

Q3 2021

INTERIM REPORT

SEK 187.2 million

The Group's net sales amounted to SEK 187.2 (147.9) million in the third quarter of 2021

SEK 24.2 million

The Group's operating profit amounted to SEK 24.2 (17.9) million in the third quarter of 2021



Q3 2021 INTERIM REPORT

GOOD DEVELOPMENT IN ALL BUSINESS AREAS

July - September 2021

- Net sales for the third quarter amounted to SEK 187.2 (147.9) million, an increase of 26.6 percent compared to the same period last year. Net sales in local currencies increased by 27.1 percent.
- Operating profit for the year was SEK 24.2 (17.9) million, corresponding to an operating margin of 12.9 (12.1) percent. In the third quarter of last year government grant and subsidies due to Covid-19 had a positive impact of SEK 4.4 million on operating profit.
- Operating profit includes a charge of SEK 11.8 million related to transaction costs in connection with the completion of the offer from the new majority owner.
- Profit after net financial items amounted to SEK 23.3 (14.2) million. Exchange rate differences and revaluation of interest rate swaps had a positive impact on net financial items of SEK 1.1 (-1.3) million and SEK 0.4 (0.4) million, respectively, resulting in a net financial loss of SEK -1.0 (-3.7) million.
- Profit after tax amounted to SEK 17.6 (12.6) million.
- Cash flow from operating activities was SEK 12.9 (41.9) million, amounting to SEK 1.5 (32.2) million after investments.
- Earnings per share amounted to SEK 2.18 (1.56).

January - September 2021

- Net sales for the first nine months of the year amounted to SEK 539.4 (425.2) million, an increase of 26.9 percent compared to the same period last year. Net sales in local currencies increased by 32.1 percent.
- Operating profit for the first nine months of the year was SEK 75.8 (44.7) million, corresponding to an operating margin of 14.1 (10.5) percent. In the previous year government grant and subsidies due to Covid-19 had a positive impact of SEK 44.0 million on operating profit.
- Operating profit includes a charge of SEK 15.6 million related to transaction costs in connection with the completion of the offer from the new majority owner.
- Profit after net financial items amounted to SEK 73.2 (29.9) million. Exchange rate differences and revaluation of interest rate swaps had a positive impact on net financial items of SEK 3.0 (-1.7) million and SEK 2.1 (-4.0) million, respectively, resulting in a net financial loss of SEK -2.6 (-14.8) million.
- Profit after tax amounted to SEK 56.0 (24.9) million.
- Cash flow from operating activities was SEK 71.6 (101.1) million, amounting to SEK 14.1 (69.2) million after investments.
- Earnings per share amounted to SEK 6.95 (3.09).



Key performance indicators

	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Oct-Sep 2020/21	Jan-Dec 2020
Net sales, SEK million	187.2	147.9	539.4	425.2	694.2	580.0
Growth, %	26.6	-5.9	26.9	-19.9	19.0	-15.9
Operating profit before depreciation and amortization (EBITDA), SEK million	38.8	32.4	117.0	90.7	149.9	123.6
Operating profit before depreciation and amortization (EBITDA), %	20.8	21.9	21.7	21.3	21.6	21.3
Operating profit (EBIT), SEK million	24.2	17.9	75.8	44.7	94.7	63.6
Operating profit (EBIT), %	12.9	12.1	14.1	10.5	13.6	11.0
Profit after financial items, SEK million	23.3	14.2	73.2	29.9	86.6	43.2
Undiluted and diluted earnings per share, SEK	2.18	1.56	6.95	3.09	8.32	4.47
Cash flow from operating activities, SEK million	12.9	41.9	71.6	101.1	96.1	125.5
Net debt, SEK million			252.5	263.1		248.4

Quarterly growth
26.6%
In local currencies, growth
was 27.1 percent.

CEO JAN WAHLSTRÖM COMMENTS ON Q3

The third quarter developed well and sales growth for the quarter was 27 percent compared to a covid-affected weak quarter in 2020. All business areas reported strong sales and earnings. The operating profit is in line with last year's figure and meets our long-term target of 13 percent.

In Dental we are seeing a solid development in contract manufacturing as well as proprietary products. The introduction of Elos Accurate® Hybrid Base H™ with a higher cylinder, the latest member of our digital product portfolio, was well received in the United States.

In Life Science we achieved a good quarter in terms of both sales and earnings. The performance was partly a result of inventory effects. We have also noted a recovery among customers who for a long time have been affected by the pandemic.

The growth in Orthopedics has remained and the business area is operating at a high pace. However, restoring a balance in recruitment in the US will continue to pose a challenge as will strengthening our pool of engineering and technical expertise globally. Organizationally, we are still operating with a relatively slim organization.

As the world begins to return to what we view as normal we are doing the same. We have participated with proprietary products at dental trade fairs in the US and Germany and at an orthopedics fair in the US. Yet in the so-called 'new normal' we are also seeing tendencies toward a higher cost environment going forward that is primarily due to macro-economic factors such as inflation and higher raw material prices.

With TA Associates as our new majority owner and a new Board in place, we are entering the next chapter in Elos Med-tech's journey. We would like to express our gratitude to the previous Board of Directors and will continue to pursue our adopted goal – to sustainably grow faster than the market. In order to secure our long-term growth in line with our strategic business plan, we are now investing in both machinery and technical solutions as well as in the skills of our highly valued employees. We are doing this with strong confidence and commitment with the aim of meeting our customers' future needs for specialized capacity and skills.



THIS IS ELOS MEDTECH

General information about the business

Elos Medtech specializes in medical technology and has extensive expertise in development and design, along with contract manufacturing of medical devices. Customers are primarily global medical technology companies. Operations are conducted at facilities in Sweden, Denmark, China and the US with Group-wide functions for strategic marketing and IT support, production and quality management, risk management, financing and financial control in Gothenburg. The Group runs operations in the following three business areas: Dental, Orthopedics and Life Science.

Vision

To transform medical technology and advance quality of life worldwide.

Mission

In partnership with our customers, we provide sustainable and innovative products and supply solutions for the global medical device market. Building profitable, long-term partnerships and striving for excellence in everything we do, our goal is to help people to live rich, active and fulfilling lives.

Targets

Elos Medtech's long-term financial targets are: an average annual growth rate of more than 10 percent, average operating margin (EBIT) of over 13 percent and for proprietary products to account for at least 13 percent.

Value-creating business model

Elos Medtech's business model is based on extensive experience and expertise that it has acquired in the development and contract manufacturing of medical devices and components. Customers are offered quality, expertise and innovation in a partner-based overall solution – Complete Performance™. The cornerstones of Elos Medtech's value creation are higher efficiency, improved profitability and high-quality products in partnership with its customers.

