

Year End Report 2002

Biora AB (publ)

February 13, 2003

	4 th Qtr 2002	4 th Qtr 2001	Full Year 2002	Full Year 2001
Net sales, SEK million	30.2	32.9	129.7	110.7
Operating result, SEK million	0.5	0.2	-0.9	-26.5
Net result, SEK million	1.2	0.6	0.7	-25.1

- Net result for 2002 was a profit of SEK 0.7 million (compared to a net loss of SEK 25.1 million for 2001).
- Sales during 2002 increased by 17 percent to SEK 129.7 million (compared to SEK 110.7 million for 2001).
- Sales during the fourth quarter of 2002 amounted to SEK 30.2 million (compared to SEK 32.9 million for the fourth quarter of 2001).
- Significant negative impact on sales for 2002 due to a decline in the U.S. dollar exchange rate.
- Net change in cash for 2002 was SEK - 0.1 million (compared to SEK - 2.3 million for 2001).

Biora develops, manufactures and sells biotechnology-based products to dentists. Its principal product, Emdogain® Gel, which is approved for sale in Europe, North America and Japan among others, naturally regenerates the tooth-supporting structure that the tooth has lost due to periodontitis. Biora's shares are listed on the "O-list" of the Stockholm Stock Exchange in Sweden.

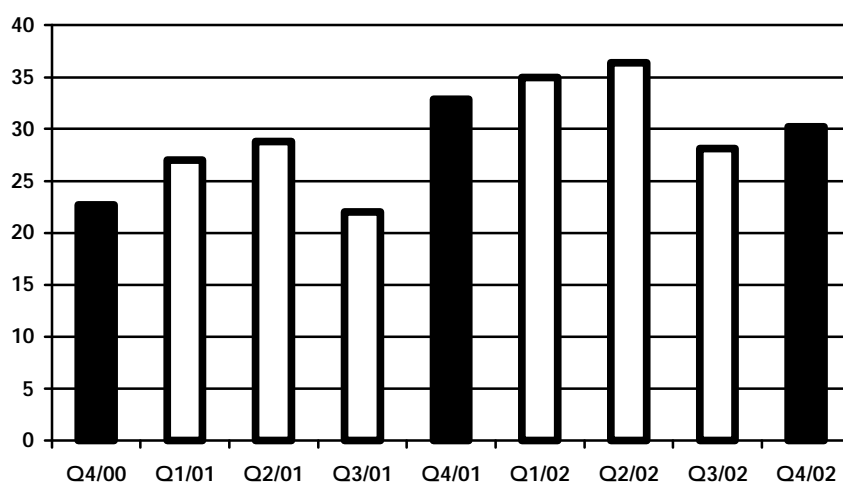
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Report for the year 2002.

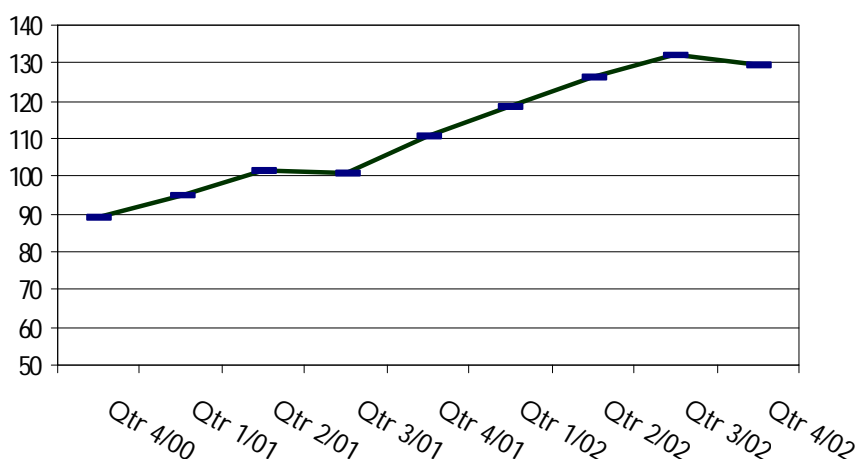
Biora's net sales for 2002 amounted to SEK 129.7 million (SEK 110.7 million). This represents an increase in revenue of 17 percent (22 percent at fixed rates of exchange) over 2001. The increase in sales occurred primarily in the United States, German and Japanese markets.

