

**Press release from Biolight International AB**  
Danderyd, February 18, 2002

## **Press release of annual earnings figures for the financial year 2001**

**The board of directors of Biolight International AB presents annual earnings figures for the financial year 2001.**

### ***Important events during the year:***

- A phase III study on decubitus ulcers has been finalised during the year. The effect shown is considerable and statistically significant. The study shows that time to healing within the group treated with active equipment was reduced by 36 % as compared to the placebo-treated group. The result is a decisive breakthrough for Biolight Wound Care.
- Important results regarding the mode of action have been obtained. Analysis of results from trials performed with micro array technology (Affymetrix) reveals significant changes in cells treated with Biolight®. The results show that treatment leads to increased activity in several genes, including genes coding for growth factors and collagen.
- A study regarding tooth extraction has begun at the faculty of odontology at Göteborg University.
- A manager for the business area Dental Care and a technical manager have been employed during the year.
- At the beginning of the year, a market test was carried out on a group of dentists and dental hygienists in private practice, and the result is positive. Test sales, arousing great interest, began within the business area Dental Care during the third quarter.
- During the autumn, the company signed distribution agreements for Dental Care with companies in Sweden, Finland, Great Britain, Poland and Colombia.
- Biolight® PCD (Physiotherapeutic Care Device) – a new device for the treatment and rehabilitation of sports injuries – gained CE approval in March.
- The company was granted five new patents during the year: two patents in the USA, two in Sweden and one European patent.
- Invoiced sales amounted to SEK 1.2 million (SEK 0.5 million).

### ***Important events after 2001:***

- The company has obtained an FDA approval – 510(k) – for Physiotherapeutic Care. This approval allows the company to market and sell its equipment (PCD) and treatment programs for the prevention and rehabilitation of injuries in the locomotor system in the American market.
- Biolight has entered into a preliminary research agreement with the Karolinska Institutet. The various treatment programs currently used by the company will be optimised and fine-tuned by means of micro array technology (Affymetrix). Attempts will also be made to map out the signal paths in the cells initiated through Biolight®.
- The company has reached a distribution agreement regarding Dental Care with C&N Med-Dent CO., Ltd in Taiwan. The company has also signed a "Letter of Intent" with Denics International Co., Ltd. in Japan, regarding registration and distribution for the business area Dental Care.
- Authorised by the general meeting on July 9, 2001, the board has decided on a new issue totalling 11,917,891 shares at the par value of SEK 0.03 per share. The subscription price has been set at SEK 2.11 per share. Through this new issue the share capital within the company is increased by SEK 357,536.73, and now amounts to SEK 2,137,902.54. After this issue the total number of shares is 71,263,418. The new issue provides the company with just over SEK 25 million before issue expenses. The issue, carried out under the supervision of Hjalmarsson & Gunterberg and Alfred Berg, was subscribed by a number of institutional investors.

## **Accounting principles**

The annual report has been prepared in accordance with the Annual Accounts Act and the recommendations of the Swedish Financial Accounting Standards Council and the statements of their Urgent Issues Task Force, with the exception of RR 6:99.

### *Changes in accounting principles*

From January 1, 2001, the following recommendations from the Swedish Financial Accounting Standards Council are applied: RR 9 Income taxes, RR 18 Earnings per share, RR 11 Earnings and RR 12 Tangible assets.

This has not led to any changes in the results or positions presented earlier.

### *Leasing*

All leasing agreements are reported as operational leasing. The net effect on the consolidated results would be negligible if RR 6:99 was applied.

### *Shareholder contribution*

The company comply with the Urgent Issues Task Force within the Swedish Financial Accounting Standards Council in its presentation of shareholder contribution. Shareholder contribution is charged directly against the subsidiary's equity and is activated in the parent company's shares and stakes.

## **Deferred taxes**

The company's unused deficit deduction amounts to SEK 96,679 T (SEK 70,457 T).

