

## Ortivus Financial Report for 1998

### *Summary*

- Ortivus' result MSEK -22.6 (5.8)
- Market activities commence in the United States and England
- Distributors appointed in Norway, Finland, and France
- Reference installations completed in the United States, England, Norway, Finland, and France
- Commercial launch started for the new generation of Mobimed

### *Financial report*

The result after financial items was MSEK -22.6 (5.8).

The Company's revenues amounted to MSEK 41.9 (45.3). These revenues include revenue from sales to Hewlett Packard, HP, in an amount of MSEK 32.6 (34.2) and proprietary sales of MSEK 9.3 (11.1). The revenue from Hewlett Packard was determined under the contractual minimum guaranty, which was marginally lower for 1998 than for 1997, but will again increase for the first half of 1999.

Activities concerning Mobimed on the Swedish market were marked by preparations for the launch of the new product PWS-1000. Commercial activities for this product commenced during the third quarter, but only a small number of transactions actually closed during the year. Subsidiaries have been established in the United States and England. International sales have not yet begun. Several reference installations of the Mobimed system have been made in Sweden as well as Norway, Finland, England, France, and the United States.

The reference installation in England has been in operation since September 1998 and over one hundred patient runs have been successfully completed. Several potential customers for the system have displayed great interest. Three installations are in operation in the United States; in New York, Connecticut and at the well-known Mayo Clinic in Minnesota.

Distribution organizations for Mobimed were established in Norway and Finland, with well functioning reference installations and positive experiences. Commercial activities have begun and the first order has been received from Finland.

The new hospital workstation, which is Windows NT-based, has been completed and was released February 9, 1999. This system is now fully compatible with most other equipment used by hospitals.

Major efforts have been expended to complete products in the new generation of Mobimed, and building sales and marketing organization in the Group. Hiring new associates has strengthened the organization. As a result, the average number of employees increased by 12, to 49. Most of the increase is in development and market. In the beginning of 1998, consulting resources were also brought in to strengthen the organization. Development expenses amounted to MSEK 26.3 (14.5), including amortization of previously capitalized expenses, and after deduction of capitalized development costs, an increase by 81 percent. Capitalized development costs amount to MSEK 5.0 (8.2). Investments in building sales companies in the United States and England drew increased selling expenses of MSEK 16.7 (7.1), and increase of 135 percent.

Based on action taken with respect to Mobimed, and the higher minimum guaranty from HP, expectations are for a significantly better result for 1999 than for 1998.

In August, Akbar Seddigh returned to the post of President and CEO of the Company. The estimated total cost attributable to the termination of the former chief executive burdened the year's result by MSEK 2.8. This item is reported as an item affecting comparability.

Investments in tangible fixed assets amounted to MSEK 0.4 (2.2). Investments in product development of MSEK 5.0 (8.2) are additional. Total capital expenditures amounted to MSEK 5.4 (10.4).

Options to subscribe for shares in Ortivus were granted to the Company's employees in December. The dilutive effect if all options are utilized is 1 percent.

The Parent Company's result after financial items and taxes was MSEK -16.6 (4.6).

The Annual Report will be published in the beginning of April. It will also be available at the Company's offices at that time. The Annual Report will be distributed to all shareholders of record as registered by the Swedish Securities Register Centre (VPC).