Sales during the fourth quarter of 2002 equaled SEK 30.2 million (SEK 32.9 million), a decrease of 8 percent (4 percent decrease at fixed rates of exchange) compared to Q4 2001. The most significant reason for the decrease in sales during the fourth quarter was a 15 percent decline in the U.S. dollar exchange rate.

Sales by quarter, SEK million



Moving annual sales reported by quarter, Q4 2000 – Q4 2002, SEK million



(Throughout this report, figures for the comparable period in year 2001 are noted in parentheses immediately following the year 2002 figures.)

MARKETS

Sales growth of 13 percent in the U.S. market

The United States is Biora's single largest market. Sales in 2002 were SEK 69.0 million (SEK 60.8 million), an increase of 13 percent in SEK (21 percent in U.S. dollars) compared to 2001. Sales during the fourth quarter equaled SEK 17.4 million (SEK 18.5 million). Sales during Q4 2002 compared to the same period last year were affected by the decline in the U.S. dollar exchange rate as sales increased by 8 percent measured in U.S. dollars. Another factor impacting the sales comparison between these two periods was the strong sales rebound seen in Q4 2001 following the events on September 11th, 2001.

Sales growth of 14 percent in the German market

Germany is Biora's largest market in Europe. Sales in 2002 amounted to SEK 27.2 million (SEK 23.9 million), an increase of 14 percent (15 percent in local currency) compared to the corresponding period in 2001. Sales during the fourth quarter equaled SEK 6.9 million (SEK 6.9 million), however, an increase in sales of 4 percent measured in local currency was achieved. Comparatively, sales during Q4 2001 were positively affected by the launch of EmdogainGel TS.

In November 2002, the German Periodontology Association (DGP) officially endorsed the use of EmdogainGel as an effective treatment in moderate furcation defects in the lower jaw. The DGP had earlier endorsed the use of EmdogainGel for the treatment of intrabony periodontal defects.

Sales in Japan

Biora's deliveries to Seikagaku, its Japanese partner, during 2002 amounted to SEK 7.9 million. No shipments were made during 2001. Seikagaku has successfully introduced EmdogainGel to existing customers and, in parallel, has been able to gain a significant number of new customers. There were no deliveries of EmdogainGel from Biora to Seikagaku during the fourth quarter of 2002.

RESEARCH AND DEVELOPMENT

Biora's research efforts are focused on developing new, proprietary products for the dental market and on expanding the indications for Emdogain Gel.

An EU approval for EmdogainGel in the treatment of recession type defects (exposed root surfaces) was received in November 2002. Biora is awaiting a response from the U.S. Food and Drug Administration (FDA) for this indication as well as for the indication for furcation defects (defects between the dental roots).

Ongoing research projects are progressing as follows:

- An enamel matrix protein-based product for use in endodontic therapy (treatment of the dental pulp) – a phase I trial was finalized during the fourth quarter of 2002 and the analysis of the result is ongoing.
- Although clinical data from the phase I program showed a dose-response in healthy volunteers, the project involving Biora's patent-protected pharmaceutical product to treat xerostomia (dry mouth) has been delayed at Medpharma's request. The delay is a result of a restructuring of Medpharma's organization. The initiation of the phase II program is now scheduled for the third quarter 2003 and due to this Biora has agreed to postpone the final payment for the licensee agreement until the end of the first quarter 2003.

OTHER INFORMATION

Biora to launch a new combination package

During March 2003, Biora will introduce a new combination package containing three EmdogainGel syringes and three PrefGel pipettes. PrefGel is a root-surface conditioner which is utilized prior to the application of EmdogainGel. Many of Biora's customers have requested a package combining EmdogainGel and PrefGel in order to simplify ordering, provide additional convenience for their office

staff and maximize storage space. The combination package will be available in the United States and Europe. In the United States, the combination package will replace the current single syringe packages of EmdogainGel, while in Europe both alternatives will remain available.

