

Biolight's strong sales growth continues

"Biolight's sales during the fourth quarter 2012 were very strong. Our active sales efforts have continued to bear results. During the fourth quarter, we maintained our third quarter sales volume and revenue levels. In 2013, we will continue to work the markets, but even more intensively and through more retailers," says Pär Olausson Lidö, Biolight's President.

Biolight AB (publ)

Year-end report, January 1 – December 31 2012

(NGM: BIOL MTF)

- Net sales increased by 72% to SEK 2,159 thousand (1,258) in the fourth quarter, and by 26% to SEK 7,613 thousand (6,035) for the whole year
- Net operating result for the fourth quarter improved by SEK 168 thousand to SEK -4,020 thousand (-4 188)
- Loss before taxes improved by SEK 187 thousand to SEK -3,953 thousand in the fourth quarter (-4 140)
- During the fourth quarter, the Company took significant non-recurring costs amounting to approximately SEK 1,200 thousand. We do not expect these items to be repeated in 2013
- Loss per share for the fourth quarter was SEK -0.03 (-0.09), and SEK -0.03 (-0.09) after full dilution
- The cash flow from operating activities for the fourth quarter improved by SEK 1,248 thousand to SEK -2,889 thousand (-4,137).

Key ratios

SEK thousands	Oct. – Dec. 2012	Oct. – Dec. 2011	Jan. – Dec. 2012	Jan. – Dec. 2011
Net sales	2,159	1,258	7,613	6,035
Operating loss	-4,020	-4,188	-10,254	-13,147
Profit margin, %	neg.	neg.	neg.	neg.
Loss before taxes	-3,953	-4,140	-10,080	-13,117
Net loss of the period	-3,953	-4,140	-10,080	-13,117
Earnings per share, SEK	-0.03	-0.09	-0.10	-0.36
Shareholders' equity per share, SEK	0.10	0.09	0.10	0.09
Return on equity, %	neg.	neg.	neg.	neg.
Equity ratio in %	75.6	62.4	75.6	62.4
Cash flow from operating activities	-2,889	-4,137	-10,467	-12,498
Average number of employees	5	9	6	7

Comments from Biolight's President Pär Olausson Lidö

The Company has carried out extensive structural changes that are beginning to bear positive results. We are in the middle of a trend characterised by a substantial sales increase and enhanced performance compared to preceding periods.

Our international campaign began in November when we, together with Niva Medical, participated in Europe's most important medical technology fair, Medica in Düsseldorf. We embarked on a new strategy in 2012 and implementation of this strategy will continue during 2013.

The implementation of the Company's general strategy has continued according to plan. Our status for a few of the more important points is as follows:

- The whole organisation has moved to a new office in Stockholm, and the Gothenburg branch has been closed.
- A new marketing manager joined the Company on September 1
- A new financial manager joined the Company on December 1
- Recruitment of new sales personnel and retailers was initiated in the second half of 2012 and will continue in 2013
- Sales of our new product on the animal market has got off to a very good start
- Our new product is as good as ready for CE certification as a medical technology product for humans
- Collaboration negotiations with new distributors are on-going.

Operations

Biolight AB is a medical technology company that has developed and commercialised the idea of biological effects of pulsating light. Biolight reduces the healing time for wounds, inflammations and pain and contributes to increased circulation in the body.

Biolight offers a patented system consisting of treatment equipment and unique light therapy programs. The treatment is non-pharmaceutical and is applied externally. Biolight generates its revenue by leasing and selling treatment equipment and treatment programs.

On top of our pure sales efforts, Biolight is focusing on further developing its technology and application areas, as well as clinical trials to verify our method and its effects.

The company was recently ISO13485-certified. ISO13485 is a standard for quality management systems in medical equipment.

The Biolight share is listed on the Nordic MTF (Nordic Growth Market AB).

