

## Interim Report 2, January – June 2002

14 August 2002

### Nobel Biocare Holding AG Group

- Total sales increased by 11% (11% currency adjusted) to SEK 1 457.8 million. In Q2 2002, sales increased by 7% (11% currency adjusted) to SEK 728.9 million. Sales performance in Q2 was not impacted by any price changes.
- Japan continued to experience positive sales trends. Notable improvements were recorded in the second quarter in Germany, Belgium and the Netherlands.
- Operating income before non-recurring items increased by 39% to SEK 293.1 million, and Operating income by 13% to SEK 239.7 million. In Q2 2002, Operating income before non-recurring items increased by 31% to SEK 149.5 million.
- The profitability improvement program increased the EBITA margin for Dental Implants from 25.5% in the first quarter to 27.3% in the second quarter bringing the margin for the first half of 2002 to 26.4%. The EBIT margin before non-recurring items for the Group increased to 20.1%.
- Cash flow from current operations increased by 67% to SEK 348.6 million reducing the net debt to SEK 13.1 million per 30 June 2002.
- Earnings per share increased by 17% to SEK 5.71, equivalent to CHF 0.92.
- A new Swiss holding structure was established following the successful share exchange offer. The shares of the new Swiss parent company Nobel Biocare Holding AG were listed on the SWX Swiss Exchange and the Stockholm Stock Exchange on 24 June 2002. Nobel Biocare AB's shares were delisted from the Stockholm Stock Exchange on 18 July 2002, when approximately 99% of the shares had been exchanged.

<i>SEK M</i>	<i>Jan-June 2002</i>	<i>Jan-June 2001</i>	<i>Change</i>
<b>Net sales</b>	<b>1 457.8</b>	<b>1 309.2</b>	<b>+11.4%</b>
<i>of which Dental Implants</i>	<i>1 272.9</i>	<i>1 146.8</i>	<i>+11.0%</i>
<i>of which Procera®</i>	<i>184.9</i>	<i>162.4</i>	<i>+13.9%</i>
Operating income before non-recurring items	293.1	211.4	+38.6%
Operating income (EBIT)	239.7	211.4	+13.3%
Net income	143.5	123.5	+16.2%
Cash flow from current operations	348.6	208.8	+67.0%
Earnings per share, SEK	5.71*	4.87**	+17.2%
Earnings per share, CHF	0.92*		
Number of shares	25 133 290*	25 341 224**	
Number of shares after full dilution	26 357 605	26 617 318	
Market value 30 June	14 643	9 300	

\*) Average number of Nobel Biocare Holding AG/Nobel Biocare AB shares.

\*\*) Average number of Nobel Biocare AB shares.

## The Nobel Biocare Holding AG Group

### Sales

#### Group

Total sales increased by 11.4% to SEK 1 457.8 million (11.1% currency adjusted). In the second quarter sales increased by 7.4% to SEK 728.9 million (10.5% currency adjusted). Sales performance in the second quarter was not impacted by any price changes.

#### Dental Implants

Sales increased by 11.0 % to SEK 1 272.9 million, (10.7% currency adjusted). In the second quarter 2002, sales increased by 6.9% to SEK 635.2 million (10.1% currency adjusted).

##### Dental Implants Regional Sales, January-June

SEK M	2002	2001	Growth in SEK (in local currency)
Europe	558.0	495.9	12.5% / (11.1%)
North America	476.8	426.4	11.8% / (10.3%)
Asia	139.2	116.0	20.0% / (21.5%)
Rest of the World/Gore	98.9	108.5	-8.8% / (-0.8%)
<b>Total</b>	<b>1 272.9</b>	<b>1 146.8</b>	<b>11.0% / (10.7%)</b>

##### Dental Implant Regional Sales, April-June

SEK M	2002	2001	Growth in SEK (in local currency)
Europe	280.0	246.7	13.5% / (13.0%)
North America	237.2	222.0	6.8% / (11.0%)
Asia	69.0	65.0	6.2% / (9.7%)
Rest of the World/Gore	49.0	60.4	-18.9% / (-8.9%)
<b>Total</b>	<b>635.2</b>	<b>594.1</b>	<b>6.9% / (10.1%)</b>

Currency adjusted sales growth on the main markets, Europe and North America, increased in the second quarter compared to the first quarter of 2002.