Strategy

Elos Medtech's strategy is based on a sharper focus on selected market segments and in both metals and polymer. The strategy also includes a higher level of specialization and expertise in design, development, manufacturing and logistics with the highest quality assurance. Through a stronger offering, we will reach our strategic goals of clearer positioning and continued growth.

Sustainable focus

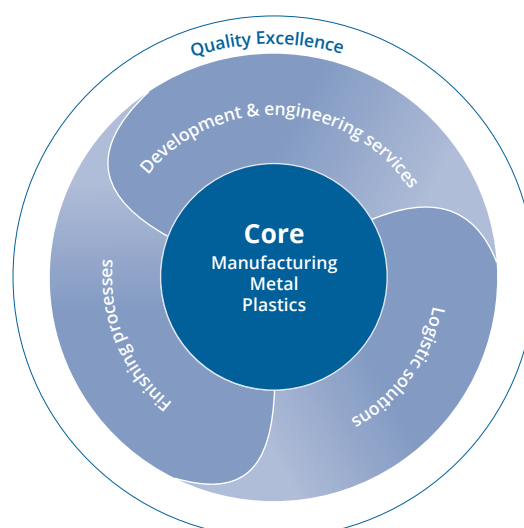
Elos Medtech has a sustainable focus and responsibility that extends beyond just delivering high-quality products. The company applies a long-term approach to economic, social and environmental responsibility for how its operations impact its stakeholders. Elos Medtech has specified certain strategic targets to ensure that there is continual improvement in these areas. For more information, please see:

elosmedtech.com/whoweare/sustainability.

VISION • MISSION • VALUE-BASED CULTURE • SUSTAINABLE FOCUS

Business areas:

Dental
Orthopedics
Life Science



Life Science comprises:

Diagnostics
Hearing Device & Vibration
Other Medical Areas

VALUE CREATION FOR THE COMPANY AND OUR STAKEHOLDERS

THE GROUP'S PERFORMANCE

Development during the quarter

The Group performed strongly also in the third quarter, posting total net sales of SEK 187.2 million, which is an increase of 26.6 percent on the same quarter last year. In local currencies, growth was 27.1 percent.

The year-on-year sales increase is attributable to all three business areas. Dental has maintained its strong rate of growth from the first half of the year, reporting growth of 21.8 percent for the quarter. Proprietary products increased by 33.8 percent and accounted for 15.1 percent of total consolidated net sales, once again driven by products for the dental digital workflow. Orthopedics also achieved robust growth compared to the third quarter of last year, 43.1 percent, driven mainly by demand in robotic-assisted surgery products. Life Science reported growth of 16.7 percent for the quarter. The increase was partly due to a general recovery after Covid-19 and partly due to restocking by customers.

The Group's total overheads were high during the quarter, mainly due to transaction costs of SEK 11.8 million in connection with the completion of the offer from the new majority owner. Excluding this effect, overheads remained low at 17 percent of net sales. Overheads for the quarter excluding one-off effects increased by 5.0 percent on the same quarter last year due to increased sales and marketing expenses, primarily in the Dental business area.

Depreciation and amortization for the quarter totaled SEK 14.6 million, which is on a par with the same quarter previous year. Increased depreciation and amortization due to investments in our Skara site and in new machinery at Memphis were offset by a positive currency translation effect.

Sales growth coupled with flat overheads resulted in improved operating profit for the quarter compared to the quarter previous year, and amounted to SEK 24.2 million. All business areas contributed to the improvement in earnings. The operating profit

for the same quarter in 2020 was SEK 17.9 million including SEK 4.4 million in government grant and subsidies due to Covid-19. Compared with the previous quarters in 2021, the operating profit was down slightly, mainly due to high transaction costs in connection with the offer from the new majority owner.

Net sales July-September 2021

Consolidated net sales for the quarter increased to SEK 187.2 (147.9) million. The 26.6 percent increase resulted from growth in all business areas: 21.8 percent in Dental, 43.1 percent in Orthopedics and 16.7 percent in Life Science. Sales of proprietary products in the Dental business area grew 33.8 percent and accounted for 15.1 (14.2) percent of total consolidated net sales. Net sales in local currencies increased by 27.1 percent.

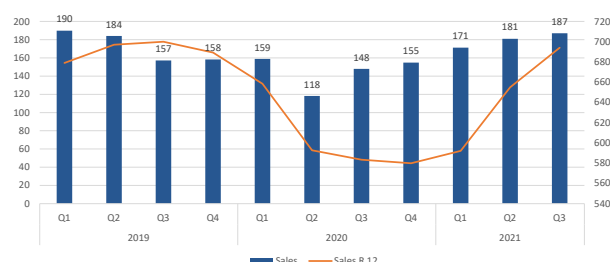
Net sales January-September 2021

Consolidated net sales for the first nine months of the year increased to SEK 539.4 (425.2) million. The change of 26.9 percent compared with the same period in the previous year is attributable to all of business areas: 37.1 percent in Dental, 36.5 percent in Orthopedics and 6.9 percent in Life Science. The development of proprietary products shows a positive growth of 42.2 (2.9) percent and accounts for 14.6 (13.0) percent of the Group's total net sales. Net sales in local currencies increased by 32.1 percent.

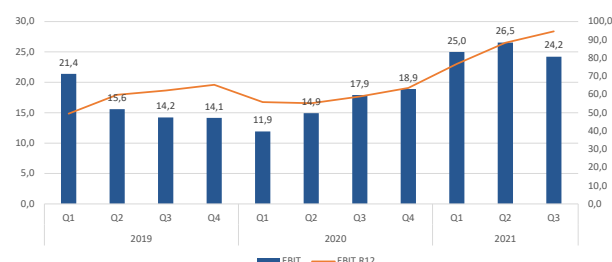
Earnings July-September 2021

Operating profit for the third quarter was SEK 24.2 (17.9) million, corresponding to an operating margin of 12.9 (12.1) percent. Transaction costs in connection with the completion of the offer from our new majority owner resulted in a charge to operating profit of SEK 11.8 million. In the previous year earnings were positively affected by SEK 4.4 million in government grant and subsidies due to Covid-19. Earnings after financial items amounted to SEK 23.3 (14.2) million and earnings after tax amounted to SEK 17.6 (12.6) million.

Net sales, SEK million



Operating profit, SEK million



Net financial items July-September 2021

Net financial items amounted to SEK -0.9 (-3.7) million. Interest expenses for the quarter, including interest on lease liabilities in accordance with IFRS 16, totaled SEK 2.6 (2.8) million. Exchange rate differences and the revaluation of interest rate swaps both had a positive impact on consolidated net financial items, of SEK 1.1 (-1.3) million and SEK 0.4 (0.4) million, respectively.

