

PRESS RELEASE
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Artimplant and Mölnlycke Health Care sign licensing agreement within the area of wound care

Artimplant AB and Mölnlycke Health Care AB have today signed a collaboration and licensing agreement concerning the joint development of new, highly-advanced products for the treatment of chronic wounds and burns based on Artimplant's patented technology of biodegradable polymer materials. The companies have been working over the past three years on a joint research project evaluating the potential for the development of these products. This project is now entering its final stage. The next step involves process development which will be instituted immediately and will then be followed by clinical studies. It is expected that it will be possible to launch the first product onto the market in 2006.

Process development for the future production is being jointly financed. Mölnlycke Health Care is financing clinical studies. Artimplant is paid royalties by Mölnlycke from the sale of wound care products based on Artimplant's patented technology.

- This is Artimplant's first licensing agreement and it is a proof that Artimplant's material technology has substantial commercial potential, says Artimplant's CEO, Anders Cedronius.
- In the near future, we will be concluding further commercial agreements within the area of orthopaedics, principally for our cruciate ligament implant, the Artelon® Augmentation Device ACL and the Artelon® CMC-1 Spacer implant for thumb-base arthritis, and then in the long run, other orthopaedic applications from our product development portfolio too, says Anders Cedronius.

Peter Hentschel, director of the Wound Care Business Area at Mölnlycke Health Care, comments:

- We are very satisfied with the collaboration between our companies so far, and particularly so with today's agreement.
- A general increase in life expectancy means there is a steady increase in the occurrence of chronic wounds. The demand for highly-advanced products that can stimulate and accelerate the healing processes is therefore growing significantly. We believe that with Artimplant's technology, we have found a method of accelerating and facilitating a natural reconstruction of tissues, and this could end the need for difficult and painful skin grafts, explains Peter Hentschel.

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ARTIMPLANT

Artimplant focuses on solutions for problems within the area of reconstructive surgery. Artimplant is active in the research and development of biodegradable implants with the goal of recreating active lives. The material the Company has developed is based on a new technology that is opening new markets in the field of orthopaedic surgery as well as other specialised fields where there are significant medical needs. After many years of working with development, Artimplant is now entering a marketing phase which involves licensing out to global partners.

Artimplant has already developed and patented several different degradable ligament implants that are now undergoing clinical trials. The Company is focusing on three high-priority areas for this degradable material: an augmentation device for anterior cruciate ligament reconstruction, hand surgery and augmentation sutures.

Artimplant is listed on the OM Stockholm Exchange's O list.

MÖLNLYCKE HEALTH CARE

Mölnlycke Health Care, with its corporate headquarters in Göteborg, Sweden, is one of the world's leading manufacturers of single-use surgical and wound care products. The surgical assortment is marketed under two brand names, BARRIER[®] and Klinidrape[®] and the wound care assortment under the brand name Tendra[®].

Total annual sales are at present app. EUR 500M and the group has about 4000 employees. Manufacturing takes place in seven factories located in Finland, Belgium, Czech Republic, Thailand and Mexico.

Sales and marketing is carried out in three organisations; USA, Europe and Export Markets in the rest of the world, altogether comprising 25 subsidiaries and a number of international representation offices.

Mölnlycke Health Care started operations as an independent company in 1998 and the major shareholders are Nordic Capital and the Swedish 6th AP-fund.