The new sales strategy to target new customers with Replace Select resulted in significant growth for the brand and more than 1 000 new customers were recruited in the second quarter 2002. The Replace Select system is growing faster than the market due to its user-friendly and versatile approach, which attracts the growing General Practitioner segment of the market.

The success of Nobel Biocare's innovative new TiUnite implant surface continued. TiUnite represents 65% and 51% of Brånemark System and Replace implant sales, respectively.

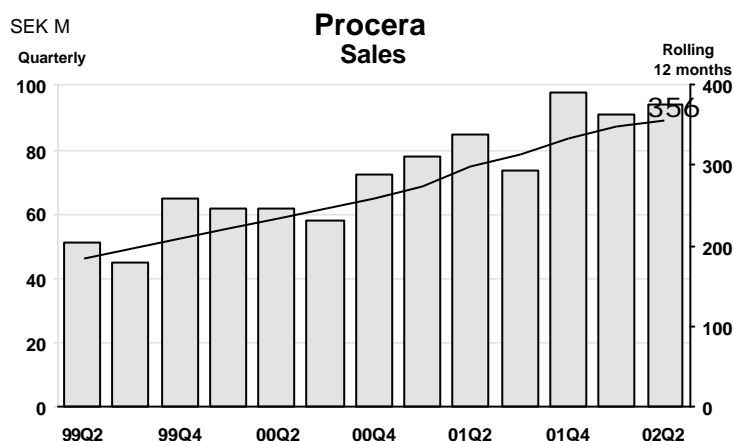
The clinical performance of the TiUnite surface has been shown to produce significant improvements in both implant survival and immediate function. Clinical studies of TiUnite performance for immediate function will be published in September 2002. In June, Nobel Biocare was the first company to receive a general FDA approval for immediate loading with the Replace HA coated implants.

Sales of Gore membranes are included in the Dental Implant business. The contribution from Gore membrane sales has been soft in the first half of 2002. The new bio-resorbable Gore membrane Resolut

Adapt, which was launched in Q2 2002, was well received by the market and is expected to drive growth of this business.

### **Procera**

Sales increased by 13.9 % to SEK 184.9 million, (12.7% currency adjusted). In the second quarter 2002, sales increased by 10.8% to SEK 93.7 million (13.2% currency adjusted).



Sales of Procera AllCeram and Procera Scanner showed steady growth trends. Scanner sales improved in the second quarter compared with the first quarter of 2002. Sales of personalized prosthetics for dental implants are growing as the Procera Abutment made of ceramic is gradually being launched. In the second quarter, the new 3D CAD design program was implemented world wide.

## **Operating results**

### **Group**

Operating income before goodwill amortization (EBITA) and non-recurring items increased by 41.4% to SEK 343.1 million (242.6).

Operating income before non-recurring items increased by 38.6% to SEK 293.1 million (211.4). Operating income (EBIT) increased by 13.4% to SEK 239.7 million (211.4). The operating margin (EBIT) increased to 16.4% (16.1%) and 20.1% (16.1%) before non-recurring items.

Operating expenses amounted to 49.6% (50.5%) of sales in the first half of 2002.

Goodwill amortization increased to SEK 50.1 million (31.2) mainly as a result of the Procera Sandvik AB acquisition in December 2001. Depreciation amounted to SEK 48.8 million (40.0).

The profitability improvement program, which was announced in October 2001 with the aim of improving the earnings level is developing above plan resulting in an EBITA margin for Dental Implants of 26.4% and an EBIT-margin before non-recurring items for the Group of 20.1%.

## Operating Results, January-June

SEK M	2002	% of sales	2001	% of sales
<i>Operating income before goodwill amortization (EBITA) and non-recurring items</i>				
Dental Implants	336.4	26.4	239.2	20.9
Procera	6.7	3.6	3.4	2.1
<b>Total</b>	<b>343.1</b>	<b>23.5</b>	<b>242.6</b>	<b>18.5</b>
<i>Operating income (EBIT) before non-recurring items</i>				
Dental Implants	300.0	23.6	208.0	18.1
Procera	-6.9	-3.7	3.4	2.1
<b>Total</b>	<b>293.1</b>	<b>20.1</b>	<b>211.4</b>	<b>16.1</b>

