

**PRESS RELEASE**  
**17 OCTOBER 2002**



## **BIOINVENT INTERIM REPORT 1 JANUARY - 30 SEPTEMBER 2002**

- ☐ **BioInvent is developing an antibody-based drug against HIV based on target structures acquired from a US biotech company.**
- ☐ **Net revenue for January–September 2002** increased to SEK 65.3 million (44.7).
- ☐ **Cash flow from current operations and investment activity, January–September 2002** amounted to SEK-14.7 million (-53.4). Liquid funds at end of period: SEK 376.0 million (360.0).
- ☐ **Loss after net financial items for January–September 2002:** SEK-29.8 million (-25.7).

## Three ways to commercialise the technology platform

**Operations** BioInvent develops and manufactures antibody-based drugs and research tools. BioInvent's technology platform covers the entire development chain, from library technology for fast and efficient selection of human antibodies to production in a facility that is approved for manufacturing biological drugs.

The platform is the starting point for development partnerships with international pharmaceutical and biotech companies. Agreements are in place with, among others, Antisoma, GlaxoSmithKline, Igeneon, ImmunoGen, Pharmacia and Oxford GlycoSciences.

**Three types of projects** BioInvent works with three different types of development projects. The purpose is to secure short-term revenue while creating prospects for long-term profitability through proprietary drug candidates. The projects are as follows:

**Selling development services** BioInvent has many years of experience in delivering vital technology for its customers' drug development programmes. This includes everything from producing materials for all clinical phases to research tools based on the n-CoDeR library technology. These activities have a positive effect on the Company's cash flow. Two examples of current partners are ImmunoGen and GlaxoSmithKline.

**Development partnerships** In this type of project, BioInvent develops drugs in cooperation with a partner. The concept is based on using BioInvent's world-leading technology platform in its entirety, from selection of product candidates to production for clinical studies. The partnerships are expected to generate revenue both during the development process, including milestone payments, and in the form of royalties on the products that reach the market. The financial risk is limited because BioInvent's partners cover the cost of the clinical studies as well as commercialisation. An example of this type of project is a partnership with Oxford GlycoSciences.

**Development of proprietary drugs** In order to create the greatest possible value, BioInvent is developing its own drug candidates in various indication areas that are in great need of effective treatments. This allows BioInvent to make optimum use of the full range of its expertise and technology platform.

BioInvent is currently evaluating product candidates in different indication areas, primarily infectious diseases, cancer, cardiovascular diseases and metabolic diseases. The main strategy is to generate value in the projects through pre-clinical and clinical data before the product candidates are licensed out to a partner. An example of this type of project is the development of a new type of drug against HIV:

**New type of drug against HIV** During the third quarter, BioInvent started its own development project in the HIV field. The Company acquired the rights from Thymon LLC, New Jersey in the United States, to work with a group of target structures associated with HIV.

The aim is to drastically reduce the number of virus particles in the blood of infected patients and thereby prevent the development of AIDS. BioInvent believes that the prospects are good that the development of resistance in conjunction with the treatment can be avoided. This is a major problem with current treatment alternatives.

Different product candidates for pre-clinical development are currently being evaluated.

**A step forward for BioInvent's protein array technology** At the IBC conference in Hamburg, in the field of protein array technology, it was shown how BioInvent's antibody library, n-CoDeR, provides extremely stable antibodies with maintained activity in protein array format. This provides the concept with even greater commercial potential.

During the reporting period, BioInvent submitted patent applications for a new selection technology that makes it possible, among other things, to select antibodies against differentially expressed antigens. This method has the potential to make a significant contribution to the development of new applications for protein arrays.

### **Sales and revenue**

The net revenue for the period July – September increased to SEK 25.0 million compared to SEK 16.1 for the corresponding period last year. The net revenue for January – September increased to SEK 65.3 million (44.7). Revenues come from fees for development services and development partnerships. The reported loss after net financial items for July – September was SEK -5.9 million compared to SEK -3.2 million for the same period last year. The loss after net financial items for January – September was SEK -29.8 million (-25.7). An increase in the Company's research and development capacity and intensified marketing activity have had an impact on the result. The Group's research and development costs for January – September amounted to SEK 43.6 million (29.9). Depreciation according to plan at an amount of SEK 9.5 million (5.5) was deducted from the operating result for the period.

### **Financial position and cash flow**

The cash flow for January – September from current operations and investment activity amounted to SEK -14.7 million (-53.4). The accumulated cash flow for January – September was SEK 37.3 million (218.8) after payment was received from Oxford GlycoSciences for new shares in the amount of SEK 52 million. On a rolling twelve-month basis, the Group's liquid funds had increased by SEK 16 million to SEK 376 million as of 30 September.

