 18.16    | 14.68    | 16.71    | 16.00    |
| Earnings per share, SEK         | n/a     | n/a      | n/a      | n/a      | 0.52     | 0.12     |

Ratios have not been restated to reflect dilutive effect of outstanding warrants.

R&D expenses include amortization of goodwill by KSEK 2 998.

Sweet Computer Services, Inc. was not part of the Group in 2000.

A report for the period January–June will be published August 21, 2001.

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Täby, April 26, 2001

Board of Directors

This report has not been subject to review by the Company's auditors.

This is a translation of Ortivus AB's interim report in Swedish. In the event of any discrepancy between the interim report in Swedish and the translation, the former shall have precedence.

**Ortivus AB**

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