## Operating Results, April-June

SEK M	2002	% of sales	2001	% of sales
<i>Operating income before goodwill amortization (EBITA) and non-recurring items</i>				
Dental Implants	173.6	27.3	129.7	21.9
Procera	0.4	0.4	0.4	0.4
<b>Total</b>	<b>174.0</b>	<b>23.9</b>	<b>130.1</b>	<b>19.2</b>
<i>Operating income (EBIT) before non-recurring items</i>				
Dental Implants	156.0	24.6	114.0	19.2
Procera	-6.5	-6.9	0.4	0.4
<b>Total</b>	<b>149.5</b>	<b>20.5</b>	<b>114.4</b>	<b>16.9</b>

Non-recurring items of SEK -53.4 million, representing the majority of the consulting costs in relation to the establishment of the new Swiss holding structure, were recorded in the second quarter of 2002.

### *Dental Implants*

Operating income before goodwill amortization (EBITA) and non-recurring items increased by 40.6% to SEK 336.4 million (239.2). Operating income (EBIT) before non-recurring items increased by 44.2% to SEK 300.0 million (208.0).

The EBITA margin before non-recurring items improved to 26.4% (20.9%) as a result of the ongoing profitability improvement program with approximately 1.5% being allocated to purchasing and production efficiencies, 1% to sales efficiencies, and 2.5% to lower operating expenses.

### *Procera*

Operating income before goodwill amortization (EBITA) amounted to SEK 6.7 million (3.4). After goodwill amortization, operating income (EBIT) amounted to SEK -6.9 million (3.4).

The EBITA margin increased to 3.6% (2.1%).

The integration of Procera in the Nobel Biocare organization was successfully completed in the first half of 2002. A common market and sales organization for Dental Implants and Procera has been established on all markets as well as at Nobel Biocare headquarters.

### ***Investments***

Capital expenditures on fixed assets totaled SEK 48.3 million (55.8), whereof SEK 30.9 million relates to investments in the production facilities.

### ***Liquidity and financial position***

Mainly as a result of decreased working capital, cash flow from current operations increased by 67% to SEK 348.6 million reducing the net debt from SEK 272.0 million to SEK 13.1 million in the first half of 2002.

Liquid assets totaled SEK 271.4 million (31/12/2001: SEK 233.8 million).

Shareholders' equity per average share decreased to SEK 68.00\* (31/12/2001: SEK 76.33\*\*), due to paid dividend and negative translation adjustments mainly as a consequence of the weakened USD.

### ***Parent company***

Since 21 June 2002, Nobel Biocare Holding AG, has been the parent company of the Nobel Biocare Group. The parent company income statement includes consulting costs in relation to the establishment of the new Swiss holding structure. The balance sheet includes the participation in Nobel Biocare AB as the main asset and the corresponding equity.

After the successful share exchange offer, the number of shares in Nobel Biocare Holding AG on 30/6/2002 totaled 24,005,242 (31/12/2001 for Nobel Biocare AB: 25,354,900).

Following the redemption of all the outstanding warrants and options, the total number of shares will be 26 357 605.

### ***A new Swiss holding structure***

The initiative by the Nobel Biocare AB's Board of Directors to establish a new Swiss holding structure was made in order to support the company's continued efforts to increase profitability, sustain long-term market leadership and create value for the shareholders.

The establishment of the new Swiss holding structure was executed through a public share exchange offer to all the shareholders of Nobel Biocare AB involving a 1:1 exchange of shares in Nobel Biocare AB for shares in the new Swiss parent company, Nobel Biocare Holding AG. Following the successful completion of the exchange offer, with approximately 99% acceptance on 9 July 2002, Nobel Biocare AB is now a subsidiary of Nobel Biocare Holding AG.

The shares of the new Swiss parent company were listed at the SWX Swiss Exchange in Zurich and at Stockholmsbörsen (the Stockholm Stock Exchange) on 24 June 2002.

The change in the legal structure does not change the operations of Nobel Biocare. All current operational headquarter functions, including the research department, will remain in Gothenburg, Sweden. The production centers in Sweden and the United States will not be affected by the new holding structure.

As a consequence of the new Swiss holding structure, Nobel Biocare reports its financial statements with footnote reconciliation between Swedish GAAP and IAS from Q2 2002. For the full year 2002, the financial statements for the Nobel Biocare Holding AG Group will be reported under IAS.

### ***Status report on disputes***

As there are no material developments in the disputes earlier reported, nor any new disputes, Nobel Biocare has not changed its assessment of the potential outcome of the ongoing disputes.