Earnings per share July-September 2021

Undiluted and diluted earnings per share for the quarter amounted to SEK 2.18 (1.56).

Earnings January-September 2021

The operating profit for the first nine months of the year was SEK 75.8 (44.7) million, corresponding to an operating margin of 14.1 (10.5) percent. Transaction costs in connection with the completion of the offer from our new majority owner resulted in a charge to operating profit of SEK 15.6 million. In the previous year earnings were positively affected by SEK 44.0 million in government grant and subsidies due to Covid-19. Earnings after financial items amounted to SEK 73.2 (29.9) million and earnings after tax amounted to SEK 56.0 (24.9) million.

Net financial items January-September 2021

Net financial items amounted to SEK -2.6 (-14.8) million. Interest expenses for the period, including interest on lease liabilities in accordance with IFRS 16, totaled SEK 7.6 (7.6) million. Consolidated net financial items were positively affected by exchange rate differences of SEK 3.0 (-1.7) million and a revaluation of an interest rate swap of SEK 2.1 (-4.0) million.

Earnings per share January-September 2021

Earnings per share for the period January-September were SEK 6.95 (3.09).

Financial position and liquidity

Consolidated total assets increased during the period to SEK 1,095.6 (1,044.2) million. Equity increased by SEK 69.1 million over the period with translation of foreign subsidiaries accounting for SEK 25.1 million of the increase. In May dividends of SEK 12.1 million were paid to the shareholders. Total equity amounted to SEK 609.4 (557.1) million. At the end of the period risk-bearing capital was SEK 636.6 (579.5) million, which corresponds to 58.1 (55.5) percent of total capital. The Group's equity ratio was 55.6 (53.4) percent.

Consolidated net debt decreased during the period, amounting to SEK 252.5 (263.1) million. Consolidated cash and cash equivalents including an unutilized bank overdraft facility amounted to SEK 168.8 (164.6) million.

Investments

The Group's investments in the third quarter totaled SEK 11.4 (9.9) million and refer primarily to investments in new machinery at our Swedish sites. Total investments for the year amounted to SEK 57.6 (32.2) million and relate mainly to the expansion of the Skara site and investments in machinery at Memphis.

Cash flow

The Group's cash flow from operating activities during the quarter amounted to SEK 12.9 (41.9) million. Changes in working capital were negative, totaling SEK 21.2 (13.5) million, and relate to both increased trade receivables and reduced liabilities. New borrowings for the quarter amounted to SEK 18.2 (7.0) million and relate mainly to our US business. Repayments on existing loans totaled SEK 14.5 (9.9) million. Total cash flow for the quarter was SEK 5.2 (29.3) million.

Consolidated cash flow from operating activities for the first nine months was SEK 71.6 (101.1) million and total cash flow for the period was SEK 8.2 (41.6) million, which meant that the Group's cash and cash equivalents amounted to SEK 101.4 (96.3) at the end of the period.

Personnel

The average number of employees in the Group in the third quarter was 528, an increase of 3.2 percent from 511 in the previous year.

The average number of employees in the Group in the first nine months of the year was 529, an increase of 1.3 percent from 522 in the previous year.

At the end of the period the number of employees in the Group was 541.

Extraordinary General Meeting

On August 13, the company held an Extraordinary General Meeting, where the election of a new Board of Directors was conducted. The new Board comprises of Yvonne Mårtensson, Jon Risfelt, Birker B. Bahnsen, Lovisa Lander and Alexander Cicetti. Yvonne Mårtensson is the Chairman of the Board.

Events after the end of the quarter

At the beginning of October Elos Medtech was informed by Afa Försäkring that a refund based on 2004 – 2008 years AGS premium will be received in October. For Elos Medtech, this means a revenue of SEK 2.0 million.

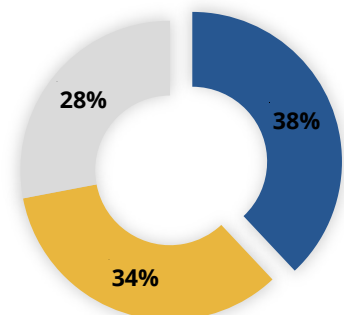
OUR THREE BUSINESS AREAS



DENTAL

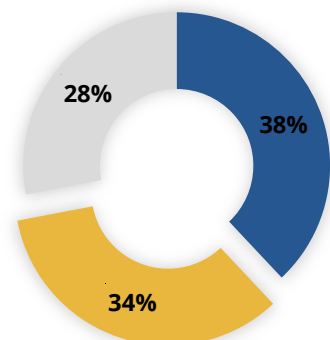
Elos Medtech is a qualified partner to globally leading dental companies. Our offer covers design, development, serial production and global distribution. We are specialized in dental implants. The offer also includes proprietary products in digital dental care and instruments, either on an OEM basis or under our own brand, Elos Accurate®.

NET SALES



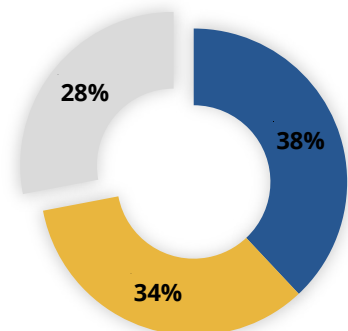
ORTHOPEDICS

Elos Medtech is a focused partner for everything from design and prototypes to serial production and global distribution. We have opted to specialize in the following markets: spine, trauma and reconstruction. We collaborate with the world's leading orthopedic companies.



LIFE SCIENCE

Elos Medtech is a specialized global partner for injection molding of high-tech polymer and cutting techniques for primarily steel and brass. We also offer tool design and combination products made from polymer and aluminum, for example. The markets we focus on our diagnostics, hearing aids, diabetes, cardiovascular and neurosurgery.



BUSINESS AREA OVERVIEW

SEK million Net sales by business area	Growth		Growth		Growth		Growth	
	Jul-Sep 2021	Jul-Sep 2020	Jul-Sep 2021	Jan-Sep 2021	Jan-Sep 2020	Jan-Sep 2021	Oct-Sep 2020/21	Jan-Dec 2020
Dental	71.2	58.5	21.8%	206.4	150.7	37.1%	268.1	212.4
Orthopedics	62.8	43.9	43.1%	181.9	133.3	36.5%	228.1	179.5
Life Science	53.1	45.5	16.7%	151.0	141.2	6.9%	197.9	188.1
Total net sales	187.2	147.9	26.6%	539.4	425.2	26.9%	694.2	580.0

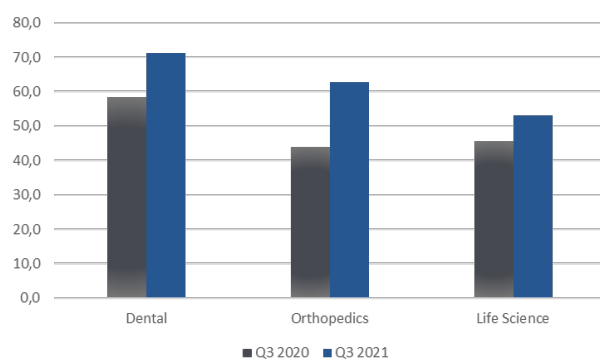
The value of sales between business area is minor.

