

# Q2

## INTERIM REPORT 2018

### Rising demand and expansion in USA

#### April – June 2018

- Net sales for the second quarter of the year increased and amounted to SEK 166.0 M (155.6), corresponding to organic growth of 6.7%. Adjusted for currency fluctuations the growth was 5.8%.
- Operating profit was SEK 5.2 M (13.5). The operating margin was 3.1% compared to 8.7% in 2017. The operating profit has been negatively impacted by non-recurring costs amounted to SEK 5.6 million.
- Profit after net financial items amounted to SEK 5.2 M (5.9). Net financial items were positively impacted by exchange rate differences of SEK 2.4 M (-5.3).
- Profit after tax amounted to SEK 3.4 M (4.9), corresponding to SEK 0.42 (0.81) per share.
- Cash flow from operations was SEK 19.6 M (20.6) and after investments SEK 2.2 M (13.7).

#### Events during the quarter

- As part of our expansion strategy Elos Medtech's subsidiary, Onyx Medical, purchased land in Memphis. The purpose is to double our production space and construction will start in the third quarter.
- The lawsuit against Onyx Medical LLC that was filed in the US Federal Court of Chicago has been concluded without imposing fault, liability or wrongdoing on the part of Onyx Medical.

#### January – June 2018

- Net sales for the first half of the year increased and amounted to SEK 321.7 M (296.5), corresponding to organic growth of 8.5%. Adjusted for currency fluctuations the growth was 7.4%.
- Operating profit was SEK 16.1 M (26.8). The operating margin was 5.1% compared to 8.1% in 2017. The operating profit has been negatively impacted by non-recurring costs amounted to SEK 5.6 million.
- Profit after net financial items amounted to SEK 14.8 M (15.5). Net financial items were positively impacted by exchange rate differences of SEK 3.2 M (-6.7).
- Profit after tax amounted to SEK 10.5 M (12.1), corresponding to SEK 1.30 (2.00) per share.
- Cash flow from operations was SEK 28.3 M (32.5) and after investments SEK -4.0 M (20.3).

Key performance indicators	April-June 2018	April-June 2017	Jan-June 2018	Jan-June 2017	July-June 2017/18	Jan-Dec 2017
Net sales, SEK m	166.0	155.6	321.7	296.5	603.1	577.9
Growth, %	6.7	2.6	8.5	1.5	9.4	4.7
EBITDA, SEK m	18.2	26.5	41.5	53.4	82.0	94.0
EBITDA, %	11.0	17.0	12.9	18.0	13.6	16.3
EBIT, SEK m	5.2	13.5	16.1	26.8	32.0	42.7
EBIT, %	3.1	8.7	5.1	9.1	5.3	7.4
Profit after financial items, SEK m	5.2	5.9	14.8	15.5	25.7	26.4
Profit after tax, SEK m	3.4	4.9	10.5	12.1	21.0	22.6
Earnings per share after tax, SEK	0.42	0.81	1.30	2.00	3.46	3.74

**+6.7%**  
After currency adjustments, growth was 5.8%.



## Comments from the CEO, Jan Wahlström

Elos Medtech's strategic growth journey continues at a high pace. During the first six months of the year, we have strengthened our position as key development and manufacturing partner in the global medical technology market. Elos Medtech is a brand that represents quality, expertise and innovation. Organic growth for the quarter was 6.7 per cent, resulting in a growth rate for the first six months of 8.5 per cent. Sales for the first six months of the year were SEK 322 (297) million and with that, we have exceeded SEK 600 million on our trailing 12-month net sales.

Our focus remains on Orthopedics and Dental Implant Systems, along with further strengthening our brand. The goal is for all units to be specialized, offering products that are best-in-class. Focused efforts will enable us to grow more quickly and efficiently.

Our strategy with clear focus on market segments has started to show results. In Dental Implant Systems we have already implemented several changes. Our aim is a higher level of specialization and streamlining that more clearly positions us in the niche market for dental implants and prosthetics, while developing a larger service offering in product development and design. Our sales growth for the first six months was 4 per cent. We are experiencing higher demand for new projects from several of our key customers, but we have also lost a few products, primarily because customers have opted for in-house production instead.