Termination of Biora ADR Program

On December 9, 2002, Biora terminated its American Depositary Receipt (ADR) program and Biora's ADRs stopped trading on the Over the Counter (OTC) Market in the United States. Until December 9, 2003, ADR holders will be able to exchange their securities with The Bank of New York and receive Biora Shares which trade on the Stockholm Stock Exchange in Sweden. After that date, The Bank of New York will sell any remaining underlying Biora shares related to the terminated ADR program and will hold the net cash proceeds for the benefit of ADR holders who have not surrendered their ADRs.

FINANCIAL INFORMATION

Net sales

The Group's net sales during 2002 increased to SEK 129.7 million (SEK 110.7 million). This amounts to an increase of 17 percent (22 percent at fixed rates of exchange). For the fourth quarter, net sales equaled SEK 30.2 million (SEK 32.9 million).

Results

Gross profit during 2002 was SEK 106.7 million (SEK 87.9 million). The improvement is primarily attributed to increased sales in the United States and Germany as well as the launch of EmdogainGel in Japan. Gross profit for the fourth quarter equaled SEK 26.4 million (SEK 27.3 million). During the fourth quarter 2002 a review of current production capacity was conducted which resulted in an increased absorption of the fixed costs in inventory. This resulted in a positive impact on the gross profit by SEK 1.0 million.

The operating result in 2002 amounted to a loss of SEK 0.9 million (SEK 26.5 million loss). This improvement in operating results is due to an increase in sales and a reduction in the operating expenses. Selling expenses decreased by SEK 8.0 million and research and development expenses decreased by SEK 10.1 million. The reduction in R&D expenses is primarily due to completion of certain R&D projects during 2001. Administrative expenses during 2002 decreased by SEK 1.4 million. The decrease in other operating income during 2002 is the result of (i) the lump sum amount received from Mölnlycke Health Care AB last year reduced by the royalty payment to Industrifonden and the administration costs associated with the licensing of the wound healing project, and (ii) the installment payments received last year from the license agreement related to the development project for xerostomia (dry mouth). For the fourth quarter, the operating result amounted to a profit of SEK 0.5 million (SEK 0.2 million).

The financial net for 2002 amounted to a profit of SEK 1.6 million (SEK 1.4 million).

The net result in 2002 was a profit of SEK 0.7 million (SEK 25.1 million loss) corresponding to a profit of SEK 0.03 per share (SEK 1.14 loss) calculated on the average number of shares outstanding (23,753,800, compared to 22,014,211 in 2001). The net profit for the fourth quarter was SEK 1.2 million (SEK 0.6 million), which corresponds to a profit per share of SEK 0.05 (SEK 0.03 per share).

Capital expenditures

Capital expenditures for long-term tangible assets and patents during 2002 totaled SEK 2.9 million (SEK 2.9 million).

Financial position

The net change in cash and cash equivalents during 2002 was negative SEK 0.1 million (negative SEK 2.3 million). Comparatively, the net change in cash for 2001 was impacted by the issuance of 2,550,000 new shares in 2001, which increased the Group's cash and cash equivalents by SEK 26.3 million and the payment from Mölnlycke Health Care that Biora received in connection with signing of the license agreement for the wound healing project.

At the end of the reporting period the Group's liquid funds amounted to SEK 51.3 million (SEK 51.5 million), the equity/assets ratio was 64.9 percent (60.6 percent) and the Group's equity amounted to SEK 56.2 million (SEK 55.9 million).

Employees

As of December 31, 2002, the Group had 78 employees, compared to 83 as of December 31, 2001.

Parent company

Net sales for 2002 for the parent company amounted to SEK 65.4 million (SEK 54.8 million) and the loss before appropriations and income taxes was SEK 12.1 million (SEK 28.7 million loss).

Capital expenditures for tangible long-term assets and patents were SEK 1.8 million (SEK 1.4 million). The net change in cash and cash equivalents during 2002 was negative, in the amount of SEK 0.8 million (negative SEK 7.2 million). At the end of the reporting period, the parent company's liquid funds amounted to SEK 39.1 million (SEK 39.9 million), the equity/assets ratio was 80.1 percent (77.9 percent) and shareholders' equity was SEK 60.0 million (SEK 72.2 million).

Proposed dividend

The Group does not have any non-restricted retained earnings and therefore no dividends are proposed. The Board of Directors proposes that the accumulated loss on the balance sheet, SEK 12.1 million, be covered by charging the share premium reserve.