## **Consolidated accounts**

Consolidated accounts include the parent company and the wholly-owned subsidiary Biolight Patent Holding AB. The consolidated accounts have been prepared in conformity with Recommendation RR 1:96 of the Swedish Financial Accounting Standards Council. No intra-group sales have been recorded.

## **Result, cash flow and liquidity**

In 2001, sales amounted to SEK 1.2 M (0.5). The operating costs amounted to SEK 28.2 M (18.2) in 2001. The consolidated results after taxes showed a loss of SEK 26.4 M in 2001 (-19.7). In 2000, the result was encumbered by issue expenses of SEK 3.0 M.

Investments in the group and parent company during the year amounted to SEK 6.4 M (22.8), including SEK 4.4 M (9.0) for clinical trials. In 2000, SEK 11.7 M was invested in the development of new treatment equipment.

Liquid assets as of December 31, 2001, amounted to SEK 4.8 M (30.4). In the parent company, liquid assets as of December 31, 2001, amounted to SEK 4.8 M (30.3).

In February 2002, the company completed a directed share issue of approximately 11.9 million shares. The issue provided the company with just over SEK 25 M before issue expenses.

The board proposes no dividend be paid for the year.

The income statement, balance sheet, cash flow analysis etc. presented below, refer to the group.

## **Future reports**

Quarterly report for the 1<sup>st</sup> quarter, 2002  
Semi-annual report 2002  
Quarterly report for the 3<sup>rd</sup> quarter, 2002

April 25, 2002  
August 28, 2002  
October 28, 2002

**Other information**

The annual general meeting of the financial year 2001 will be held at 5 p.m. on April 25, 2002, at Biolight International AB's headquarters in Danderyd.

With the aim to focus the company's financial resources on business development, the board has decided not to print and distribute a traditional annual report for the year 2001. A simplified annual report will be available at the company from March 26 and will be distributed on request. The annual report will also be available on the company's home page: [www.biolight.se](http://www.biolight.se)

**Danderyd, February 18, 2002**

**Board of Directors, Biolight International AB**

*Biolight International AB is a medical technology company offering products based on the biological effects of pulsating, monochromatic light. Biolight develops a system for the effective, painless and safe treatment, mainly of ulcerations and inflammatory conditions within the business areas Wound Care, Dental Care and Physiotherapeutic Care. The Biolight share is listed on the NGM Equity (Nordic Growth Market NGM AB).*

## Income statement

| Amounts in SEK thousands     | <i>Jan – Dec</i> |                | <i>Oct - Dec</i> |               |
|------------------------------|------------------|----------------|------------------|---------------|
|                              | <i>2001</i>      | <i>2000</i>    | <i>2001</i>      | <i>2000</i>   |
| Operating income             | 1,198            | 526            | 508              | 129           |
| Operating expenses           |                  |                |                  |               |
| Goods for resale             | -439             | -182           | -167             | -64           |
| Other external costs         | -13,457          | -10,435        | -3,102           | -4,522        |
| Personnel costs              | -8,756           | -6,008         | -2,838           | -1,726        |
| Depreciation of fixed assets | -5,506           | -1,539         | -1,733           | -684          |
| Other operating expenses     | -80              | -11            | -67              | -11           |
| <b>Operating loss</b>        | <b>-27,040</b>   | <b>-17,649</b> | <b>-7,399</b>    | <b>-6,878</b> |
| Financial items              | 666              | 981            | 52               | 360           |
| Issue expenses               | -                | -2,997         | -                | -107          |
| <b>Loss before taxes</b>     | <b>-26,374</b>   | <b>-19,665</b> | <b>-7,347</b>    | <b>-6,625</b> |
| Taxes                        | -                | 2              | -                | -             |
| <b>Net loss of the year</b>  | <b>-26,374</b>   | <b>-19,663</b> | <b>-7,347</b>    | <b>-6,625</b> |