SEK million Operating profit by business area	Operating marg.		Operating marg.		Operating marg.		Operating marg.		Operating marg.	
	Jul-Sep 2021	Jul-Sep 2021	Jul-Sep 2020	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2021	Jan-Sep 2020	Jan-Sep 2020	Oct-Sep 2020/21	Jan-Dec 2020
Dental	14.6	20.4%	7.6	13.0%	39.1	18.9%	10.2	6.8%	47.1	18.2
Orthopedics	11.1	17.6%	4.6	10.5%	28.6	15.7%	15.3	11.5%	34.3	21.0
Life Science	11.3	21.3%	6.7	14.7%	27.1	18.0%	22.2	15.7%	34.2	29.3
Unallocated Group expenses	-12.7		-1.0		-18.9		-2.9		-20.9	-4.9
Total operating profit	24.2	12.9%	17.9	12.1%	75.8	14.1%	44.8	10.5%	94.7	63.6

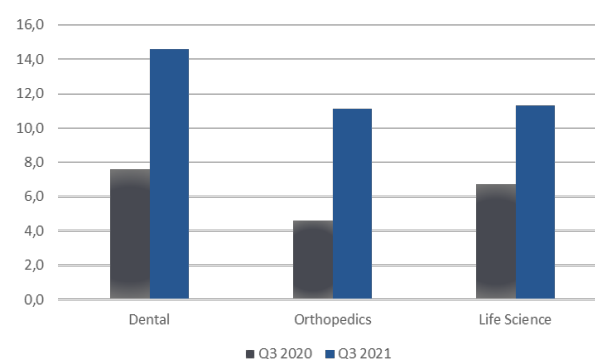
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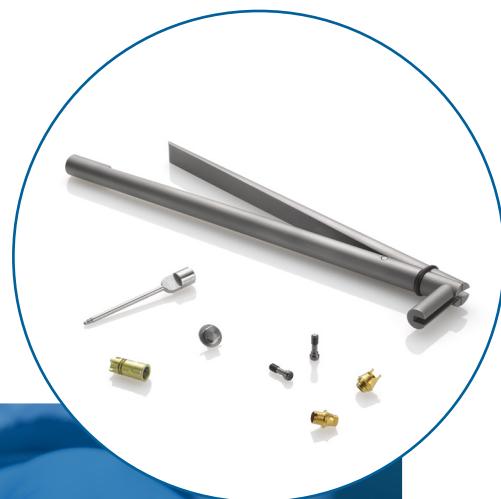
Net sales by business area (SEK million)



Operating profit by business area (SEK million)



DENTAL



NET SALES **SEK 71.2 million**

EBITDA **SEK 19.0 million (26.7%)**

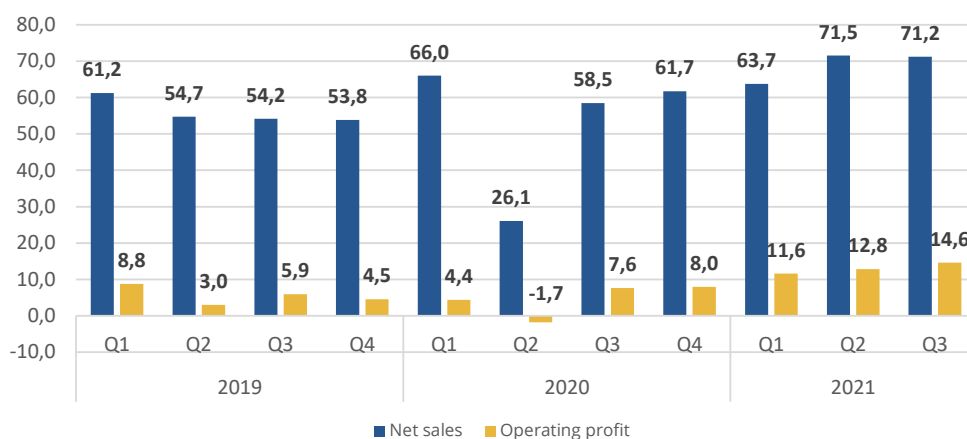
EBIT **SEK 14.6 million (20.4%)**

Growth
22%

Key events in the business area during the quarter

- Net sales increased by 22 percent compared to a relatively strong quarter last year and amounted to SEK 71.2 million. Growth is being driven by the product mix, especially proprietary products in the digital product portfolio.
- Sales of proprietary products continued to increase, to SEK 28.2 (21) million, which represents a growth rate of 34 percent. Proprietary products account for 15 percent of total consolidated net sales.
- The operating profit continued to improve and amounted to SEK 14.6 million.
- The number of physical meetings has increased sharply and several global dental trade fairs were held during the quarter.
- Received approval from the Canadian health authority for Elos Accurate® Hybrid Base™, a digital workflow product.

Net sales and operating profit (SEK million)



ORTHOPEDICS



NET SALES **SEK 62.8 million**

EBITDA **SEK 16.4 million (26.1%)**

EBIT **SEK 11.1 million (17.6%)**

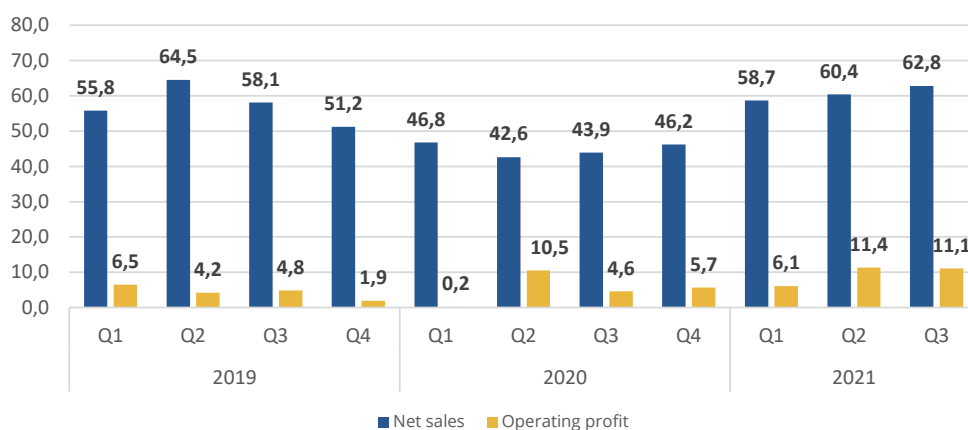
Growth

43%

Key events in the business area during the quarter

- Robust 43 percent growth in the quarter compared to the same period in 2020, which was a weak quarter affected by the pandemic.
- Net sales increased for the fourth quarter in a row, to SEK 62.8 million.
- The sales trend over the past few quarters has been good. The increased demand is driven by robotic-assisted surgery products in trauma and extremities.
- A continued focus on recruitment due to the high level of activity at Memphis.
- The operating profit was SEK 11.1 million, which is in line with the strong preceding quarter.

