

Press Release

Västra Frölunda, Sweden, October 25, 2005

## **Artimplant signs four new development and license agreements with Small Bone Innovations**

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**The Swedish biomaterials company Artimplant expands its product portfolio with four new development and license agreements that were signed today with Small Bone Innovations, LLC (SBI) in New York, NY. The new products are intended to treat osteoarthritis – one of the most common joint diseases – in the hand, wrist and foot. Product development has already started.**

### **Extended partnership with SBI**

SBI already has the exclusive and global right to market and distribute the Artelon<sup>®</sup> Spacer CMC-I implant for treatment of thumb base osteoarthritis (OA). This exclusive right is now extended to include four new products:

- Artelon<sup>®</sup> STT Spacer – a spacer for osteoarthritis in the scaphotrapezotrapezoidal joint
- Artelon<sup>®</sup> Arthroscopic CMC-I Spacer – intended for arthroscopic implantation in the thumb base joint
- Artelon<sup>®</sup> DRU Spacer – intended to treat osteoarthritis in the distal radioulnar joint of the wrist
- Artelon<sup>®</sup> MTP Spacer – intended to treat osteoarthritis in the metatarsophalangeal joints of the foot

SBI is a strong partner for Artimplant that aims at becoming the world leader in the surgical treatments of small bones and joints, a segment of the orthopedic market that is growing rapidly. Total revenues, to Artimplant, from the four new products are estimated to exceed 50 million SEK over the next five to six years.

Tord Lendau, CEO of Artimplant, said:

“It is great to have the opportunity to work with such a versatile and unique biomaterial with proven science and with more than seven years of clinical experience. There are so many opportunities!

The four new agreements underline SBI’s commitment to Artelon<sup>®</sup> and is a logical development on the successful reception of the Artelon<sup>®</sup> Spacer CMC-I concept. We regard this as an important additional step to establish Artelon<sup>®</sup> as a biomaterial and the spacer concept as the preferred therapy for treatment of osteoarthritis in small bones and joints.

The plan to transform Artimplant from a research company to a product development and marketing company is now near completion and we will find many new product applications in soft tissue augmentation and joint resurfacing for Artelon<sup>®</sup> over the years to come.”

Anthony G. Viscogliosi, Chairman & CEO of SBI, said:

“During the nine months that surgeons in the U.S. have been using the Artelon<sup>®</sup> Spacer CMC-I, it has become evident that the material has potential well beyond the treatment of basal thumb osteoarthritis. For us to help develop these new applications, we are delighted to have negotiated these new agreements with Artimplant.”

**Interested surgeons**

The Artelon<sup>®</sup> Spacer CMC-I was cleared for sale in the US by the FDA in September 2004 and, according to SBI, has been adopted by over 50 surgeons across the US.

Terrence O'Donovan, MD., a prominent hand surgeon in Glen Burnie, Maryland, USA, said:

“We have implanted a significant number of Artelon<sup>®</sup> CMC-I Spacers so far this year with very encouraging results. Although it is still early, our patients have remarked on both an absence of pain at the base of the thumb, and a significant improvement in grip strength.” Dr. O'Donovan also remarked that “the Artelon<sup>®</sup> patients seem to be recovering their strength faster than if they received the tendon interposition arthroplasty procedure.”

The principal feature of Artelon<sup>®</sup> technology is its proven biocompatibility. The Artelon<sup>®</sup> Spacer is preserving the bone anatomy of the hand and is buffering the bone on bone contact that results from osteoarthritic joint degeneration.

Michael Simpson, President/COO of SBI, said:

“These spacer implants are designed to help the body heal itself. The unique properties of Artelon<sup>®</sup> are being recognized by U.S. surgeons as a promising treatment of osteoarthritis in the thumb. These well trained specialists are also very interested in the extension of the technology in treating degenerative joints of the wrist and forefoot.”

### **Successful study**

A pilot study with Artelon<sup>®</sup> Spacer for treatment of OA in the base of the thumb conducted by Artimplant has been published in the March 2005 issue of American Journal of Hand Surgery. The results from the study show that patients with the Artelon<sup>®</sup> Spacer experienced significantly better grip strength compared to a control group of patients treated with tendon interposition arthroplasty.

### **Increased patient base**

Approximately 300 patients with thumb base OA have successfully been treated in the USA and Europe since the Artelon<sup>®</sup> Spacer was approved for marketing. Artelon<sup>®</sup> is a degradable biomaterial that acts as a scaffold for regeneration of damaged tissue.

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### **About Artimplant**

Artimplant's mission is to develop, produce and market implants based on the biomaterial Artelon<sup>®</sup> that meet the needs of patients, physicians and healthcare providers in orthopedics and other therapy areas.

Artimplant's vision is to become the partner of choice in biomaterials for hard and soft tissue repair in multiple therapy areas.

Artimplant is a public company, listed on the Stockholm Stock Exchange, O-list.



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**About SBI**

Small Bone Innovations, LLC (SBI) was founded in 2004 by Viscogliosi Bros., LLC, (VB), the New York-based merchant banking firm that specializes in the musculoskeletal /orthopedic sector. VB created SBI as the first company to focus purely on small bone & joint science. By integrating established companies and professionals in the field, SBI today offers a broad, clinically proven portfolio of products and technology to treat trauma and diseases in small bones & joints.

VB's acquisitions and technology licenses include: **Avanta Orthopaedics, Inc.** (finger/hand/wrist/elbow arthroplasty and trauma products – USA); **Envision Manufacturing, Inc.** (implant manufacturing – USA); **Actipore™** (porous metal technology – Canada); **Artelon®** (biologically active & biodegradable technology – Sweden); **Xtremi-T, LLC** (bioabsorbable trauma technology – USA); and **Fixano, S.A.S.** (broad line of small bone & joint implants - France).

For more information, visit: [www.totalsmallbone.com](http://www.totalsmallbone.com)

**About Viscogliosi Bros., LLC**

Established by Marc R. Viscogliosi, John J. Viscogliosi and Anthony G. Viscogliosi in New York City in 1999, VB was the first venture capital/private equity and merchant banking firm dedicated to the musculoskeletal/orthopedics sector of the health care industry. Today, VB is a leading independent firm with a mission to create, build and finance companies founded on innovations developed by surgeons and uniquely focused on "life changing" musculoskeletal/orthopedic technologies. VB has worldwide surgeon, industry and trade relationships and significant financial expertise in the musculoskeletal/orthopedic sector.

As principals of VB, the Viscogliosi brothers have a combined total of more than 35 years experience analyzing and investing in the musculoskeletal/orthopedics sector. They have pioneered innovative financial, strategic and management initiatives for companies in the sector, from start-up, seed and development stage all the way to exit, while helping thousands of people lead better lives through the orthopedic and spinal products marketed and sold by the companies they have assisted in financing and developing.

For more information visit: [www.vbllc.com](http://www.vbllc.com)

**Forward-looking statements**

This press release contains forward-looking statements as defined in the U.S. Private Securities Litigation Reform Act of 1995. Readers are cautioned not to place undue reliance on these forward-looking statements. Actual results may differ materially from those indicated by these forward-looking statements as a result of risks and uncertainties impacting the Company's business including increased competition; the ability of the Company to expand its operations and to attract and retain qualified professionals; technological obsolescence; general economic conditions; and other risks detailed from time to time in the Company's filings.