### ***Outlook for current year***

The outlook for the rest of 2002 should be viewed in relation to the company strategy established in October 2001. The priorities and objectives for 2002 can be summarized as follows:

- Increasing the EBITA margin for Dental Implants from 21% (2001) to >24% by the end of 2002 and the EBIT margin for the Group from 16% (2001) to >20% in 2002.
- Implementation of a new sales strategy targeting a new market segment, i.e. General Practitioners.
- Preparation and launch of a new, integrated global market concept named Crown & Bridge & Implant, to drive long-term sales growth, which will be launched in Q4 2002 with the aim of transforming Nobel Biocare into a world leading company for Innovative Esthetic Dental Solutions.
- The full impact of the strategic repositioning and integration of Procera within the Nobel Biocare organization.

14 August, 2002

### **NOBEL BIO CARE HOLDING AG**

Heliane Canepa  
*President & CEO*

### ***Further information is available from:***

Harrieth Sundaeus, Chief Financial Officer, tel. +46 31 81 88 48  
Gunilla Ekholtz, Investor Relations Officer, tel. +46 31 81 88 36

<b>The Interim Report 3 will be published 23 October 2002.</b>
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**Nobel Biocare** is an innovative, medical devices company, whose core business comprises dental implants and dental prosthetics. The company is the world leader in dental implants with its product systems Brånemark System® and Replace™.

The company's other product line, Procera®, is a unique, IT-based process for the industrial production of dental prosthetics. The system has been launched in more than 35 countries.

Nobel Biocare has around 1 300 employees and in 2001 sales totaled SEK 2 663 million. The company's headquarters are located in Gothenburg, Sweden, while production takes place in Sweden and the US.

Nobel Biocare has its own sales organizations in 27 countries. **[www.nobelbiocare.com](http://www.nobelbiocare.com)**

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### CONDENSED CONSOLIDATED INCOME STATEMENT

SEK M	April-June 2002	April-June 2001	Jan-June 2002	Jan-June 2001	Full year 2001
<b>Net sales</b>	<b>728.9</b>	<b>678.7</b>	<b>1 457.8</b>	<b>1 309.2</b>	<b>2 663.2</b>
Cost of goods sold	-176.7	-197.5	-372.0	-390.6	-822.1
<b>Gross income</b>	<b>552.2</b>	<b>481.2</b>	<b>1 085.8</b>	<b>918.6</b>	<b>1 841.1</b>
R&D, sales and administration expenses	-402.7	-363.9	-792.7	-706.6	-1 408.9
Other operating income and operating expenses - net	-	-2.9	-	-0.7	-2.1
Non-recurring items	-53.4	-	-53.4	-	-66.4
<b>Operating income</b>	<b>96.1</b>	<b>114.4</b>	<b>239.7</b>	<b>211.4</b>	<b>363.7</b>
Financial income and expenses - net	-6.2	-9.5	-11.9	-18.5	-24.7
<b>Income before tax</b>	<b>89.9</b>	<b>104.9</b>	<b>227.8</b>	<b>192.9</b>	<b>339.0</b>
Taxes	-33.3	-37.3	-84.3	-69.5	-150.0
<b>Net income</b>	<b>56.6</b>	<b>67.6</b>	<b>143.5</b>	<b>123.5</b>	<b>189.0</b>
Earnings per share	2.27*	2.67**	5.71*	4.87**	7.45**
Earnings per share after full dilution	2.15	2.54**	5.44	4.64**	7.10**

\*) Average number of Nobel Biocare Holding AG/Nobel Biocare AB shares.

\*\*\*) Average number of Nobel Biocare AB shares.