Net sales and operating profit (SEK million)



LIFE SCIENCE



NET SALES **SEK 53.1 million**

EBITDA **SEK 16.1 million (30.3%)**

EBIT **SEK 11.3 million (21.3%)**

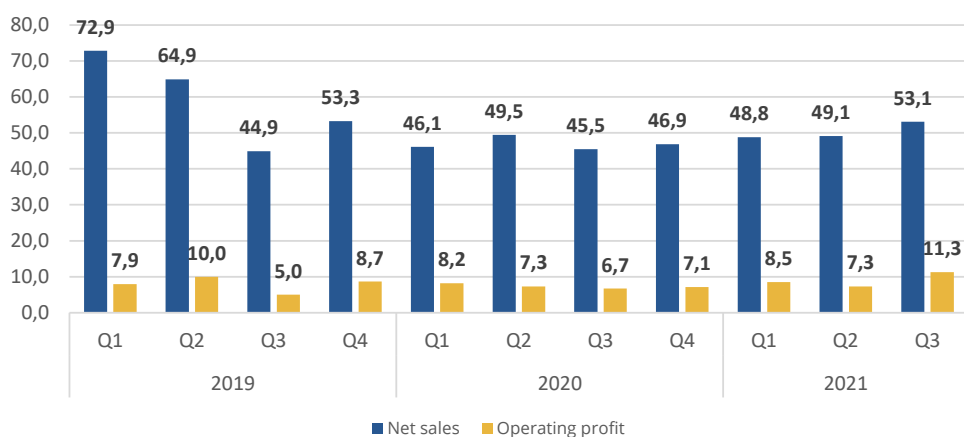
Growth

17%

Key events in the business area during the quarter

- Net sales increased by 17 percent compared to a relatively weak quarter in 2020 and amounted to SEK 53.1 million.
- A positive sales trend is noticeable among customers in bone-anchored hearing implants, which saw more normal demand during the quarter. This market has for some time been more affected by the pandemic than the Group's other markets but is now showing signs of recovery.
- The operating profit for the third quarter was strong, at SEK 11.3 million.
- The final inspection of the expansion of the Skara site has been completed.

Net sales and operating profit (SEK million)



OTHER INFORMATION

Accounting policies

This interim report for the Group has been prepared in accordance with IAS 34 Interim Reporting and the relevant provisions in the Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with Chapter 9 of the Annual Accounts Act, Interim Report. The same accounting principles and bases of calculation as applied in the most recent annual report have been used for the Group and the Parent Company.

In addition to in the financial statements, disclosures in accordance with IAS 34.16A are also presented in parts of the interim-report.

Segment reporting

The internal financial follow-up by business area is adapted to the Group's different customer segments and uses operating profit as a measure to assess segment performance. Directly attributable items and items that can reasonably be allocated by segment have been included in the segment's operating profit.

Unallocated Group expenses refer mainly to note-related costs and transaction costs in connection with the completion of the offer from the new majority owner.

Financial instruments valued at fair value

For its property loans in the US, the Group swaps its variable interest rate for a fixed rate through interest rate swaps. These interest rate swaps are recognized at fair value via the income statement. Unrealized gains and losses arising from fluctuations in the fair values of the financial instruments are recognized in net financial items in the consolidated income statement. For interest rate swaps, fair value is determined based on market prices. If such prices are not available, fair value is determined by discounting the difference between the contractual interest rate and the interest rate that can be obtained at the balance sheet date for the remaining contract term. Any premiums paid for the swap contract are recognized as interest over the term of the contract. As Elos Medtech intends to hold these derivatives to maturity, mark-to-market accounting of the derivatives over time will not affect earnings or cash flow.

Fair value measurement of interest rate derivatives had a positive impact SEK 0.4 (0.4) million on quarterly earnings and a positive impact of SEK 2.1 (-4.0) million on earnings for the period.

Government grants

Government grants are recognized in the income statement in the same period as for the costs they are intended to offset. Furthermore, there should be reasonable certainty that the contributions will be received and any conditions for the contributions will be met in order for these to be recognized in the income statement. The contributions received are recognized in the income statement as a cost reduction of the items covered by the support.

Reported government grants by function	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Cost of goods sold	-	3.3	-	34.0	35.0
Selling expenses	-	0.1	-	2.2	2.2
Administrative expenses	-	0.4	-	4.3	4.3
Development costs	-	-	-	1.9	1.9
Financial expenses	-	-	-	1.6	1.6
Total government grants received	-	4.4	-	44.0	45.0

Significant risks and uncertainties

The Group's principal risks and uncertainties include operational and financial risks. Among operational risks, Elos Medtech is primarily affected by risks associated with customers and markets, but also other external factors such as price risks for materials and supplies. The Group also faces financial risks associated with changes in exchange rates and credit. A detailed description of the Group's risks and uncertainties, along with how it manages them, is provided in the Directors' Report and in Note 42 and Note 44 in the 2020 Annual Report.

Covid-19 has had a major impact on economies worldwide, which has affected several of the markets in which Elos Medtech operates. The spread of the virus in waves and the vaccination rate remain difficult to assess and it is therefore not possible to predict for how long the pandemic will continue to affect the company. The impact on the Group in the first nine months of 2021 was minor. The rapid increase in demand and imbalances in the supply of raw materials, transports and electricity in the global market have had a certain negative impact on Elos Medtech's costs and this impact could become more pronounced going forward. There is also a risk that in some cases this imbalance may lead to problems with the delivery to our customers.

Elos Medtech sees an increased need for production staff with technical expertise to ensure that it is able to meet market demand going forward. In some of our markets we see a gap between demand and our existing pool of skilled workers, which could have a negative impact on growth.

As of September 30, 2021, no additional risks have been identified that could affect the Group's financial results and position.

Related party transactions

The company had no transactions with related parties during the reporting period.

Parent Company

In addition to the administration of central management issues, the parent company also provide Group-wide support in IT and marketing, quality management, risk management, financing and financial control.

