

Biolight International AB (publ)

Quarterly report January 1 – March 31, 2002

- **Sales during the first quarter amounted to SEK 513 T (SEK 114 T).**
- **The company has floated a new share issue. This issue, directed towards a number of institutional investors, provided the company with SEK 25 million before issue expenses.**
- **A preliminary report of the study on pain relief in connection with extraction (surgery) of wisdom teeth, shows that the patients treated with Biolight[®] experienced 40% less pain and consumed 50% less pain-killers on the day following surgery. The results are statistically significant. The study was carried out during the autumn 2001 at the faculty of odontology at the University of Gothenburg.**
- **The company has obtained 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.**
- **The company has reached a distribution agreement regarding Dental Care with C&N Med-Dent CO., Ltd in Taiwan, and has also signed a “Letter of Intent” with Denics International Co., Ltd. in Japan.**
- **To enhance market penetration in Sweden, the company has signed a distribution agreement with DAB, Sweden’s leading distributor of dental products.**
- **This coming autumn, the company will start selected, regional penetration of the German market. To that effect, a distribution agreement has been reached with Net Dental GmbH.**
- **Biolight is focusing its financial resources on market activities, which, among other things, will lead to a reduced number of positions within the company.**

Company focus in 2002

This year, the company will focus its resources on continued commercialisation of Biolight[®] Dental Care in Scandinavia and in Europe.

In order to make commercialisation successful within the Biolight[®] Wound Care business area our efforts to strengthen the clinical acceptance continues according to plan.

Sales – Q1:2002

Sales during the first quarter amounted to SEK 513 T (SEK 114 T).
The company has sold equipment within the business areas Dental Care and Physiotherapeutic Care.

New issue, February 2002

Authorised by the general meeting on July 9, 2001, the board of Biolight International AB has resolved to issue a total of 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 in the company increases by SEK 357,536.73, and now totals SEK 2,137,902.54. After the issue the 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 directed to a number of institutional investors.

Biolight[®] Dental Care

Clinic

BL-036, Surgical extraction of wisdom teeth

Preliminary results have now been produced from a double-blind, randomised and placebo-controlled study, "Effect on the outcome of surgical removal of impacted lower third molars using the Biolight[®] method", carried out at the faculty of odontology at the University of Gothenburg.

The results show that patients treated with Biolight[®] experienced 40% ($p=0.04$) less pain on the day following surgery. The results also demonstrate a 50% ($p=0.02$) reduction in the use of analgesics (pain-relieving drugs). These results are statistically significant. Sixty (60) patients participated in the study. The report will be finalised in the second quarter 2002.

Market

In order to enable rapid market growth and solid market penetration a decision was taken, in 2001, to cover the dental market through collaboration with qualified dental companies. During the fourth quarter, after mapping and evaluating potential distributors, a number of distributor agreements were signed with dental companies for the markets in Sweden, Finland, Great Britain, Poland and Colombia.

In the first quarter 2002, a new agreement was signed regarding distribution in Taiwan. The company has also signed a "Letter of Intent" with Denics International Co., Ltd. in Japan, regarding registration and distribution for Dental Care.

To enhance market penetration in Sweden, the company has also signed a distribution agreement with DAB, Sweden's leading distributor of dental products. The company regards this agreement as an excellent supplement to the existing agreement with Praktikertjänst AB. These agreements will enable the Company to reach all dentists and dental hygienists working in Sweden in a simple and efficient way.

The German market is the second largest market in the world with about 62,000 dentists. This autumn, the Company will start a selective regional penetration of the German market, and to that effect a distribution agreement has been signed with Net Dental GmbH in Hamburg, Germany. Net Dental is a member of the Swedish LIFCO group. The President of Net Dental, Lars Svalin, has many years' experience in and a solid knowledge of the German market.

In 2002, Biolight will increase its activity as exhibitor at big European dental fairs. In February, Biolight also participated in the symposium "Dental care for high-risk patients" in Stockholm. In March, Biolight exhibited at Dental Expo in Spain.

We expect it will take 6-12 months to evaluate a market launch, once the training of the sales force is completed. In Great Britain and Finland, the sales force is expected to be fully trained by April/May 2002.

Biolight[®] Wound Care

Clinic

Based on the results reported in October last year, where fibroblasts treated with Biolight[®] showed significant changes in expression of genes, including genes coded for growth factors, Biolight has reached a preliminary research agreement with the Karolinska Institutet. The purpose of this agreement is to optimise and fine-tune, by means of micro-array technology (Affymetrix), the various treatment programs currently used by the Company. Attempts will also be made to map the signal paths in the cell initiated by Biolight[®].

Market

Apart from Biolight[®], there is currently no new therapy for wound healing that has proved to be effective. The new methods and products currently under research and expected to become available in the future, are basically, almost without exception, intended for treatment at specialist clinics, not in people's homes where most chronic wounds are found. One important advantage with Biolight[®] is that it is portable, easy to bring along and use. This makes it easy for district health care providers to treat patients in their homes, which also makes it possible to reach the broad mass of ulcer patients.

In addition to the results already achieved in clinical trials, the company will have to document a number of unambiguous examples demonstrating all the advantages of the method during actual use, in order to make Biolight[®] an established form of treatment

within the county councils and municipal authorities. Therefore, the Company initiated a broader evaluation of Biolight[®] treatment within private as well as general care in 2001.

The initial evaluation shows that the response in patients as well as close relatives and nursing staff has been very good.

The Company continues its efforts to strengthen the clinical acceptance while simultaneously keeping up the dialogue with potential, future business partners within wound care.

Biolight[®] Physiotherapeutic Care

The company has obtained 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 apparatus, in the American market.