### CONDENSED CONSOLIDATED BALANCE SHEET

SEK M	30/06/02	30/06/01	31/12/01
<b>Assets</b>			
Intangible fixed assets	1 398.0	1 086.0	1 590.1
Tangible fixed assets	266.0	246.9	286.6
Financial fixed assets	73.1	124.0	79.9
<b>Total fixed assets</b>	<b>1 737.1</b>	<b>1 456.9</b>	<b>1 956.6</b>
Inventories	178.3	302.5	218.7
Current receivables	612.4	781.3	636.9
Financial current assets	271.4	209.2	233.8
<b>Total current assets</b>	<b>1 062.1</b>	<b>1 293.0</b>	<b>1 089.4</b>
<b>TOTAL ASSETS</b>	<b>2 799.2</b>	<b>2 749.9</b>	<b>3 046.0</b>
<b>Liabilities and equity</b>			
Equity	1 709.1	1 887.7	1 934.6
Minority interest	97.4	-	-
Provisions	212.4	15.0	203.7
Long-term liabilities	296.3	516.2	450.3
Current liabilities	484.0	331.0	457.4
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2 799.2</b>	<b>2 749.9</b>	<b>3 046.0</b>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Jan-June	Jan-June	Full year
SEK M	2002	2001	2001
Operating income	239.7	211.4	363.7
Amortization/depreciation	98.9	71.2	151.0
Other adjustments for items not included in cash flow	3.9	-1.8	72.0
Interest received/ paid and similar items – net	-5.9	-15.2	-30.8
Taxes paid	-43.1	-25.0	-21.7
<b>Cash flow generated by current operations before changes in working capital</b>	<b>293.5</b>	<b>240.6</b>	<b>534.2</b>
Changes in working capital	55.1	-31.8	150.1
<b>Cash flow from current operations</b>	<b>348.6</b>	<b>208.8</b>	<b>684.3</b>
Cash flow from investment operations	-48.3	-55.8	-460.2
<b>Cash flow after investment operations</b>	<b>300.3</b>	<b>153.0</b>	<b>224.1</b>
Warrants and options	7.8	3.2	1.3
Loans raised/Amortization of loans - net	-176.3	-50.3	-96.7
Dividends paid	-76.1	-60.8	-60.8
<b>Cash flow from financing operations</b>	<b>-244.6</b>	<b>-107.9</b>	<b>-156.2</b>
<b>Cash flow after financing operations</b>	<b>55.7</b>	<b>45.1</b>	<b>67.9</b>
Cash and bank at the start of the year	233.8	164.1	164.1
Exchange rate difference in cash and bank	-18.1	-	1.8
Cash and bank at the end of the period/year	271.4	209.2	233.8

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Jan-June	Jan-June	Full year
SEK M	2002	2001	2001
<b>As of 1 January</b>	<b>1 934.6</b>	<b>1 737.9</b>	<b>1 737.9</b>
Dividend	-76.1	-60.8	-60.8
Warrants and options	7.8	3.2	1.3
Translation adjustments	-203.3	83.9	67.2
Minority interests	-97.4	-	-
Net result for the period	143.5	123.5	189.0
<b>As of the end of the period/year</b>	<b>1 709.1</b>	<b>1 887.7</b>	<b>1 934.6</b>



## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### Note 1. Accounting and valuation principles

As in previous years, Nobel Biocare's accounting and valuation principles comply with the recommendations and statements of the Swedish Financial Accounting Standards Council, which have been consistently applied.

As of January 1, 2002, a number of new accounting standards were introduced in Sweden, whereof the one most important to Nobel Biocare's operations, RR15 Intangible Assets, requires all companies to distinguish their research and development (R&D) activities in research costs which are to be expensed and developments costs which under special circumstances can be capitalized. Nobel Biocare's R&D expenditure includes wages and salaries, cost of materials, and overhead costs related to R&D. Research costs are not capitalized but are charged directly to the income statement. Development costs are only capitalized when it is reasonably certain that the related product can be marketed commercially at a profit.

As the shares of the Company were listed on 24 June 2002 on the SWX Swiss Exchange, Swiss GAAP FER 12, Presentation of Interim Statements, has been adopted.

### Note 2. Changes in key figures

#### Income statement

The year-on-year currency impact on operating income was a positive SEK 1.1 million.

Goodwill amortization increased to SEK 50.1 million (31.2) mainly as a result of the Procera Sandvik AB acquisition in December 2001. Depreciation amounted to SEK 48.8 million (40.0).

Non-recurring items of SEK -53.4 million, representing the majority of the consulting costs in relation to the establishment of the new Swiss holding structure, were recorded in the second quarter of 2002.

#### Balance sheet

Capital expenditures on fixed assets totaled SEK 48.3 million (55.8), whereof SEK 30.9 million relates to investments in the production facilities.

Cash flow from current operations amounted to SEK 348.6 million (208.8). Net debt decreased by SEK 258.9 million to SEK 13.1 million in the first half of 2002.

The significant translation adjustments recorded in equity in the first half of 2002 are predominantly related to the weakened USD and the deflation in Latin American currencies.