The Parent Company's net sales in the third quarter amounted to SEK 6.5 (6.2) million. The loss after financial items amounted to SEK -6.9 (-5.1) million, of which SEK 5.4 (-6.3) million refers to exchange rate differences mainly related to the translation of loans to subsidiaries. The Parent Company reported a loss after tax of SEK -6.2 (-3.2) million. The percentage of risk-bearing capital was 81.5 (84.7) percent. The equity ratio was 81.3 (84.4) percent.

Future-oriented information

The company does not make forecasts.

Future-oriented information in this report is based on management's expectations at the time of the report. Although the Board of Directors and management feel that these expectations are reasonable, it is no guarantee that the expectations are, or will prove to be, correct. Consequently, future outcomes may vary significantly compared to the future-oriented information due to such things as changes in the market conditions for the Group's services or changes in the overall situation concerning the economy, market and competition, changes in legal requirements and other policy measures as well as fluctuations in exchange rates. The company does not undertake to update or correct any future-oriented information except as stipulated by law.

Examination by the auditors

This report has been subjected to a review by the company's auditors.

Gothenburg, October 20, 2021

Elos Medtech AB (publ)

The Board of Directors

Auditor's report on the review of condensed interim financial information

Elos Medtech AB (publ) corp. ID no. 556021-9650

Introduction

We have conducted a summary review of the condensed interim financial information (interim report) for Elos Medtech AB (publ) as of September 30, 2021 and the nine-month period ending on that date. Responsibility for preparing this interim report in accordance with IAS 34 and the Annual Accounts Act rests with the Board of Directors and Chief Executive Officer. Our responsibility is to express a conclusion on this interim report based on our review.

Focus and scope of the review

We have performed our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review involves posing questions, primarily to persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and significantly narrower scope than a full audit conducted in accordance with ISA and generally accepted auditing standards. The review procedures performed in a review do not enable us to obtain a degree of certainty that would make us aware of all important circumstances that would have been identified if an audit had been conducted. The conclusion based on a review therefore does not have the same certainty as a conclusion based on an audit.

Conclusion

Based on our review, we have not discovered any circumstances that would give us reason to consider that the interim financial statement has not, in all material respects, been prepared, in respect of the Group, in accordance with IAS 34 and the Annual Accounts Act and, in respect of the parent company, in accordance with the Annual Accounts Act.

Gothenburg, October 20, 2021

KPMG AB

Johan Kratz
Authorized Public Accountant

CONDENSED CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

SEK million		Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Oct-Sep	Jan-Dec
Income statement		2021	2020	2021	2020	2020/21	2020
Net sales		187.2	147.9	539.4	425.2	694.2	580.0
Cost of goods sold		-119.1	-100.4	-346.7	-289.6	-449.3	-392.2
Gross profit		68.1	47.5	192.7	135.6	244.9	187.8
Selling expenses		-8.3	-6.0	-26.1	-21.0	-33.9	-28.8
Administrative expenses		-31.4	-20.1	-77.9	-59.1	-99.0	-80.2
Development costs		-3.9	-4.2	-12.5	-12.2	-15.8	-15.5
Other operating income/expenses		-0.3	0.7	-0.4	1.4	-1.5	0.3
Operating profit		24.2	17.9	75.8	44.7	94.7	63.6
Financial income		1.8	-	5.6	0.1	5.9	0.3
Financial expenses		-2.7	-3.7	-8.2	-14.9	-14.0	-20.7
Profit after financial items		23.3	14.2	73.2	29.9	86.6	43.2
Tax expense		-5.7	-1.6	-17.2	-5.0	-19.4	-7.2
Profit after tax		17.6	12.6	56.0	24.9	67.2	36.0
Attributable to Parent Company shareholders		17.6	12.6	56.0	24.9	67.2	36.0
Undiluted and diluted earnings per share, SEK*		2.18	1.56	6.95	3.09	8.32	4.47
Statement of comprehensive income							
Profit after tax		17.6	12.6	56.0	24.9	67.2	36.0
Other comprehensive income							
Items that will not be reclassified to profit or loss							
Actuarial gains and losses		-	-3.0	2.9	-3.0	5.8	-0.1
Tax		-	0.6	-0.6	0.6	-1.5	-0.3
		-	-2.4	2.3	-2.4	4.3	-0.4
Items that may be reclassified to profit or loss							
Translation differences for the period		11.9	-7.5	25.1	-6.4	-7.4	-38.9
Tax		-0.9	1.1	-1.9	1.1	0.4	3.4
		11.0	-6.4	23.2	-5.3	-7.0	-35.5
Other comprehensive income, net		11.0	-8.8	25.5	-7.7	-2.7	-35.9
Comprehensive income for the year		28.6	3.8	81.5	17.2	64.4	0.1
Parent Company shareholders		28.6	3.8	81.5	17.2	64.4	0.1
Operating profit before depreciation and amortization (EBITDA)	%	20.8%	21.9%	21.7%	21.3%	21.6%	21.3%
Operating profit (EBIT)	%	12.9%	12.1%	14.1%	10.5%	13.6%	11.0%
Depreciation and amortization charged to earnings	SEK million	14.6	14.5	41.2	46.0	55.2	60.0

* Attributable to Parent Company shareholders' share of profit after tax.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK million

Balance sheet	30 Sep 2021	30 Sep 2020	31 Dec 2020
Assets			
Intangible assets	266.5	274.7	253.8
Property, plant and equipment	446.9	425.9	412.2
Financial fixed assets	1.6	2.1	1.4
Current assets	279.2	245.2	246.1
Cash and cash equivalents	101.4	96.3	88.5
Total assets	1,095.6	1,044.2	1,002.0
Equity and liabilities			
Equity	609.4	557.1	540.3
Non-current liabilities	327.8	314.7	305.3
Current liabilities	158.4	172.4	156.4
Total equity and liabilities	1,095.6	1,044.2	1,002.0

