

# BioPhausia

## Interim report January - September 2000

- **Breakthrough for RescueFlow® in Europe**
- **Distribution agreements in France, Germany and Israel**
- **RescueFlow® increases survival at sepsis**
- **Positive results from RescueFlow® surgery study**
- **BioPhausia has acquired distribution rights to Haemopressin®**
- **BioPhausia subsidiary GlycoVisc has acquired exclusive license rights to patent**
- **The Board has decided on a new share issue**
- **The net result for the period amounted to a loss of SEK 17 693 000 (loss 19 280 000); SEK 8 821 000 (14 368 000) of which were research and development costs**

### **Breakthrough for RescueFlow® in Europe**

The Karolinska Hospital and the South Hospital in Stockholm have included RescueFlow® in their guidelines for prehospital use, i.e. the emergency care which is administered in ambulances and helicopters before the patients receive hospital care. The Karolinska Hospital and the South Hospital have thus become important reference centra for a wider international use of RescueFlow®, and this is considered an important breakthrough for BioPhausia.

### **Distribution agreements for RescueFlow® signed in France, Germany and Israel**

BioPhausia has signed an agreement with Laboratoires Belamont in France, regarding sales of RescueFlow®. Laboratoires Belamont is part of the Cider Santé Group, which is one of the leading pharmaceutical organisations in France and the French speaking countries in Africa. Agreements have also been signed with two sub-contractors in Germany; BioQuest GmbH and InnoPharm GmbH. These companies work in different segments of the market. In Israel, which is a strategically important market for BioPhausia, an agreement has been signed with Genmedix Limited, which is part of the Merck-group.

### **RescueFlow® increases survival in early stages of sepsis**

The results from two independant RescueFlow® studies on shock caused by sepsis, have recently been made public by two groups of Swedish reseachers. The results indicate further progress in Biophausia's

program for further development of RescueFlow®. The conclusion from the two studies is that volume replacement with HSD (Hypertonic Saline Dextran) effectively improves central as well as regional circulation. Improved perfusion of vital organs can also be assumed to contribute to increased survival.

#### **BioPhausia presents positive results from RescueFlow® surgery study**

BioPhausia has concluded a surgery study in Germany, where RescueFlow® has been compared with standard of care on abdominal aortic aneurysm surgery. The initial results from the study indicate that RescueFlow®, when administered during surgery, maintains the circulation of the patient with less volume than with standard of care. These results, in combination with other available documentation, indicate that RescueFlow® may provide more efficient volume substitution during surgery. This suggests that the indication for RescueFlow® could be extended. The project is running on time.

#### **BioPhausia has acquired the rights to a hospital specialist product**

BioPhausia has signed an exclusive agreement with Curatis GmbH regarding the distribution rights to Haemopressin®, a hospital product. The target group is emergency care and hospital specialists, which is the same target area as for RescueFlow®. The agreement covers Germany, Sweden and Norway, with an option to further markets. Sales will commence during the fourth quarter of 2000. The acquisition of the distribution rights to this product marks the start of the increased market focus, which BioPhausia has announced in connection with the establishment of the marketing company Medisan. BioPhausia presently evaluates further products to acquire or to license.

#### **GlycoVisc Biotech AB has acquired exclusive license rights**

GlycoVisc Biotech AB has acquired the exclusive license rights to a patent which covers treatment of certain types of rheumatic diseases. The exclusive license rights cover 22 countries. The patent covers injection into the joints of polysaccharide solution or alternatively a mixture of hyaluronane och polysaccharide. The patented solution is expected to alleviate pain and increase mobility. A pilot study including 30 people and 50 treatments has been concluded in England. The results from the case study will be verified in scientific studies.

#### **Decision on new share issue**

In accordance with the authorisation by the Annual General Meeting on May 4, 2000, the Board of Directors on September 19 decided to increase the share capital through a new share issue, with preferential rights for the shareholders.

The Board of Directors plan to use the funds from the share issue to develop new applications for RescueFlow®, and to concentrate on developing the marketing company Medisan, through further acquisition of new products. The company will also concentrate upon its new development projects.

#### **Group results**

Net sales for the period cover sales in Europe. Net sales during the previous year mainly covered sales of license rights. The period produced a loss of SEK 16 546 000 (loss 19 280 000). Total depreciation, SEK 1 421 000 (2 428 000) has been distributed among the various functions. Research and development expenses amounted to SEK 8 821 000 (14 368 000).

#### **Financial position and investments**

The Group's liquid funds at the end of the period amounted to 9 869 000 (4 810 000). The equity/assets ratio was 45.2% (52. 6%). No investments in fixed assets were made during the period.