#### Other

The number of employees at the end of June 2002 was 1 317 (1 240), of whom 420 (382) were employed in Sweden.

### Note 3. Segment sales and operating results

#### Sales January-June

SEK M	2002	2001	Growth in SEK (in local currency)
Dental Implants			
Europe	558.0	495.9	12.5% / (11.1%)
North America	476.8	426.4	11.8% / (10.3%)
Asia	139.2	116.0	20.0% / (21.5%)
Rest of the World/Gore	98.9	108.5	-8.8% / (-0.8%)
<b>Subtotal</b>	<b>1 272.9</b>	<b>1 146.8</b>	<b>11.0% / (10.7%)</b>
Procera	184.9	162.4	13.9% / (12.7%)
<b>Total</b>	<b>1 457.8</b>	<b>1 309.2</b>	<b>11.4% / (11.1%)</b>

### Sales April-June

SEK M	2002	2001	Growth in SEK (in local currency)
Dental Implants			
Europe	280.0	246.7	13.5% / (13.0%)
North America	237.2	222.0	6.8% / (11.0%)
Asia	69.0	65.0	6.2% / (9.7%)
Rest of the World/Gore	49.0	60.4	-18.9% / (-8.9%)
<b>Subtotal</b>	<b>635.2</b>	<b>594.1</b>	<b>6.9% / (10.1%)</b>
Procera	93.7	84.6	10.8% / (13.2%)
<b>Total</b>	<b>728.9</b>	<b>678.7</b>	<b>7.4% / (10.5%)</b>

### Operating Results, January-June

SEK M	2002	% of sales	2001	% of sales
<i>Operating income before goodwill amortization (EBITA) and non-recurring items</i>				
Dental Implants	336.4	26.4	239.2	20.9
Procera	6.7	3.6	3.4	2.1
<b>Total</b>	<b>343.1</b>	<b>23.5</b>	<b>242.6</b>	<b>18.5</b>
<i>Operating income (EBIT) before non- recurring items</i>				
Dental Implants	300.0	23.6	208.0	18.1
Procera	-6.9	-3.7	3.4	2.1
<b>Total</b>	<b>293.1</b>	<b>20.1</b>	<b>211.4</b>	<b>16.1</b>

### Operating Results, April-June

SEK M	2002	% of sales	2001	% of sales
<i>Operating income before goodwill amortization (EBITA) and non-recurring items</i>				
Dental Implants	173.6	27.3	129.7	21.9
Procera	0.4	0.4	0.4	0.4
<b>Total</b>	<b>174.0</b>	<b>23.9</b>	<b>130.1</b>	<b>19.2</b>
<i>Operating income (EBIT) before non- recurring items</i>				
Dental Implants	156.0	24.6	114.0	19.2
Procera	-6.5	-6.9	0.4	0.4
<b>Total</b>	<b>149.5</b>	<b>20.5</b>	<b>114.4</b>	<b>16.9</b>

### Note 4. Change in consolidation scope

As of 30 June 2002, the Group's parent company is Nobel Biocare Holding AG and, therefore, the figures as of and for the period ended 30 June 2002 are consolidated based on that new structure (see also note 5 and 7). The transaction in connection with the offer to the shareholders of Nobel Biocare AB has been accounted for as a common control transaction. For comparative purposes, the Nobel Biocare AB Group's financial statement information has been disclosed for prior periods.

Until 26 December 2001, Procera Sandvik AB was a joint venture between Nobel Biocare AB and Sandvik Hard Materials AB and was recorded until that date according to the proportional method. Since 27 December 2001, Procera Sandvik AB, now changed to Nobel Biocare Procera AB, is a wholly-owned company and therefore fully consolidated.

## Note 5. Equity

### Share capital

On 27 May 2002, Nobel Biocare Holding AB made a public offer to the shareholders of Nobel Biocare AB to acquire all the outstanding shares in Nobel Biocare AB. 94.6% of the Nobel Biocare AB shareholders accepted the offer. The shareholders who accepted the offer, in turn for Nobel Biocare AB shares, received shares of Nobel Biocare Holding AG on a one for one share basis. Following the successful offer on 21 June 2002, the ordinary share capital in Nobel Biocare Holding AG was increased by CHF 47,910,484, representing 23,955,242 bearer shares with a par value of CHF 2 each. The capital was increased by way of a capital contribution consisting of shares in Nobel Biocare AB tendered by shareholders of Nobel Biocare AB during the offer.