For Diagnostics, we've taken on several new projects which has strengthened our position with existing customers and we are also expanding our offering globally. Growth for the first six months of the year was 14 per cent. During the third quarter of 2017, the turbulent situation in Hearing Device & Vibration started to settle down and we expected to see a recovery in 2018. The growth trend for sales has remained robust and growth the first six months of the year was 26 per cent.

Growth in Orthopedics was 11 per cent in the second quarter. The demand from customers in trauma and robotic surgery has increased and our American operations have grown by 22 per cent during the first six months of the year. We purchased land in Memphis during the quarter and new construction will get underway in the third quarter. The expansion will double our manufacturing floor space and we are also investing in machinery to increase capacity. The investment in Memphis reduces our tax

burden by SEK 12 million over a nine-year period. The investment to increase capacity will amount to approximately SEK 100 million during 2018-2019. The lawsuit against Onyx Medical LLC that was filed at the US Federal Court in Chicago has now been concluded without imposing fault, liability or wrongdoing on Onyx Medical's actions. The legal process had a negative impact on operating profit of SEK 1.3 million.

Operating margin including non-recurring costs was 3.1 per cent for the quarter. Operating margin was 5.1 per cent for the first six months of the year. The Group's profitability is thus in line with expectations except for one unit, where we are now in the process of implementing several changes. We will see a positive impact on profitability by increasing our specialization, discontinuing projects that are inconsistent with our focus and reallocating machinery between our units.

The profit margin for the quarter, excluding nonrecurring costs was 6.5 per cent, which is in line with the previous quarter. However, our profit worsened due to a number of non-recurring costs. One was the legal process with Onyx Medical LLC, along with discontinuation of the Cresco product range and costs associated with organisational changes at our production facility in Timmersdala. However, we are working intensively with improvements and will report higher profits. Non-recurring costs amounted to SEK 5.6 million.

During the first half of the year, we began rolling out our platform for growth and expansion. Elos Medtech is regarded as a stable and knowledgeable key partner. Going forward, we will work diligently with our improvement efforts. This will enable us to achieve success, growth and profitability in a market where there is robust growth

Gothenburg, July 2018

Jan Wahlström  
Verkställande Direktör

# Directors' report

## Information about the operations

The Group's operations are conducted at facilities in Sweden, Denmark, China and the USA. The company is one of Europe's leading development and production partners of medical technology products and components such as dental and orthopaedic implants and instruments. Customers consist mainly of internationally active medical technology companies in the market segments Dental Implant Systems, Diagnostics, Hearing Device & Vibration, Orthopedics and Other Medical Areas.

## Segment reporting

The Group's operations are undertaken within a single line of business consisting of the development, manufacture and sale of medical devices. Operations are managed, developed and marketed as a single entity, i.e. Elos Medtech. The consolidated income statement and the statement of financial position in their entirety therefore refer to one operating segment.

## Turnover

### April-June 2018

Consolidated net sales for the quarter increased and amounted to SEK 166.0 million (155.6). The increase of 6.7% compared with the previous year can be attributed to four market segments: Diagnostics (+12%), Hearing Device & Vibration (+31%), Orthopedics (+5%) and Other Medical Areas (+3%). The Dental Implant Systems market segment has performed at approximately the same level as last year.

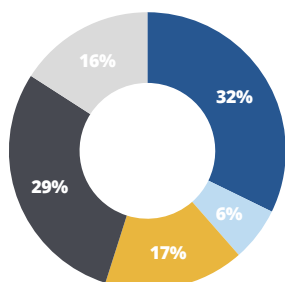
For own products, growth is at approximately the same rate as consolidated net sales. Own products now account for 10.1 per cent (9.6) of consolidated net sales.

