

Press release  
March 3, 2003

## **Artimplant's preferential rights issue**

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### **The preferential rights issue announced in December 2002 will further strengthen the company's financial position.**

The December 2002 extraordinary general meeting decided to (1) fortify Artimplant's financial position through a directed share issue and (2) authorize the board to carry out a preferential rights issue. Artimplant now invites share subscriptions through the preferential rights issue; the board expects this issue to inject at least SEK 15 million into the company, before issue costs. The December 2002 directed issue, which targeted institutional and privat investors, brought in SEK 30 million before issues costs; the share price was SEK 3.

The approaching issue offers opportunities to invest in the company on terms equal to those of the December 2002 directed issue.

### **Restructuring**

Since November 2002, Artimplant has been restructuring to enable a more effective organization. The new organization is focusing on five prioritized product and development projects. According to the board, these projects make the quickest contributions to positive cashflow:

- Artelon Spacer CMC-I for treating thumb-base arthritis.
- Artelon Augmentation Device ACL for strengthening during anterior cruciate ligament (ACL) reconstruction.
- ACL Prosthesis for replacing damaged ACLs.
- Reinforcement bands for orthopedic applications, such as treatment of shoulder, foot, ankle, and knee injuries.
- Development of the manufacturing process for wound care products within the framework of a contract with Mölnlycke Health Care AB.

Staff, excluding Gothenburg Medical Center (GMC), was reduced by 15 people during the year. The total number of employees in the parent company is now 23. Reductions primarily affect personnel within administration and production and certain functions within R&D and clinical trials. The intention is to create a more cost-effective organization that's adapted to the company's new strategy. Restructuring resulted in consolidation of three departments (R&D, Medicine, and Production) into one Development department.

After implementing the above changes, the Development department has 17 employees, and central functions have six. All fixed-price consulting contracts were not renewed, and new agreements were reached with persons who hold key skills within, for example, the medicine area.

Right now, negotiations are underway to radically reduce facility costs. Patent protection was limited to cover Australia, China, Japan, the EU, and the US, which constitute the most important markets for products that Artimplant develops. During 2003, the company expects to cut cash expenditures by 50%. Discussions with several potential buyers were launched to enable the sale of GMC, a subsidiary; this process is in line with Artimplant's new strategy. The company's marketing organization was dissolved to enable contracting with external partners that can commercialize the company's products.

## **Capital injection expected to enable positive cash flow**

Capital acquired from the issue will be used to finance the companies running operations. Together with other measures, Artimplant judges that its financial position will be secured until the operation generates positive cash flow. Focus will be on commercializing the five product and development projects.

## **The issue's terms and conditions, in brief**

- One A share or one B share is entitled to subscription of one new B share.
  - 27 February 2003 is the last trading day for shares with rights to participation in the issue.
  - 4 March 2003 is the record day (Sweden) for the right to participate in the issue.
  - The issue price is SEK 3 per share.
  - 7 March to 28 March 2003 is the subscription period.
  - 7 March to 25 March 2003 is the trading period for subscription rights.
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### **For more information, contact:**

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### **ARTIMPLANT**

*Artimplant is a biomaterial company that focuses on orthopedic surgery solutions. The company runs R&D operations for biodegradable implants and develops manufacturing processes for the implants. Its goal is to enable active lives. Artimplant's biomaterial is based on a new technology that's opening new markets within orthopedic surgery and closely related areas that have extensive med-tech needs.*

*Artimplant developed and patented several different degradable ligament implants that are now in clinical trials. The company's business concept is to license products and technologies to global partners.*

*The Artimplant share is listed on the Stockholm stock exchange's O list.*