The Board of Directors is authorised until 14 May 2004 to increase the share capital up to a maximum aggregate amount of CHF 2,739,316 by issuing a maximum of 1,369,658 bearer shares to be fully paid up with a par value of CHF 2 each. In accordance with the Company's Articles of Association, the Board of Directors is entitled to exclude the preferential rights of shareholders to subscribe to shares in certain circumstances.

As a result of additional shares tendered by Nobel Biocare AB, shareholders during the prolonged period of the public tender offer by the Company dated 27 May 2002 and extended by a resolution of the Board of Directors on 20 June 2002 until 9 July 2002, the share capital was increased by CHF 2,219,890 on 11 July 2002, by issuing 1,109,945 bearer shares from the authorized share capital. As a result, the authorised share capital as of 11 July 2002 amounts to CHF 519,426 or 259,713 bearer shares with a par value of CHF 2 per share.

The share capital may be increased by issuing no more than 1,242,418 shares with a par value of CHF 2 each, to be fully paid up, by an amount of no more than CHF 2,484,836 by virtue of the exercise of option rights granted to employees, directors and officers of the Company or its affiliates.

### Minorities

The minority interest represents the outstanding shares (5.4%) on June 30, 2002 in Nobel Biocare AB, which had not been exchanged for Nobel Biocare Holding AG shares. Minority interest has not been recorded on the income statement as Nobel Biocare Holding AG became the parent company on 21 June, 2002. During the extended exchange period up to 9 July 2002, a further 4.4% of the shares in Nobel Biocare AB were exchanged for Nobel Biocare Holding AG shares.

### Paid dividend

Following a decision at the Annual Shareholders' meeting on 24 April 2002, SEK 76.1 million was paid as dividend during the second quarter.

## Note 6. IAS reconciliation

The application of IAS has the following approximated effects on net income and equity (SEK M):

Net income	Jan-June 2002	Jan-June 2001	Jan-Dec 2001
Net income according to Swedish accounting standards	143.5	123.5	189.0
Items affecting net profit			
currency effect of derivative instruments	20.9	-29.3	-3.0
tax effects on adjustments	-5.9	8.2	0.8
Net change in net income	15.0	-21.1	-2.2
<b>Net income according to IAS</b>	<b>158.5</b>	<b>102.4</b>	<b>186.8</b>
Net income in SEK per share according to IAS	6.31*	4.04**	7.37**
Net income in SEK per share after full dilution according to IAS	6.01	3.85	7.02
Number of shares	25 133 290*	25 341 224**	25 346 215**
Number of shares after full dilution	26 357 605	26 617 318**	26 617 318**

Equity	30/06/02	30/06/01	31/12/01
Equity according to Swedish accounting standards	1 709.1	1 887.7	1 934.6
Items affecting equity			
currency effect of derivative instruments	9.9	-37.2	-11.0
tax effects on adjustments	-2.8	10.4	3.1
Net change in equity	7.1	-26.8	-7.9
<b>Equity according to IAS</b>	<b>1 716.2</b>	<b>1 860.9</b>	<b>1 926.7</b>

\* Average number of Nobel Biocare Holding AG/Nobel Biocare AB shares.

\*\* Average number of Nobel Biocare AB shares.

#### ***Derivative instruments and hedging activities.***

Nobel Biocare uses forward exchange contracts to hedge future cash flows in foreign currency. Under Swedish GAAP, outstanding contracts exceeding the net foreign currency exposure in the balance sheet are not accounted for in the consolidated accounts. Since the criteria for qualification for hedge accounting under IAS 39 are not met, the outstanding forward exchange contracts are valued at fair value. The gain or loss from measuring the derivative instruments at fair value is recognized immediately in the income statement.

#### **Note 7. Post balance sheet events**

Following the successful share exchange offer, which was completed on 21 June 2002 with the increase in the share capital in Nobel Biocare Holding AB, the Board of directors resolved on 20 June 2002 to prolong the acceptance period until 9 July 2002 under the same conditions.

As a result of the additional shares tendered by Nobel Biocare AB shareholders during the prolonged period, the share capital was increased by CHF 2,219,890 on 11 July 2002, by issuing 1,109,945 bearer shares from the authorized share capital by way of a capital contribution.