Accounting principles

The accounting principles used in this report for the year 2002 are the same as those used in the 2001 annual report.

Upcoming financial information

Biora will publish financial information on the following dates:

Distribution of Annual Report	End of March, 2003
Interim Report for the first quarter of 2003	April 29, 2003
Annual General Meeting, Malmö	April 29, 2003
Interim Report for the first half of 2003	August 7, 2003
Interim Report for the first nine months of 2003	October 30, 2003

Malmö, February 13, 2003

Board of Directors of Biora AB (publ)

Biora's auditor have not audited this report.

Biora AB has registered the trademarks Emdogain® and PrefGel™. In this report these registrations are only publicized in this paragraph.

This report may contain certain forward-looking statements that relate to future events or future business and financial performance. Such statements can only be predictions and the actual events or results may differ from those discussed. The Company cautions that these statements are subject to important factors that could cause actual results to differ materially from those expressed or implied in such forward-looking statements and are more fully discussed in periodic reports filed with the Securities and Exchange Commission.

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CONSOLIDATED STATEMENTS OF OPERATIONS

(Swedish GAAP)	2002 Full year (TUSD) 1)	2002 4th Qtr (TSEK)	2001 4th Qtr (TSEK)	2002 Full year (TSEK)	2001 Full year (TSEK)
Net sales	13 337	30 247	32 872	129 736	110 677
Costs of goods sold	-2 366	-3 891	-5 569	-23 014	-22 797
Gross profit	10 971	26 356	27 303	106 722	87 880
Selling expenses	-7 091	-15 527	-23 288	-68 982	-76 998
Administrative expenses	-2 208	-5 686	-5 825	-21 474	-22 880
Research and development costs	-1 715	-4 699	-7 331	-16 686	-26 787
Other operating income and expenses 2)	-46	13	9 359	-448	12 321
Operating result	-89	457	218	-868	-26 464
Financial net	161	694	385	1 565	1 403
Result after financial items	72	1 151	603	697	-25 061
Income tax 3)	-2	72	27	-16	-34
Net result for the period	70	1 223	630	681	-25 095
Profit/loss per share 4)	0.003	0.05	0.03	0.03	-1.14
Number of shares outstanding at the end of the period (000s)	23 754	23 754	23 754	23 754	23 754
Average number of shares outstanding (000s)	23 754	23 754	23 754	23 754	22 014

1) Average exchange rate Jan-Dec, 2002, USD 1= 9.7279

2) Installments for license agreement regarding a development project for xerostomia are included in other operating income at 1,039 TSEK in the first quarter, 1,963 TSEK in the second quarter and 1,963 TSEK in the fourth quarter totalling of 4,965 TSEK during the full year 2001. Other operating income and expenses for the full year 2001 also includes a lump sum amounting to 10,000 TSEK in the fourth quarter for a license agreement for a BioEx development project in wound healing (non dental).

Consolidated Other expenses for the full year 2001 include 1,200 TSEK in the fourth quarter in royalty expenses to the Swedish Industrial Fund for the last-mentioned license agreement as well as 1,447 TSEK in the fourth quarter in administrative expenses in connection with the out-licensing of the wound healing project.

3) The Company reports no tax income in respect of accumulated losses. Deferred tax assets have been reduced by a valuation allowance to the amount that is "more likely than not" to be realized. The net deferred tax asset is zero.

4) Profit / loss per share have been calculated by dividing the profit / loss for the period by the average number of shares. Since the present value of the options' exercise prices are higher than the net realizable value of the shares, the profit / loss per share before and after dilution are the same.