## Performance

### April-June 2018

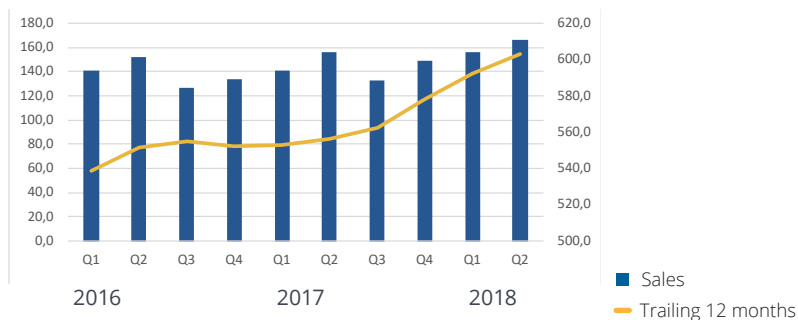
For the first quarter, operating profit amounted to SEK 5.2 million (13.5), which corresponds to an operating margin of 3.1 per cent (8.7). Consolidated net financial items amounted to SEK 0.0 million (-7.6) after the positive impact from exchange differences, which was SEK 2.4 million (-5.3). Profit after financial items amounted to SEK 5.2 million (5.9). Profit after tax amounted to SEK 3.4 million (4.9), which corresponds to SEK 0.42 per share (0.81). Consolidated comprehensive income was SEK 17.6 million (0.6).

## Sales by Market



- Dental Implant Systems
- Diagnostics
- Hearing Device & Vibration
- Orthopedics
- Other Medical Areas

## Elos Medtech – Sales



## Investments

The Group's investments in buildings, land, machinery, inventories, capitalized development costs and other tangible fixed assets amounted to SEK 17.4 million (6.9) during the first quarter and mainly refer to increased machine capacity.

## Financial position and liquidity

The Group's balance sheet total has increased during the period and amounted to SEK 950.7 million (859.3). Consolidated equity amounted to SEK 507.2 million (364.6). Equity per share, calculated on 8,068,000 shares, amounted to SEK 62.85 (60.25). At the end of the quarter, own risk-bearing capital amounted to SEK 539.7 million (398.3), corresponding to 56.8 per cent (46.4) of total capital. The Group's equity/assets ratio amounted to 53.3 per cent (42.4).

The Group's cash flow from operating activities during the financial year amounted to SEK 9.6 million (20.6). Cash flow after investments and sales of fixed assets amounted to SEK 2.2 million (13.7).

The Group's net debt decreased during the period and amounted to SEK 270.7 million (362.4). The Group's cash and cash equivalents, including unutilised overdraft facilities, amounted to SEK 134.2 million (58.4).

## Personnel

The average number of employees in the Group during the second quarter was 550, compared to 522 corresponding to the previous year.

## Events during the quarter

As part of our expansion strategy Elos Medtech's subsidiary, Onyx Medical, purchased land in Memphis. The purpose is to double our production space and construction will start in the third quarter.

The lawsuit against Onyx Medical LLC that was filed in the US Federal Court of Chicago has been concluded without imposing fault, liability or wrongdoing on the part of Onyx Medical.

## Parent Company

In addition to the administration of central management issues, the Parent Company also engages in Group support operations such as market support, production and quality management, risk management, financing and financial control.

The Parent Company's net sales during the second quarter amounted to SEK 6.1 million (5.8). Profit after financial items amounted to SEK 5.2 million (-7.2). The Parent Company's comprehensive income was SEK 3.9 million (-7.4). The share of own risk-bearing capital was 79.9 per cent (64.9). The equity/assets ratio amounted to 79.6 per cent (64.5).

## Significant risks and factors of uncertainty

The Group's significant risks and factors of uncertainty include the business risks associated with customers and suppliers and other external factors, such as price risks for input goods. In addition, the Group manages the financial risks associated with fluctuations in exchange rates and interest rates. A detailed description of the Group's risks, factors of uncertainty and their management can be found in the administration report section of the annual report for 2017.

## Net sales by market segment

SEK m	April-June 2018	April-June 2017	Jan-June 2018	Jan-June 2017	July-June 2017/18	Jan-Dec 2017
Dental Implant Systems	53.5	54.0	109.7	105.5	206.2	202.0
Diagnostics	10.5	9.4	18.0	15.8	32.4	30.2
Hearing Device & Vibration	27.2	20.7	49.4	39.2	91.6	81.4
Orthopedics	48.4	45.9	94.4	84.9	175.5	166.0
Other Medical Areas	26.4	25.6	50.1	51.1	97.3	98.3
<b>Total net sales</b>	<b>166.0</b>	<b>155.6</b>	<b>321.7</b>	<b>296.5</b>	<b>603.1</b>	<b>577.9</b>