Nobel Biocare AB's shares were delisted from the Stockholm Stock Exchange (Stockholmsbörsen) on 18 July 2002. A compulsory acquisition procedure to acquire the remaining approximately 1% of the shares in Nobel Biocare AB will be initiated in January 2003.

Review report to the Board of Directors of

## **Nobel Biocare Holding AG, Zurich**

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We have reviewed the condensed consolidated interim financial statements (consolidated income statement, balance sheet, cash flow statement, statement of changes in equity and selected explanatory notes) as presented on pages 7 to 12 of Nobel Biocare Holding AG as of 30 June 2002 and for the period then ended. The corresponding figures for prior periods were reviewed by other auditors.

These condensed consolidated interim financial statements are the responsibility of the board of directors. Our responsibility is to issue a report on these condensed consolidated interim financial statements based on our review.

We conducted our review in accordance with the International Standard on Auditing issued by the International Federation of Accountants (IFAC) applicable to review engagements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the condensed consolidated interim financial statements are free from material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements referred to above do not give a true and fair view of the financial position, the results of operations and the cash flows in accordance with accounting principles generally accepted in Sweden.

Accounting principles generally accepted in Sweden vary in certain significant respects from International Accounting Standards (IAS). The application of the latter would have affected the determination of the consolidated interim net income of Nobel Biocare Holding AG for each of the periods ended 30 June 2002 and 2001 and of the consolidated shareholder's equity as of 30 June 2002 and 2001 to the extent summarized in Note 6 to the consolidated interim financial statements.

KPMG Fides Peat

Erik Willems

Thomas Schmid

Zurich, 14 August 2002

## THE NOBEL BIOCARE HOLDING AG GROUP — QUARTERLY REVIEW

SEK M	2/2002	1/2002	4/2001	3/2001	2/2001	1/2001
Net sales	728.9	728.9	754.1	599.9	678.7	630.5
Operating expenses	-554.9	-559.8	-601.2	-500.9	-548.6	-518.1
<b>Operating income excluding non-recurring items and amortization of goodwill</b>	<b>174.0</b>	<b>169.1</b>	<b>152.9</b>	<b>99.0</b>	<b>130.1</b>	<b>112.4</b>
Amortization of goodwill	-24.5	-25.5	-16.9	-16.4	-15.7	-15.3
Operating income excl. non-recurring items	149.5	143.6	136.0	82.6	114.4	97.1
Non-recurring items	-53.4	-	-45.5	-20.9	-	-
Operating income	96.1	143.6	90.5	61.7	114.4	97.1

## SUMMARY OF OPERATIONS

SEK M	Jan-June 2002	Jan-June 2001	Full year 2001
Net sales	1 457.8	1 309.2	2 663.2
Operating income	239.7	211.4	363.7
Operating margin excluding goodwill amortization	19.9%	18.5%	16.1%
Operating margin	16.4%	16.1%	13.7%
Income after financial income and expenses	227.8	192.9	339.0
Cash flow from current operations	348.6	208.8	684.3
Return on average capital employed	21.5%	18.2%	15.4%
Return on average equity	15.3%	13.8%	10.1%
Equity/assets ratio	61.1%	68.6%	63.5%
Earnings per share, SEK	5.71*	4.87**	7.45**
Earnings per share, CHF***	0.92		
Earnings per share after full dilution, SEK	5.44	4.64**	7.10**
Balance sheet total	2 799.2	2 749.9	3 046.0
Equity	1 709.1	1 887.7	1 934.6
Investments	48.3	55.8	102.2
Equity per share, SEK	68.00*	74.49**	76.33**
Number of shares	25 133 290*	25 341 224**	25 346 215**
Number of employees	1 317	1 240	1 328
<b>Key figures, excluding non-recurring items</b>			
Operating income	293.1	211.4	430.1
Operating margin excluding goodwill amortization	23.5%	18.5%	18.6%
Operating margin	20.1%	16.1%	16.1%
Income after financial income and expenses	281.2	192.9	405.4
Return on average capital employed	26.3%	18.2%	18.2%
Return on average equity	18.8%	13.8%	12.4%
Earnings per share, SEK	7.05*	4.87**	9.10**

\*) Average number of Nobel Biocare Holding AG/Nobel Biocare AB shares. \*\*) Average number of Nobel Biocare AB shares.

\*\*\*) Currency rate CHF: 6.24