CONDENSED CONSOLIDATED CASH FLOWS STATEMENT

SEK million	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Oct-Sep 2020/21	Jan-Dec 2020
Cash flow						
Profit after financial items	23.3	14.2	73.2	29.9	86.6	43.2
Reversal of depreciation, amortization and impairment	14.6	14.5	41.2	46.00	55.2	60.0
Adjustment for non-cash items	-2.1	4.0	-3.3	8.5	-0.5	11.3
Tax paid	-1.7	-4.3	-7.4	-6.3	-11.7	-10.6
Changes in working capital	-21.2	13.5	-32.1	23.0	-33.5	21.6
Cash flow from operating activities	12.9	41.9	71.6	101.1	96.1	125.5
Investments in fixed assets	-11.4	-9.9	-57.6	-32.2	-81.9	-56.5
Sale of fixed assets	-	0.2	0.1	0.3	0.0	0.2
Cash flow from investing activities	-11.4	-9.7	-57.5	-31.9	-81.9	-56.3
Operating cash flow	1.5	32.2	14.1	69.2	14.2	69.2
Change in bank overdraft facility	-	-	-	-0.9	0.1	-0.8
Borrowings	18.2	7.0	48.4	23.8	67.5	42.9
Repayment of borrowings	-14.5	-9.9	-42.2	-50.5	-65.1	-73.4
Issue/redemption of warrants	-	-	-	-	-	-
Dividend to shareholders	-	-	-12.1	-	-12.1	-
Cash flow from financing activities	3.7	-2.9	-5.9	-27.6	-9.6	-31.3
Cash flow for the period	5.2	29.3	8.2	41.6	4.6	37.9
Cash and cash equivalents at the beginning of the period	94.1	67.0	88.5	55.2	96.3	55.2
Exchange rate difference in cash and cash equivalents	2.1	-	4.7	-0.5	0.5	-4.7
Cash and cash equivalents at the end of the period	101.4	96.3	101.4	96.3	101.4	88.5

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK million	30 Sep 2021	30 Sep 2020	31 Dec 2020
Opening balance	540.3	539.9	539.9
Total comprehensive income	81.5	17.2	0.1
Effect of changed tax rate	-	-	0.3
Dividend	-12.1	-	-
Other	-0.3	-	-
Closing equity	609.4	557.1	540.3

KEY PERFORMANCE INDICATORS, GROUP

		Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Return on operating capital	%	11.2	6.8	7.6
Return on equity *	%	11.5	6.0	6.7
Share of risk-bearing capital	%	58.1	55.5	55.9
Equity ratio	%	55.6	53.4	53.9
Net debt/EBITDA *	times	1.7	2.2	2.0
Investments, not including acquisitions	SEK million	57.6	32.2	56.5
Average number of employees	number	529	522	522

* R12

DATA PER SHARE

		Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Undiluted and diluted earnings per share, SEK*	SEK million	6.95	3.09	4.47
Average number of shares	thousands	8,068.0	8,068.0	8,068.0
Number of shares at the end of the period	thousands	8,068.0	8,068.0	8,068.0
Equity per share	SEK	75.5	69.1	67.0
Share price at the end of the period	SEK	301.0	85.0	108.0
Dividend	SEK	-	-	1.50

* Attributable to Parent Company shareholders' share of profit after tax

BUSINESS AREA INFORMATION

SEK million Net sales by business area	Growth							
	Jul-Sep 2021	Jul-Sep 2020	Jul-Sep 2021	Jan-Sep 2021	Jan-Sep 2020	Jan-Sep 2021	Oct-Sep 2020/21	Jan-Dec 2020
Dental	71.2	58.5	21.8%	206.4	150.7	37.1%	268.1	212.4
Orthopedics	62.8	43.9	43.1%	181.9	133.3	36.5%	228.1	179.5
Life Science	53.1	45.5	16.7%	151.0	141.2	6.9%	197.9	188.1
Total net sales	187.2	147.9	26.6%	539.4	425.2	26.9%	694.2	580.0

The value of sales between business area is minor.

SEK million EBITDA by business area	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Oct-Sep 2020/21	Jan-Dec 2020
Dental	19.0	12.0	52.6	24.0	65.5	36.9
Orthopedics	16.4	10.1	42.8	33.6	52.3	43.1
Life Science	16.1	11.3	40.5	36.1	52.9	48.5
Unallocated Group expenses	-12.7	-1.0	-18.9	-2.9	-20.9	-4.9
Total profit before depreciation and amortization	38.8	32.4	117.0	90.8	149.8	123.6
Depreciation and amortization by business area						
Dental	-4.5	-4.4	-13.6	-13.8	-18.5	-18.7
Orthopedics	-5.3	-5.5	-14.3	-18.3	-18.1	-22.1
Life Science	-4.8	-4.6	-13.4	-13.9	-18.7	-19.2
Total depreciation and amortization	-14.6	-14.5	-41.2	-46.0	-55.2	-60.0
Operating profit by business area						
Dental	14.6	7.6	39.1	10.2	47.1	18.2
Orthopedics	11.1	4.6	28.6	15.3	34.3	21.0
Life Science	11.3	6.7	27.1	22.2	34.2	29.3
Unallocated Group expenses	-12.7	-1.0	-18.9	-2.9	-20.9	-4.9
Total operating profit	24.2	17.9	75.8	44.8	94.7	63.6

QUARTERLY RESULTS FOR THE GROUP

SEK million Quarterly results	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Net sales	187.2	181	171.2	154.8	147.9	118.3	158.9	158.3	157.1
Cost of goods sold	-119.1	-115.6	-112	-102.6	-100.4	-78.3	-110.8	-108.8	-109.3
Gross profit	68.1	65.4	59.2	52.2	47.5	40.0	48.1	49.5	47.8
Sales, admin and development costs	-43.6	-39.2	-33.8	-32.2	-30.3	-24.8	-37.2	-35.5	-34.3
Other operating income and expenses	-0.3	0.3	-0.4	-1.1	0.7	-0.3	1.0	0.1	0.7
Operating profit	24.2	26.5	25.00	18.9	17.9	14.9	11.9	14.1	14.2
Financial income	1.8	-	4.9	-	-	0.1	2.2	2.3	-
Financial expenses	-2.7	-3.7	-2.8	-5.6	-3.7	-5.9	-7.5	-6.4	-2.8
Profit after financial items	23.3	22.8	27.1	13.3	14.2	9.1	6.6	10.0	11.4
Tax expense	-5.7	-4.4	-7.1	-2.2	-1.6	-2.2	-1.2	-2.4	-2.4
Profit after tax	17.6	18.4	20.00	11.1	12.6	6.9	5.4	7.6	9.0

PARENT COMPANY INCOME STATEMENT

SEK million	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Oct-Sep	Jan-Dec
Income statement	2021	2020	2021	2020	2020/21	2020
Net sales	6.5	6.2	19.5	15.2	24.2	19.9
Selling expenses	-1.6	-1.4	-5.9	-5	-7.7	-6.8
Administrative expenses	-18.0	-5.0	-35.5	-15.9	-41.9	-22.3
Other operating income/expenses	-	-0.1	-0.1	0.3	-0.4	-
Operating profit	-13.1	-0.3	-22.0	-5.4	-25.8	-9.2
Income from investments in Group companies	-	-	19.0	16.9	39.4	37.3
Interest income, Group companies	1.1	1.9	3.3	6	5.1	7.8
Other interest income and similar income	5.4	-0.4	11.4	-3.4	15.1	0.3
Other interest expense and similar charges	-0.3	-6.3	-1.2	-6.3	-19.7	-24.8
Profit after financial items	-6.9	-5.1	10.5	7.8	14.1	11.4
Appropriations	-0.8	-	-0.8	-	0.8	1.6
Tax on profit for the year	1.5	1.9	1.7	1.8	0.4	0.5
Profit after tax	-6.2	-3.2	11.4	9.6	15.3	13.5

* Profit after tax is the same as comprehensive income for the year.