Market and sales

Globally, the wound-care market is large, but it is also conservative and working it takes time. Our efforts in this market have gradually changed which has led to several large players in the geriatric care market evaluating, buying or renting Biolight equipment. Our establishment efforts in the wound-care market will continue, but our sales efforts on human applications will focus on business areas and markets with relatively low entry barriers, short chains of command and clear incentives for using the product. Here are some examples:

- Selling to companies that need Biolight, due to staff with sedentary or strenuous jobs
- Selling to medical chiropodists who find and treat early diabetes wounds
- Selling to elite sporting clubs, where wounds and rehabilitation times lead to high costs

The animal market has shown strong development and despite a traditionally weak month in December, our revenue figures for the fourth quarter are comparable to the third quarter. Compared

to the same period last year, the Company's revenue has almost doubled. Worth noting is the fact that demand for our product in the animal market has increased significantly, and more and more customers contact Biolight with the intent of purchasing equipment. We have also recruited new ambassadors and satisfied users, such as Stig H Johansson, Björn Goop, and Patrik Kittel. Our sales will continue to grow through:

- more retailers
- more customer meetings at race-horse tracks, riding clubs and equestrian competitions in Sweden
- collaboration with veterinarian clinics

Net sales and results

Net sales in the fourth quarter improved by 72% compared to the same period last year. Compared to earlier quarters during 2012, the fourth quarter's net revenue was more or less the same as the third quarter's, but significantly better than in the first and second quarters.

Our operating results improved by SEK 168 thousand compared to the same quarter last year. However, the Company took significant non-recurring costs amounting to approximately SEK 1,200 thousand during the fourth quarter. We do not expect these items to be repeated in 2013. These costs were mainly due to wind-up costs for our previous product model, development of a new Web site and other marketing costs, reorganisation costs for our Company, in particular our Finance department, relocation of our office and office rent, as well as accounts receivable write-downs. These costs also largely explain the SEK 2,464 thousand increase in our fourth-quarter operating costs, compared to the third quarter. The costs for the coming quarter are expected to be lower than in the fourth quarter but higher than the third quarter of 2012, due to a partially new organization and increased sales in 2013.

Our net sales for the year increased by 26% and our net operating income improved by SEK 2,893 thousand compared to the same period last year. The reasons behind this are a much more cost-effective organisation combined with marketing campaigns with attractive prices, enhanced market communication and increasing support to our sales agents. Our new sales strategy was implemented in June, and immediately started bearing results in July.

Financial position and liquidity

The group's equity amounted to SEK 13,503 thousand (5,581). Our equity ratio is 75.6 % (62.4 %). The Company has a short-term overdraft facility amounting to SEK 143 thousand.

Cash flow

The cash flow from operating activities was SEK -2,889 thousand (-4,137) in the fourth quarter. The SEK 1,248 thousand improvement can be mainly attributed to less capital being tied up in working capital, in particular reduced inventory and customers' advance cash payments for 2013.

Acquisitions and disposals

We have not made any acquisitions or disposals during the reporting period.

Investments

Investments in equipment, furniture and fittings were SEK 0 thousand (0) in the fourth quarter. Sales of fixed assets amounted to SEK 0 thousand (0).

Employees

Our average number of employees during the fourth quarter was 5, compared to 9 during the same period last year.

Exposure and risk factors

Through its operations, Biolight is exposed to both operational and financial risks. Identifying potential risks and evaluating how to manage them is a continuous process within the company. As the Company is currently in an early commercial phase, the sales development is hard to forecast, and this presents a substantial risk.

The chapter "Riskfaktorer och särskilda överväganden" (Risk Factors and Special Considerations) in our 2011 Annual Report contains a complete description of the risks the Company has identified and how we have chosen to manage them.

Parent company

The Group includes the Parent Company and the wholly-owned subsidiaries Biolight Patent Holding AB and Biodynam AB. We do not carry out any activity in our subsidiaries, so for all intents and purposes, the group's accounts correspond to the parent company's accounts. Consequently, information about the parent company is the same as for the group.

Proposed dividend

The Board of Directors proposes that no dividend be paid for the financial year 2012.

Significant events after the reporting date

The Board decided on 15 February to extend the maturity of existing warrants linked to last year's issue. The term is extended from 31 March 2013 to 31 March 2014.

Future reports

Interim report for January – March, 2013

April 23, 2013

Annual report

April 2013

Interim report for January – June, 2013

August 27, 2013

Biolight's financial reports are published on the Company's web site, www.biolight.se

For further information, please contact:

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Overview of the group's consolidated profit and loss statement

SEK thousands	Oct. – Dec.		Jan. – Dec.	
	2012	2011	2012	2011
Net sales	2,159	1,258	7,613	6,305
Operating costs	-6,179	-5,446	-17,867	-19,452
Operating loss	-4,020	-4,188	-10,254	-13,147
Net financial items	67	48	174	-30
Loss before taxes	-3,953	-4,140	-10,080	-13,117
Taxes	-	-	-	-
Net result	-3,953	-4,140	-10,080	-13,117
Earnings per share, SEK	-0.03	-0.09	-0.10	-0.36
Earnings per share after dilution, SEK	-0.03	-0.09	-0.10	-0.36
Average no. of shares (thousands)	137,006	43,664	99,872	36,108