CONSOLIDATED BALANCE SHEETS

(Swedish GAAP)	31-dec 2002 (TUSD) 1)	Dec 31 2002 (TSEK)	Dec 31, 2001 (TSEK)
Intangible long term assets	822	8 001	6 948
Tangible long term assets	198	1 917	3 738
Financial long term assets	22	217	634
Total long term assets	1 042	10 135	11 320
Inventories	1 127	10 961	7 836
Current receivables	1 459	14 191	21 495
Bank deposits	-	-	25 951
Cash and bank	5 278	51 347	25 520
Total current assets	7 864	76 499	80 802
Total assets	8 906	86 634	92 122
Shareholders' equity 2)	5 779	56 215	55 870
Provisions	28	269	305
Long term liabilities 3)	-	-	-
Current liabilities 3)	3 099	30 150	35 947
Total shareholders' equity and liabilities	8 906	86 634	92 122

1) Average exchange rate Jan-Dec 2002, USD 1= 9,7279

2) Change in shareholders' equity

	Share capital	Other restricted equity	Accumu- lated loss	Total 31.12 2002	Total 31.12 2001
Opening Balance	950	90 004	-35 084	55 870	50 915
Disposition of loss		-22 030	22 030	0	0
Transfer		3 774	-3 774	0	0
Earlier received option premiums matured				-	5 320
Issuance of new shares				-	23 805
Liabilities for option premiums received transferred to share premium reserve				-	1 106
Change in translation differences		-197	-139	-336	-181
Result for the period			681	681	-25 095
Closing Balance 2002-12-31	950	71551	-16286	56 215	55 870

3) The interest bearing liabilities amounted to zero on Dec 31, 2002, and December 31, 2001.

STATEMENT OF CASH FLOWS

Consolidated (TSEK) (Swedish GAAP)	2002 4th Qtr	2001 4th Qtr	2002 Full year	2001 Full year
Result for the period	1 223	630	681	-25 095
Depreciation and amortization	1 326	1 933	3 715	5 939
Other adjustments to reconcile net result to net cash flows from operating activities	162	-10	247	89
Change in assets and liabilities	1 509	62	-720	-6 413
Net cash used in operating activities	4 220	2 615	3 923	-25 480
Capital expenditures (tangible assets and patents)	-680	-753	-2 856	-2 872
Payments concerning other long-term receivables	-	-	-	1 920
Net cash used in/ from investing activities	-680	-753	-2 856	-952
Net cash from financing activities	-	-3 713	-	23 500
Effect of exchange rate changes on cash and cash equivalents	-456	-114	-1 191	648
Net change in cash and cash equivalents	3 084	-1 965	-124	-2 284

KEY RATIOS

Consolidated (Swedish GAAP,)	2002 Full year	2001 Full year	2000 Full year	1999 Full year	1998 Full year 1)
Net sales, (TSEK)	129 736	110 677	89 160	73 556	50 119
Gross margin, % 2)	82.3	79.4	76.3	79.0	78.3
R & D costs, (TSEK) 3)	16 686	26 787	42 789	41 597	39 980
Return on capital employed, % 4)	1.2	-45.5	-83.7	-50.7	-40.0
Return on equity,% 5)	1.2	-47.0	-85.4	-50.8	-40.0
Equity / assets ratio, % 6)	64.9	60.6	55.8	78.3	86.6
Net debt / equity ratio, % 7)	-91.3	-92.1	-100.9	-88.5	-87.4
Total equity, (TSEK)	56 215	55 870	50 915	127 406	213 970
Average number of shares outstanding, (000s) 8)	23 754	22 014	21 204	21 204	21 204
Equity per share, SEK 8)	2.37	2.54	2.40	6.01	10.09
Result per share, SEK 8)	0.03	-1.14	-3.59	-4.09	-2.83
Cash flow per share, SEK 9)	-0.01	-0.10	-2.78	-3.50	-3.50

1) Return on capital employed and return on equity have been adjusted for the effect of the non-recurring revenue from Seikagaku.

2) Gross profit divided by net sales.

3) R&D-costs are shown gross, including capitalized costs. During 2002, as well as during 1998,1999, 2000 and 2001, no costs were capitalized under the heading Capitalized R&D costs, which explains why the net and gross costs were equal, at 16,686.

4) Operating result plus financial income divided by average total assets (total assets less non-interest-bearing operating liabilities including deferred taxes).

5) Net result divided by average equity.

6) Shareholders' equity divided by total assets.

7) Interest-bearing liabilities less cash and bank deposits divided by shareholders' equity.

8) The dilution effects of outstanding options have not been considered when calculating equity, result and cash flow per share for the years 1998-2002 as the present values of the exercise prices at each year end has been higher than the net realizable value of the shares

9) Net change in cash and cash equivalents divided by the average number of shares in accordance with note 8).