The Group's investments in tangible fixed assets amounted to SEK 7.6 million (21.4). Investments in intangible fixed assets amounted to SEK 18.5 million (-). This amount was used to acquire target structures and new technology.

The shareholders' equity amounted to SEK 410.6 million at the end of the period. The Company's share capital was SEK 14.7 million divided between 29,475,556 shares with a par value of SEK 0.50. As of 30 September BioInvent had issued warrants for 1,259,500 shares, of which warrants for 652,650 shares are being held by the Company to sell to the employees at market terms.

The equity/assets ratio at the end of the period was 89.6 per cent. The Group had no interest-bearing liabilities.

The Group's accumulated unutilised loss carried forward as of 30 September 2002 amounted to SEK 192 million. BioInvent has not yet reported a taxable profit and does not expect to do so in the near future. No tax claim at any value relating to the loss carried forward has been entered into the accounts.

### **Organisation**

On 8 October the Board of Directors appointed Cristina Glad as Vice President of the Company effective from that date. Cristina, who is a Doctor of Science (Biochemistry) and MBA, has worked for the Group since 1987, most recently as President of the subsidiary BioInvent Production AB.

The number of employees at the end of the period was 125.

### **The parent company**

The parent company reported a profit after net financial items of SEK 1.3 million (-1.1) for the period January – September. The parent company allocated SEK 30 million in conditional shareholders' contributions to BioInvent Therapeutic AB.

### **Accounting principles**

This interim report has been prepared in accordance with the recommendation for interim reporting (RR 20) issued by the Swedish Financial Accounting Standards Council. The accounting principles are the same as those used in the preparation of the last annual report.

### **Upcoming financial reports**

BioInvent will present the following financial report:

Year-end report for 2002

12 February 2003

*Lund, 17 October 2002*

*Svein Mathisen, President and CEO*

**Consolidated income statement in brief (SEK thousands)**

	3 MONTHS 2002 July–Sept.	3 MONTHS 2001 July–Sept.	9 MONTHS 2002 Jan.–Sept.	9 MONTHS 2001 Jan.–Sept.	12 MONTHS 2001 Jan.–Dec.
Net revenue	25,004	16,124	65,293	44,712	58,270
<i>Operating costs</i>					
Cost of goods and services sold	-11,180	-9,677	-36,907	-28,999	-39,863
Sales and administrative costs	-7,700	-5,250	-27,165	-18,443	-27,472
Research and development costs	-16,551	-8,726	-43,628	-29,930	-45,255
Other operating revenue and costs	42	274	660	85	63
<b>Operating profit/loss</b>	<b>-10,385</b>	<b>-7,255</b>	<b>-41,747</b>	<b>-32,575</b>	<b>-54,257</b>
Profit/loss from financial investments:	4,502	4,056	11,942	6,912	10,787
<b>Profit/loss</b>	<b>-5,883</b>	<b>-3,199</b>	<b>-29,805</b>	<b>-25,663</b>	<b>-43,470</b>
Earnings per share, average no. of shares, SEK*					
Before dilution	-0.20	-0.11	-1.04	-1.03	-1.69
Average no. of shares					
Before dilution (thousands)	29,476	28,144	28,761	24,881	25,697
After full dilution (thousands)*	29,476	28,195	28,763	24,964	25,753

\* The outstanding warrants lead to no dilution of earnings per share, as a conversion to shares would lead to an improvement of earnings per share.

**Consolidated balance sheet in brief (SEK thousands)**

	2002 30 Sept.	2001 30 Sept.	2001 31 Dec.
<i>Assets</i>			
<b>Fixed assets</b>			
Intangible fixed assets	16,960	-	-
Tangible fixed assets	40,132	38,727	40,508
<b>Current assets</b>			
Inventories etc.	2,367	6,020	1,564
Short-term receivables	22,688	17,441	29,817
Cash and bank	376,006	360,038	338,662
<b>Total assets</b>	<b>458,153</b>	<b>422,226</b>	<b>410,551</b>
<i>Shareholders' equity and liabilities</i>			
Shareholders' equity	410,611	406,223	388,416
Short-term liabilities	47,542	16,003	22,135
<b>Total shareholders' equity and liabilities</b>	<b>458,153</b>	<b>422,226</b>	<b>410,551</b>