Overview of the group's consolidated balance sheet

SEK thousands	Dec. 31, 2012	Dec. 31, 2011
Tangible assets	56	146
Inventories	412	762
Other current assets	4,100	2,592
Liquid assets	13,286	5,451
Total assets	17,854	8,951
Shareholders' equity	13,503	5,581
Current liabilities	4,351	3,370
Total shareholders' equity and liabilities	17,854	8,951

Overview of changes in the group's equity

SEK thousands	Share capital	Other added capital	Profit/loss carried forward, including this year's profit/loss	Total shareholders' equity attributable to shareholders of the Parent Company
Shareholders' equity on Jan. 1, 2011	1,675	12,977	-11,853	2,799
Net result of the period			-13,117	-13,117
To be appropriated by the annual shareholder meeting		-11,312	11,312	-
Transactions with owners, new share issue	2,014	13,885		15,899
Shareholders' equity on Dec. 31, 2011	3,689	15,550	-13,658	5,581

Shareholders' equity on Jan. 1, 2012	3,689	15,550	-13,658	5,581
Net result of the period			-10,080	-10,080
To be appropriated by the annual shareholder meeting		-13,117	13,117	-
Transactions with owners, new share issue	4,531	13,471		18,002
Shareholders' equity at end of 2012	8,220	15,904	-10,621	13,503

Overview of the group's consolidated cash flow analysis

SEK thousands	<i>Oct. – Dec.</i>		<i>Jan. – Dec.</i>	
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
Cash flow from current operations before changes in working capital	-4,296	-4,120	-10,361	-13,054
Cash flow from changes in working capital	1,407	-17	-106	556
Cash flow from operating activities	-2,889	-4,137	-10,467	-12,498
Cash flow from investing activities	0	0	21	-56
Cash flow from financing activities	143	6,348	18,281	15,899
Period's cash flow	-2,746	2,211	7,835	3,345
Liquid assets at beginning of period	16,032	3,240	5,451	2,106
Liquid assets at end of period	13,286	5,451	13,286	5,451

Overview of the parent company's profit and loss statement

SEK thousands	<i>Oct. – Dec.</i>		<i>Jan. – Dec.</i>	
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
Net sales	2,159	1,258	7,613	6,305
Operating costs	-6,179	-5,446	-17,867	-19,452
Operating loss	-4,020	-4,188	-10,254	-13,147
Net financial items	67	48	174	30
Loss before taxes	-3,953	-4,140	-10,080	-13,117
Taxes	-	-	-	-
Net result	-3,953	-4,140	-10,080	-13,117

Overview of the parent company's balance sheet

SEK thousands	<i>Dec. 31, 2012</i>	<i>Dec. 31, 2011</i>
Tangible assets	56	146
Financial assets	755	755
Inventories	412	762
Other current assets	4,100	2,592
Liquid assets	13,286	5,401
Total assets	18,609	9,656
Shareholders' equity	14,044	6,122
Current liabilities	4,565	3,534
Total shareholders' equity and liabilities	18,609	9,656

Notes

Note 1. Accounting principles

This interim report complies with IAS 34 and the Annual Accounts Act. The interim report complies with the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS), published by the International Accounting Standards Board (IASB), to the extent where these have been approved by the EU, and the interpretations of current standards, published by the IFRS Interpretations Committee (IFRIC) and as adopted by the EU. None of the new or modified IFRS standards or interpretations from the IFRS Interpretations Committee, implemented on January 1, 2012 have had any significant effect on Biolight's financial reports.

For a full presentation of our accounting principles we refer to our 2011 Annual report, published (in Swedish) on the Company's web site, www.biolight.se.

Note 2. Transactions with persons close to the Company

There have been no transactions with persons close to the Company.

Note 3. Contingent liabilities

There are no significant liabilities.

The President guarantee that this interim report presents a fair picture of the parent company's and the group's business, its financial position and profit/loss, as well as describing any significant risks and uncertain factors that the parent company and its subsidiaries face.

This report has not been audited.

Stockholm, February 15, 2013

Pär Olausson Lidö
President

Biolight AB (publ) is a medical technology company offering solutions to care providers based on the Company's patented method for using pulsating monochromatic light. The Company's method helps shorten healing times for wounds, inflammations and pain. The Biolight share is listed on the Nordic MTF (Nordic Growth Market AB).

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