In 2002, the Company will analyse various possible modes of action for reaching the American market.

Patents

Patents are absolutely vital for enabling Biolight to protect and maintain the company's current lead. To gradually improve the system, method and patent protection, Biolight is engaged in continuous development work on the method and the treatment system. New ideas are evaluated and tried in a systematic way, when found appropriate, new patents are applied for.

During 2001, the Company gained approval for two new patents in the USA, two in Sweden and one European patent. In 2000, the patent protection was reinforced through four new patents, two of them in China and two in Canada. The company now has a total of six patents in Sweden, four in the USA, two in Canada, two in China and one European patent. The patents granted are valid until 2014-2019 and relate to the technology for generating and pulsating light to achieve the desired treatment effect.

Based on the new treatment system, five new patent applications were drawn up and submitted to the patent authorities during the first quarter, 1999, and two of them have been approved in Sweden. In the third quarter 2000, a new patent application was filed in Sweden.

Accounting principles

This quarterly report has been prepared in accordance with recommendation RR 20 Interim reports of the Swedish Financial Accounting Standards Council.

The same principles and evaluations as were used in the annual report for 2001 have been applied.

The new standard RR1:00 regarding consolidated accounts have not led to recalculation.

Result, cash flow and liquidity

Sales during the first quarter amounted to SEK 513 T (114). Operating expenses during the first quarter amounted to SEK 6,883 T (6,374). The result of the period showed a loss of SEK -8,007 T (-5,976).

Investments during the first quarter amounted to SEK 64 T (512).

Liquid assets as of March 31, 2002, amounted to SEK 22,064 T (24,693). As of December 31, 2001, liquid assets amounted to SEK 4,809 T.

This quarterly report has not been subjected to audit by the company's auditors.

Future reports

Semi-annual report 2002

August 28, 2002

Quarterly report for the 3rd quarter, 2002

October 28, 2002

Danderyd, April 25, 2002

Board of Directors, Biolight International AB

Biolight International AB is a medical technology company with products based on the biological effects of pulsating, monochromatic light. Biolight develops a system for effective, painless and safe treatment, especially of chronic wounds and inflammatory conditions. The Biolight share is listed on the NGM Equity (Nordic Growth Market NGM AB).

Income statement

Amounts in SEK thousands	<i>Consolidated</i>		
	<i>Jan. - March</i> 2002	<i>2001</i>	<i>Whole year</i> 2001
Operating income	513	114	1,198
<i>Operating expenses</i>			
Goods for resale	-271	-31	-439
Other external costs	-2,700	-3,328	-13,457
Personnel costs	-2,301	-1,754	-8,756
Depreciation of assets	-1,611	-1,257	-5,506
Other operating expenses	-	-4	-80
Operating loss	-6,370	-6,260	-27,040
Net financial items	92	284	666
Issue expenses	-1,729	-	-
Loss before taxes	-8,007	-5,976	-26,374
Taxes	-	-	-
Net loss for the period	-8,007	-5,976	-26,374
Earnings per share before dilution, SEK	-0.13	-0.10	-0.44
Earnings per share after dilution, SEK	-0.12	-0.10	-0.44

Balance sheet

Amounts in SEK thousands	<i>March 31,</i> 2002	<i>March 31,</i> 2001	<i>December</i> <i>31, 2001</i>
Intangible assets	21,075	20,583	22,482
Tangible assets	1,930	2,445	2,070
Projects in progress	186	3,530	66
Other current assets	5,468	1,527	4,469
Liquid assets	22,064	24,693	4,809
Total assets	50,723	52,778	33,896
Shareholders' equity	46,714	49,746	29,574
Provisions	2	2	2
Current liabilities	4,007	3,030	4,320
Total shareholders' equity and liabilities	50,723	52,778	33,896

Changes in shareholders' equity

	<i>Jan. -</i> <i>March 2002</i>	<i>Jan. -</i> <i>March</i> <i>2001</i>
At beginning of period	29,574	55,723
New issue	25,147	-
Rounding-off difference	-	-1
Net loss for the period	-8,007	-5,976
At end of period	46,714	49,746

Cash flow analysis

	<i>Consolidated</i>		
	<i>Jan. - March</i>		<i>Whole year</i>
	<i>2002</i>	<i>2001</i>	<i>2001</i>
Operating activities			
Loss after financial items	-8,007	-5,976	-26,374
Adjustments for items not included in the cash flow	1,611	1,257	5,570
	-6,396	-4,719	-20,804
Taxes paid	-	-	-129
Cash flow from operating activities before changes of working capital	-6,396	-4,719	-20,933
Cash flow from changes in working capital	-1,432	-532	1,411
Cash flow from operating activities	-7,828	-5,251	-19,522
Investing activities			
Acquisitions of tangible and intangible assets	-64	-512	-6,351
Cash flow from investing activities	-64	-512	-6,351
Financing activities			
New issue	25,147	-	-
Subscription warrants	-	-	226
Cash flow from financing activities	25,147	0	226
Period's cash flow	17,255	-5,763	-25,647
Liquid assets at beginning of period	4,809	30,456	30,456
Liquid assets at end of period	22,064	24,693	4,809

Key ratios

No. of shares at year-end (thousands)	71,263	59,346	59,346
No. of outstanding subscription warrants (thousands)	916	450	916
Earnings per share before dilution, SEK	-0.13	-0.10	-0.44
Earnings per share after full dilution, SEK	-0.12	-0.10	-0.44
Return on equity	neg.	neg.	neg.
Return on capital employed	neg.	neg.	neg.
Equity ratio in %	92.1	94.3	87.2
Shareholders' equity per share, SEK	0.66	0.84	0.50