**Consolidated cash-flow statement in brief (SEK thousands)**

	2002 July–Sept.	2001 July–Sept.	2002 Jan.–Sept.	2001 Jan.–Sept.	2001 Jan.–Dec.
<b>Current operations</b>					
Operating profit/loss	-10,385	-7,255	-41,747	-32,575	-54,257
Depreciation	4,768	2,249	9,548	5,453	7,854
Interest received and paid	4,502	4,056	11,942	6,912	10,787
<b>Cash flow from current operations before changes in working capital</b>	<b>-1,115</b>	<b>-950</b>	<b>-20,257</b>	<b>-20,210</b>	<b>-35,616</b>
Changes in working capital	-5,644	-23,758	31,733	-11,788	-13,576
<b>Cash flow from current operations</b>	<b>-6,759</b>	<b>-24,708</b>	<b>11,476</b>	<b>-31,998</b>	<b>-49,192</b>
<b>Investment activity</b>					
Acquisition of intangible fixed assets	-9,258	-	-18,501	-	-
Acquisition of tangible fixed assets	-2,742	-6,368	-7,631	-21,437	-25,619
<b>Cash flow from investment activity</b>	<b>-12,000</b>	<b>-6,368</b>	<b>-26,132</b>	<b>-21,437</b>	<b>-25,619</b>
<b>Cash flow from operations</b>	<b>-18,759</b>	<b>-31,076</b>	<b>-14,656</b>	<b>-53,435</b>	<b>-74,811</b>
<b>Financing activity</b>					
New share issues	-	-	52,000	272,252	272,252
<b>Cash flow from financing activity</b>	<b>-</b>	<b>-</b>	<b>52,000</b>	<b>272,252</b>	<b>272,252</b>
<b>Change in liquid funds</b>	<b>-18,759</b>	<b>-31,076</b>	<b>37,344</b>	<b>218,817</b>	<b>197,441</b>
<b>Liquid funds at end of period</b>	<b>376,006</b>	<b>360,038</b>	<b>376,006</b>	<b>360,038</b>	<b>338,662</b>

**Changes in shareholders' equity for the Group (SEK thousands)**

	Share capital	Share premium reserve	Other restricted reserves	Accumulated loss	Total
<b>Shareholders' equity on 31 December 2000</b>	<b>1,515</b>	<b>186,909</b>	<b>100</b>	<b>-28,890</b>	<b>159,634</b>
Bonus issue	9,846	-9,846			0
New share issue due to utilisation of warrants	461	10,171			10,632
New share issue	2,250	259,370			261,620
Transfer between restricted and unrestricted reserves		-1,434		1,434	0
Profit/loss for the period				-25,663	-25,663
<b>Shareholders' equity on 30 September 2001</b>	<b>14,072</b>	<b>445,170</b>	<b>100</b>	<b>-53,119</b>	<b>406,223</b>
Profit/loss for the period				-17,807	-17,807
<b>Shareholders' equity on 31 December 2001</b>	<b>14,072</b>	<b>445,170</b>	<b>100</b>	<b>-70,926</b>	<b>388,416</b>
Directed new share issue	666	51,334			52,000
Transfer between restricted and unrestricted reserves		-210		210	0
Profit/loss for the period				-29,805	-29,805
<b>Shareholders' equity on 30 September 2002</b>	<b>14,738</b>	<b>496,294</b>	<b>100</b>	<b>-100,521</b>	<b>410,611</b>

The share capital as of 30 September 2002 following the directed new share issue consisted of 29,475,556 shares with a nominal value of SEK 0.50.

**Key financial ratios**

	2002 30 Sept.	2001 30 Sept.	2001 31 Dec.
Shareholders' equity per share at end of period, SEK			
Before dilution	13.93	14.43	13.80
After full dilution	13.93	14.39	13.77
Number of shares at end of period			
Before dilution (thousands)	29,476	28,144	28,144
After full dilution (thousands)	29,478	28,227	28,200
Equity/assets ratio, %	89.6%	96.2%	94.6%
Number of employees at end of period	125	106	110

*We have briefly examined this interim report for the period 1 January 2002 – 30 September 2002 in accordance with the recommendation issued by the Swedish Institute of Authorised Public Accountants (FAR). A brief examination is very limited compared to a full audit. We have found nothing to indicate that this interim report does not meet the requirements of the stock exchange and annual accounts laws.*

*Lund, 17 October 2002*

*ERNST & YOUNG AB*

*Åke Stenmo*

*Authorised Public Accountant*

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The report is also available at: [www.bioinvent.com](http://www.bioinvent.com)

**BioInvent International AB (publ.)**

Co. reg. no. 556537-7263