## Performance

	April-June 2018	April-June 2017	Jan-June 2018	Jan-June 2017	July-June 2017/18	Jan-Dec 2017
EBITDA, SEK m	18.2	26.5	41.5	53.4	82.0	94.0
EBITDA, %	11.0	17.0	12.9	18.0	13.6	16.3
EBIT, SEK m	5.2	13.5	16.1	26.8	32.0	42.7
EBIT, %	3.1	8.7	5.1	9.1	5.3	7.4
Profit after financial items, SEK m	5.2	5.9	14.8	15.5	25.7	26.4
Profit after tax, SEK m	<b>3.4</b>	<b>4.9</b>	<b>10.5</b>	<b>12.1</b>	<b>21.0</b>	<b>22.6</b>

### Related party transactions

During the reporting period, the company executed a transaction with senior executives. It represents the last payment of contingent consideration of SEK 10.0 million for the acquisition of Onyx Medical LLC.

### Accounting principles

The consolidated financial statements for 2018, similarly to the annual accounts for 2017, have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and the Swedish Annual Accounts Act. The Parent Company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 "Accounting for Legal Entities".

This interim report has been prepared in accordance with IAS 34. The information on pages 1-13 constitutes an integral part of this financial report. The term "IFRS" in this document includes the application of both IAS and IFRS, as well as interpretations of these standards published by IASB's Standards Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

The Parent Company's promissory note receivable from the subsidiary Elos Medtech Holdings Inc has, from the third quarter of 2017, been classified as an expanded investment in the subsidiary. The translation difference on this receivable has, from the third quarter of 2017, been recognised in other comprehensive income.

The Group applies the same accounting principles as described in the annual report for 2017. New or amended recommendations applying from 2018 have not had any material impact on the financial statements. As of 1 January 2018, IFRS "9 Financial instruments" and IFRS 15 "Revenue from Contracts with Customers" are applied. IFRS 9 addresses the classification, measurement and accounting of financial assets and liabilities.

The Group's analysis has shown that the implementation of IFRS 9 and IFRS 15 will not have any material impact on the Group's financial statements. Therefore, no transitional effects will arise as a result of the introduction of these accounting standards. The guidelines issued by ESMA (European Securities and Markets Authority) on "Alternate performance measures" apply from 3 July 2016 and entail disclosure requirements for financial measures that are not defined according to IFRS.

### Auditor's review

This interim report has not been subject to review by the company's auditors.

The CEO and CFO certify that this interim report provides a true and fair view of the company's and the Group's operations, financial position and performance and describes the material risks and uncertainties faced by the company and the companies in the Group.

Elos Medtech AB (publ)  
Gothenburg, 19 July 2018

Yvonne Mårtensson Chairman of the Board	Agneta Bengtsson Runmarker Board Director
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Anders Birgersson Board Director	Jeppe Magnusson Board Director
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Mats Nilsson Board Director	Jon Risfelt Board Director
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Jan Wahlström President and CEO	Christian Bergaust CFO
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# Condensed consolidated income statement and statement of comprehensive income