## Balance sheet

| Amounts in SEK thousands                          | <i>December 31,</i> | <i>December 31,</i> |
|---|---------------------|---------------------|
|   | <i>2001</i>         | <i>2000</i>         |
| Intangible assets                                 | 22,482              | 21,679              |
| Tangible assets                                   | 2,070               | 2,094               |
| Projects in progress                              | 66                  | 2,660               |
| Other current assets                              | 4,469               | 1,859               |
| Liquid assets                                     | 4,809               | 30,456              |
| <b>Total assets</b>                               | <b>33,896</b>       | <b>58,748</b>       |
| Shareholders' equity                              | 29,574              | 55,723              |
| Provisions  | 2                   | 2                   |
| Current liabilities                               | 4,320               | 3,023               |
| <b>Total shareholders' equity and liabilities</b> | <b>33,896</b>       | <b>58,748</b>       |

## Change in share capital

Amounts in SEK thousands

|   | Share capital | <i>Jan – Dec 2001</i><br>Restricted reserves | Accumulated deficit |
|---|---------------|--|---------------------|
| At beginning of year  | 1,780         | 113,682                                      | -59,739             |
| Net income appropriation according to decision on shareholders' meeting |               | -59,596                                      | 59,596              |
| Warrants  |               | 634  | -409                |
| Rounding-off difference   |               | -1   | 1                   |
| Net loss for the period   |               |  | -26,374             |
| At end of period  | 1,780         | 54,719                                       | -26,925             |

|   | Share capital | <i>Jan – Dec 2000</i><br>Restricted reserves | Accumulated deficit |
|---|---------------|--|---------------------|
| At beginning of year                    | 1,562         | 73,851                                       | -40,076             |
| Debenture issued with right of warrants |               | 49   |                     |
| New issue                               | 218           | 39,782                                       |                     |
| Net loss for the period                 |               |  | -19,663             |
| At end of period                        | 1,780         | 113,682                                      | -59,739             |

## Key ratios

|  | <i>Jan – Dec</i><br><b>2001</b> | <b>2000</b> |
|--|---------------------------------|-------------|
| No. of shares at end of period (thousands)           | 59,346                          | 59,346      |
| No. of outstanding subscription warrants (thousands) | 916                             | 450         |
| Earnings per share before dilution                   | -0.44                           | -0.35       |
| Earnings per share after dilution                    | -0.44                           | -0.35       |
| Return on equity                                     | neg.                            | neg.        |
| Return on capital employed                           | neg.                            | neg.        |
| Equity ratio in %                                    | 87.2%                           | 94.9%       |
| Shareholders' equity per share, SEK                  | 0.50                            | 0.94        |

## Cash flow analysis

|  | <i>Jan – Dec</i> |                |
|--|------------------|----------------|
|  | <i>2001</i>      | <i>2000</i>    |
| <b>Current operations</b>  |                  |                |
| Loss after financial items   | -26,374          | -19,663        |
| Adjustments for items not included in the cash flow                        | 5,570            | 1,550          |
|  | <hr/>            | <hr/>          |
| Taxes paid   | -20,804          | -18,113        |
|  | -129             | -              |
| <b>Cash flow from current operations before changes of working capital</b> | <b>-20,933</b>   | <b>-18,113</b> |
| Cash flow from changes in working capital                                  | 1,411            | 14,419         |
| <b>Cash flow from current operations</b>                                   | <b>-19,522</b>   | <b>-3,694</b>  |
| <b>Investment activities</b>   |                  |                |
| Acquisition of assets  | -6,351           | -22,832        |
| <b>Cash flow from investment activities</b>                                | <b>-6,351</b>    | <b>-22,832</b> |
| <b>Financing activities</b>  |                  |                |
| New issue  | -                | 40,000         |
| Warrants   | 226              | 49             |
| Repayment of debts   | -                | -2             |
| <b>Cash flow from financing activities</b>                                 | <b>226</b>       | <b>40,047</b>  |
| <b>Period's cash flow</b>  | <b>-25,647</b>   | <b>13,521</b>  |
| <b>Liquid assets at beginning of year</b>                                  | <b>30,456</b>    | <b>16,935</b>  |
| <b>Liquid assets at end of period</b>                                      | <b>4,809</b>     | <b>30,456</b>  |