



September 6, 2010

Increased focus on the transplantation sector

The Board of Directors of LinkMed today announced a strategic decision to further focus the company's operations on the transplantation sector. Consequently, LinkMed will work actively to find additional acquisitions in the sector and continue its global efforts in Olerup SSPs and AbSorber's product area. Going forward, LinkMed will prioritize investment in this sector. At the same time, the company will intensify work to realize the value of the portfolio of life science companies built up since 1998. In the long-term, LinkMed's operations will essentially be focused on the transplantation sector.

"This is a great opportunity for us to build a business and become a global player in the transplantation sector. The transplantation market is characterized by solid growth and robust growing demand for products that increase the chance of carrying out successful transplantations. It is also possible to cover a major part of the market with a relatively small sales organization. By intensifying our exit work, we will enhance visibility of the underlying value in our venture portfolio and use the freed-up capital in the transplantation sector. I see good opportunities for powerful expansion in this sector, which will also contribute to strengthening our cash flow," said LinkMed's CEO Ingemar Lagerlöf.

Transplantation sector

The transplantation market is an attractive niche market in which transplantations are performed by a limited number of medical centers. Today around 550 centers perform transplants in the U.S. and Western Europe. This makes it possible for a smaller company with its own sales organization to become a global operator in key markets. The transplantation market is characterized as being relatively stable, with increasing demand, and independent of business cycles. Products are sold with high margins and the market is growing on a global basis.

The shortage of organs and problems with rejection reactions drives the need for better matching between the donor and recipient. This requires methods that provide information on whether or not tissue from different individuals is a fit and identifying any antibodies that may cause rejection reactions or attack the new host in conjunction with transplantation. LinkMed's transplantation operations are active in this sector.

LinkMed's two subsidiaries Olerup SSP AB and AbSorber AB form the foundation for the company's transplantation operations. LinkMed acquired Olerup SSP in July 2008. At August 31, LinkMed's ownership stake in the company was 91 percent. LinkMed has gone from solely investing in development companies to owning a commercially active company. The acquisition strengthened LinkMed's position in the transplantation area, a sector where LinkMed was already an investor with the acquisition and subsequent build up of AbSorber as one of its portfolio companies.

In December 2009, LinkMed acquired an additional 51 percent of AbSorber, classifying AbSorber a new LinkMed subsidiary. Since then, LinkMed acquired further shares in AbSorber and today the company's ownership stake exceeds 98 percent. The remaining shares in both AbSorber and Olerup SSP are owned by SSP Primers AB, a company controlled by Olle Olerup.

Both companies offer tests that are required prior to a transplantation to match the donor and recipient. The better the match the greater the chances are for a successful transplantation and the lower the risk of complications such as rejection reactions following transplantation. Olerup SSP's

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products are primarily used prior to bone marrow transplantations, while AbSorber's XM-ONE[®] product is primarily used prior to solid organ transplantations, where kidney transplantations are the most common. Consequently, the company's products complement each other well. A long-term objective is to merge the operations of both companies. A major step in this direction is that the two companies will move into joint offices in early 2011.

Olerup SSP

Olerup SSP, first in the development of SSP products for HLA typing, is market leader in Europe, where Italy followed by Germany constitute the single largest markets and account for around 40 percent of sales in Europe. Some of the products, in particular low definition SSPs, are used for organ transplantations, while high definition SSPs is used for hematopoietic stem cell transplantation (bone marrow transplantation). The bone marrow transplantation segment, which constitutes around 70 percent of Olerup SSP's turnover, grows between 10 and 13 percent in volume on an annual basis.

The markets that represent the largest growth potential for Olerup SSP today are the U.S., representing around 40 percent of the total global market, and new markets. In the second quarter this year, SSP achieved considerable growth with sales that were 47 percent higher year on year. New markets being prioritized by the company are Brazil, India, China and countries in Eastern Europe. Olerup SSP's net sales for the first six months of 2010 amounted to SEK 38.8 million with an operating margin of 54 percent.

AbSorber

AbSorber's XM-ONE[®] cross match test, unique in its genre, has now won patent protection in Europe, among other regions. XM-ONE[®] primarily targets the organ transplantation market, in which over 75,000 transplantations are carried out on a yearly basis, with kidney transplantations being the dominant operation at 55,000 per year. Growth is lower than in the bone marrow transplantation segment due to a lack of organs to transplant. In the Western world, the growth rate amounts to 2 to 4 percent per year, while in Brazil for example, the growth rate lies at around 7 to 8 percent per year. Wait times for a new kidney often stretch over several years in most markets. The market potential for XM-ONE[®] is estimated at around SEK 800 million annually based on the number of transplantations performed today. The potential could increase considerably, more than 50 percent, if the product were also used for monitoring and follow up of patients after transplantation.

AbSorber efforts are primarily focused on the U.S. market, where ten of the largest laboratories now use the test for research and validation. Furthermore, a few major centers also use XM-ONE[®] regularly in conjunction with transplantations, including UCLA, which offers the test to all hospitals in the U.S. The increased marketing efforts now underway are expected to generate results as early as the fourth quarter this year, repositioning the product from being very interesting from a research perspective to being used to a greater extent clinically.

Sales and Distribution

Considerable efforts have been made in 2009 and 2010 to build up a powerful organization to manage sales, distribution and logistics for Olerup SSP and AbSorber's products. In conjunction with this, measures have been implemented to enhance control of and profitability for Olerup SSP's products and to facilitate future distribution and sales of other products in this segment.

Olerup GmbH, based in Vienna, is responsible for sales, distribution and logistics in Europe and the rest of the world, with the exception of North and South America, markets that are covered by Olerup Inc. in West Chester, Pennsylvania, US.

Olerup GmbH is jointly owned through Olerup International by LinkMed in conjunction with SSP Primers AB and the Norwegian biotech company NorDiag ASA, while Olerup Inc. is jointly owned through AbSorber by LinkMed and SSP Primers AB. Efforts to build an in-house sales organization fully focused on the transplantation sector has already started to generate positive results, as mentioned above.

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Future growth

Expansion will primarily be achieved through organic growth from existing products and new products from AbSorber's own R&D pipeline. Proprietary products include an AB0 column being developed by the company, which is expected to be launched in Europe at the end of 2011. Organic growth will be combined with an active acquisition and licensing strategy. Work to identify suitable growth areas in the transplantation sector has already commenced.

Venture portfolio

LinkMed has invested in and built up life science companies since it was founded in 1998. Today, LinkMed's portfolio consists of ten companies. Of these, six operate within diagnostics and medical technology and four in drug development and biotechnology. LinkMed's ownership stake in its associated companies ranges from 17 to 73 percent.

Several of the companies have reached such a stage of maturity that LinkMed is actively working to realize the value of these companies, work that will now be intensified. During this process LinkMed will continue to be an active owner in these associated companies. LinkMed may therefore be required to provide further capital injections during the divestment period to secure the value of the companies. However, no new investments will be made in companies outside the transplantation sector.

Parent company

The strategic focus on the transplantation area will lead to a gradual streamlining of the organization, generating cost savings for the organization.

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LinkMed has two business areas, a commercial transplantation sector business with two subsidiaries and a venture portfolio comprising life science companies. The venture companies, all of which are associated companies, consist of four companies in drug development and biotechnology and six companies in diagnostics and medical technology. LinkMed is listed on NASDAQ OMX Stockholm, in the Small Cap sector (ticker symbol: LMED).