**Summary of Consolidated Income Statement (SEK 000's)**

|  | <b>Jan-Sept 2000</b> | <b>Jan-Sept 1999</b> |
|--|----------------------|----------------------|
| Net sales                              | 576                  | 1 764                |
| Cost of goods sold                     | -                    | -13                  |
| Cost of sold licenses                  |                      | -400                 |
| <b>Gross profit</b>                    | <b>576</b>           | <b>1 351</b>         |
| Selling expenses                       | -2 342               | -                    |
| Administrative expenses                | -5 960               | -9 595               |
| Research and development expenses      | -8 821               | -14 368              |
| Items affecting comparability          | -                    | 3 290                |
| Exchange profit                        | 133                  | 317                  |
| Exchange loss                          | -132                 | -275                 |
| <b>Operating loss</b>                  | <b>-16 546</b>       | <b>-19 280</b>       |
| Interest income and similar revenues   | 409                  | 285                  |
| Interest expenditure and similar costs | -1 552               | -499                 |
| <b>Loss after financial items</b>      | <b>-17 689</b>       | <b>-19 494</b>       |
| Taxes                                  | -4                   | -21                  |
| <b>Net loss for the year</b>           | <b>-17 693</b>       | <b>-19 515</b>       |

**Summary of Consolidated Balance Sheet (SEK 000's)**

|                            | <b>2000-09-30</b> | <b>1999-09-30</b> |
|----------------------------|-------------------|-------------------|
| Intangible assets          | 17 468            | 27 003            |
| Tangible assets            | 573               | 13 854            |
| Financial assets           | 11 352            | 1 720             |
| Inventories                | 62                | 76                |
| Accounts receivable        | 535               | 6 009             |
| Other current assets       | 2 868             | 2 433             |
| Liquid assets              | 9 868             | 4 810             |
| <b>Total assets</b>        | <b>42 707</b>     | <b>55 905</b>     |
| Equity                     | 19 320            | 29 394            |
| Interest-bearing liability | 18 632            | 20 000            |
| Operating liability        | 4 755             | 6 511             |
| <b>Total equity</b>        | <b>42 707</b>     | <b>55 905</b>     |

**Key ratios**

|                        |      |      |
|------------------------|------|------|
| Equity per share, SEK  | 1.8  | 3.3  |
| Equity/assets ratio, % | 45.2 | 52.6 |
| Earnings per share SEK | -1.7 | -2.2 |

**Summary of Cash Flow Analysis, Group (SEK 000's)**

|  | <b>Jan-Sept 2000</b> | <b>Jan-Sept 1999</b> |
|--|----------------------|----------------------|
| Cash used in operating activities before change in working capital items | -16 269              | -17 086              |
| Change in working capital items  | -11 037              | -2 361               |
| <b>Cash used in operating activities</b>                                 | <b>-27 306</b>       | <b>-19 447</b>       |
| <b>Cash provided by investing activities</b>                             | <b>50</b>            | <b>1 160</b>         |
| <b>Cash used in financing activities</b>                                 | <b>34 992</b>        | <b>-2</b>            |
| <b>Total cash flow</b>   | <b>7 736</b>         | <b>-18 285</b>       |
| Liquid assets at the start of the period                                 | 2 133                | 23 095               |
| Liquid assets at the end of the period                                   | 9 869                | 4 810                |

**Summary of operating profit/loss, Group (SEK 000's)**

|                               | <b>Q 3 2000</b> | <b>Q 2 2000</b> | <b>Q 1 2000</b> | <b>Full year 1999</b> | <b>Q 4 1999</b> | <b>Q 3 1999</b> | <b>Q 2 1999</b> | <b>Q 1 1999</b> |
|-------------------------------|-----------------|-----------------|-----------------|-----------------------|-----------------|-----------------|-----------------|-----------------|
| Gross profit/loss             | 259             | 317             | -               | 1 351                 | -               | -               | 1 201           | 150             |
| Selling expenses              | -1 591          | -751            | -               | -                     | -               | -               | -               | -               |
| Admin. cost                   | -627            | -2 002          | -3 331          | -13 492               | -3 897          | -3 307          | -3 435          | -2 853          |
| R&D cost                      | -3 087          | -3 235          | -2 499          | -18 728               | -4 360          | -4 157          | -3 641          | -6 570          |
| Items affecting comparability | -               | -               | -               | 3 290                 | -               | 3 290           | -               | -               |
| Exchange loss/profit          | -275            | -83             | 359             | 199                   | 157             | -142            | 147             | 37              |
| <b>Operating loss</b>         | <b>-5 321</b>   | <b>-5 754</b>   | <b>-5 471</b>   | <b>-27 380</b>        | <b>-8 100</b>   | <b>-4 316</b>   | <b>-5 728</b>   | <b>-9 236</b>   |

Uppsala October 18, 2000

Soili Longsén  
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