CONDENSED PARENT COMPANY BALANCE SHEET

SEK million	30 Sep 2021	30 Sep 2020	31 Dec 2020
Balance sheet			
Assets			
Intangible assets	3.8	3.5	3.9
Property, plant and equipment	0.3	0.4	0.3
Financial fixed assets	410.5	392.7	397.1
Current assets	36.5	34.9	54.9
Cash and cash equivalents	26.3	25.3	23.9
Total assets	477.4	456.8	480.1
Equity and liabilities			
Equity	384.2	381.1	385.0
Untaxed reserves	5.0	5.8	4.1
Provisions for pensions	8.2	7.2	7.3
Non-current liabilities	19.4	31.1	25.8
Current liabilities	60.6	31.6	57.9
Total equity and liabilities	477.4	456.8	480.1

RECONCILIATION BASIS FOR ALTERNATIVE PERFORMANCE MEASURES

The interim report presents certain financial performance measures of earnings trend, financial position and cash flow that are not defined in accordance with IFRS. These performance measures are intended to serve as important supplementary performance indicators of the Group's performance and financial position and the purpose is to provide a better understanding of the business. Elos Medtech's definitions of these measures may differ from other companies' definitions of the same concepts. The alternative performance measures presented in the interim reports should not be regarded as a replacement to terms and concepts in accordance with IFRS. They are instead intended as a supplement.

Calculations of non-IFRS performance measures that are not mentioned elsewhere in the interim report are presented below.

For complete information regarding the calculation and reasons for using alternative performance measures, please see:

www.elosmedtech.com.

SEK million	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Oct-Sep 2020/21	Jan-Dec 2020
Growth						
Reported net sales	187.2	147.9	539.4	425.2	694.2	580.0
Net sales for the same period last year	147.9	157.1	425.2	531.1	583.5	689.4
Change in net sales	39.3	-9.2	114.2	-105.9	110.7	-109.4
Growth, %	26.6	-5.9	26.9	-19.9	19.0	-15.9
Net sales adjusted for exchange rate changes						
Exchange rate changes	-0.6	-6.7	-16.7	-1.9	-25.5	-10.7
Net sales compared with the corresponding period in the previous year adjusted for exchange rate changes	147.3	150.4	408.5	529.2	558.0	678.7
Growth adjusted for exchange rate changes, %	27.1	-1.7	32.1	-19.7	24.4	-14.5
	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Oct-Sep 2020/21	Jan-Dec 2020
EBITDA						
Reported operating profit	24.2	17.9	75.8	44.7	94.7	63.6
Depreciation/amortization	14.6	14.5	41.2	46	55.2	60.0
EBITDA	38.8	32.4	117.0	90.7	149.9	123.6
Risk-bearing capital				30 Sep 2021	30 Sep 2020	31 Dec 2020
Equity				609.4	557.1	540.3
Deferred tax liability				27.2	22.4	19.7
Risk-bearing capital				636.6	579.5	560.0
Net debt				30 Sep 2021	30 Sep 2020	31 Dec 2020
Non-current interest-bearing provisions for pensions				62.7	65.2	63.5
Non-current interest-bearing liabilities				237.4	227.1	222.1
Current interest-bearing liabilities				53.8	67.1	51.3
Total liabilities				353.9	359.4	336.9
Cash and cash equivalents				-101.4	-96.3	-88.5
Net debt				252.5	263.1	248.4
Liquidity reserve				30 Sep 2021	30 Sep 2020	31 Dec 2020
Cash and cash equivalents				101.4	96.3	88.5
Utilized bank overdraft facility				-	-	-
Bank overdraft facilities granted				67.4	68.3	67.0
Liquidity reserve				168.8	164.6	155.5
	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Oct-Sep 2020/21	Jan-Dec 2020
Earnings after tax per share						
Profit after tax for the period, SEK thousands	17,605	12,604	56,044	24,923	67,153	36,032
Average number of shares in thousands	8,068.0	8,068.0	8,068.0	8,068.0	8,068.0	8,068.0
Earnings after tax per share	2.18	1.56	6.95	3.09	8.32	4.47

Nomination Committee

In accordance with the resolution at Elos Medtech's Annual General Meeting on May 3, 2021, based on the list of shareholders kept by Euroclear, as of August 31, 2021, the Chairman of the Board has offered the three shareholders in the company with the largest voting rights as well as the shareholder with the largest proportion of equity to appoint members to the Nomination Committee. The following individuals have been appointed to be members of Elos Medtech's Nomination Committee for the 2022 Annual General Meeting: Lovisa Lander, appointed by Goldcup 27911 AB (TA Associates), Thomas Öster, appointed by the Öster family (incl. companies), Kent Molin, appointed by the Molin family, Jonas Fridh, appointed by Bank Julius Baer & Co LTD. The Chairman of the Nomination Committee is Lovisa Lander, who has been appointed by the Nomination Committee. The Chairman of the Board, Yvonne Mårtensson, is a co-opted member of the Nomination Committee.

Shareholders who wish to submit proposals to the Elos Medtech Nomination Committee may send an e-mail to valberedning@elosmedtech.com with the heading "To the Nomination Committee" or letter to Elos Medtech AB, Torsgatan 5B, SE-411 04 Gothenburg, marked "To the Nomination Committee", no later than January 14, 2022.

Financial calendar

Activity	Date
Year-end report 2021	February 24, 2022
Annual Report 2021	April 2022
Interim report January-March 2022	April 26, 2022
Interim report January-June 2022	August 18, 2022
Interim report January-September 2022	October 21, 2022
Year-end report 2022	February 23, 2023

The Annual General Meeting 2022 will be held on May 3, 2022.

Publication

This information in this report is information that Elos Medtech AB (publ) is required to publish under the EU Market Abuse Regulation. The information was submitted (by the contact person specified below) for publication on October 20 at 08:00 a.m. (CET).

Elos Medtech AB (publ) is a Swedish limited liability company, whose B shares are listed on Small Cap, NASDAQ Stockholm AB. Elos Medtech's corporate governance is based on Swedish legislation and the company's listing agreement with NASDAQ Stockholm AB.

This is a translation of the Swedish version of the Interim Report January-September. When in doubt, the Swedish wording prevails.

For questions about the report, please contact:



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