SEK M	April-June 2018	April-June 2017	Jan-June 2018	Jan-June 2017	July-June 2017/18	Jan-Dec 2017
<b>Income statement</b>						
Net sales	166.0	155.6	321.7	296.5	603.1	577.9
Cost of goods sold	-123.3	-108.3	-235.1	-205.9	-444.6	-415.4
<b>Gross profit</b>	<b>42.7</b>	<b>47.3</b>	<b>86.6</b>	<b>90.6</b>	<b>158.5</b>	<b>162.5</b>
Selling expenses	-11.1	-10.7	-20.7	-20.8	-37.8	-37.9
Administrative expenses	-22.0	-18.6	-41.9	-35.0	-75.0	-68.1
Development costs	-3.7	-4.3	-7.4	-8.0	-13.2	-13.8
Other operating income/expenses	-0.7	-0.2	-0.5	-	-0.5	-
<b>Operating profit</b>	<b>5.2</b>	<b>13.5</b>	<b>16.1</b>	<b>26.8</b>	<b>32.0</b>	<b>42.7</b>
Financial income	-	-	-	0.1	0.1	0.2
Financial expenses	-2.4	-2.3	-4.5	-4.7	-9.1	-9.3
Foreign exchange effects	2.4	-5.3	3.2	-6.7	2.7	-7.2
<b>Profit after financial items</b>	<b>5.2</b>	<b>5.9</b>	<b>14.8</b>	<b>15.5</b>	<b>25.7</b>	<b>26.4</b>
Taxes	-1.8	-1.0	-4.3	-3.4	-4.7	-3.8
<b>Profit after tax</b>	<b>3.4</b>	<b>4.9</b>	<b>10.5</b>	<b>12.1</b>	<b>21.0</b>	<b>22.6</b>
<b>Profit attributable to:</b>						
Shareholders in the Parent Company	3.4	4.9	10.5	12.1	21.0	22.6
<b>Statement of comprehensive income</b>						
<b>Profit after tax</b>	<b>3.4</b>	<b>4.9</b>	<b>10.5</b>	<b>12.1</b>	<b>21.0</b>	<b>22.6</b>
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Actuarial gains and losses	-	0.2	-	0.4	-7.0	-6.6
Tax	-	-0.1	-	-0.1	1.5	1.4
	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>0.3</b>	<b>-5.5</b>	<b>-5.2</b>
Items that may be reclassified to profit or loss						
Translation differences for the period	15.7	-4.5	27.4	-6.8	26.5	-7.7
Tax	-1.5	0.1	-1.8	0.1	-1.5	0.4
	14.2	-4.4	25.6	-6.7	25.0	-7.3
<b>Other comprehensive income, net</b>	<b>14.2</b>	<b>-4.3</b>	<b>25.6</b>	<b>-6.4</b>	<b>19.5</b>	<b>-12.5</b>
<b>Comprehensive income</b>	<b>17.6</b>	<b>0.6</b>	<b>36.1</b>	<b>5.7</b>	<b>40.5</b>	<b>10.1</b>
Comprehensive income attributable to:						
Shareholders in the Parent Company	17.6	0.6	36.1	5.7	40.5	10.1
Operating margin before depreciation and amortisation (EBITDA)						
	11.0%	17.0%	12.9%	18.0%	13.6%	16.3%
Operating margin after depreciation and amortisation (EBIT)						
	3.1%	8.7%	5.1%	9.1%	5.3%	7.4%
Depreciation and amortisation charged to profit/loss	13.0	13.0	25.4	26.6	50.0	51.3
Earnings per share after tax (SEK) *	0.42	0.81	1.30	2.00	3.46	3.74
Average number of shares (thousand)	8,068	6,051	7,121	6,051	6,581	6,051
Number of shares (thousand) at the end of the period	8,068	6,051	8,068	6,051	6,051	6,051

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

# Condensed consolidated statement of financial position

SEK m

Balance sheet	2018-06-30	2017-06-30	2017-12-31
<b>Assets</b>			
Intangible fixed assets	285.4	273.0	267.0
Tangible fixed assets	359.8	334.0	334.6
Financial assets	7.9	7.5	7.7
Other current assets	250.6	228.4	228.6
Cash and bank balances	47.0	16.4	9.6
<b>Total assets</b>	<b>950.7</b>	<b>859.3</b>	<b>847.5</b>
<b>Equity and liabilities</b>			
Equity	507.2	364.6	369.0
Non-current liabilities	280.9	307.2	273.4
Current liabilities	162.6	187.5	205.1
<b>Total equity and liabilities</b>	<b>950.7</b>	<b>859.3</b>	<b>847.5</b>

## Key performance indicators

		Jan-June 2018	Jan-June 2017	Jan-Dec 2017
Return on operating capital	%	4.3	7.3	5.8
Return on equity	%	4.8	13.7	6.1
Share of risk-bearing capital	%	56.8	46.4	47.2
Equity/assets ratio	%	53.3	42.4	43.5
Net debt	SEK m	270.7	362.4	358.6
Investments including finance leases	SEK m	32.3	12.2	37.6
Average number of employees		550	522	527
Equity per employee	SEK	62.85	60.25	60.98
Dividend	SEK	0.00	0.00	0.00

# Condensed statement of changes in equity

SEK m	2018-06-30	2017-06-30	2017-12-31
Opening balance	369.0	366.8	366.8
New share issue	102.1	-	-0.1
Dividend	-	-7.9	-7.9
Total comprehensive income	36.1	5.7	10.1
<b>Closing equity</b>	<b>507.2</b>	<b>364.6</b>	<b>369.0</b>

## Quarterly values, Group

SEK m	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
Quarterly values	2018	2018	2017	2017	2017	2017
<b>Net sales</b>	<b>166.0</b>	<b>155.7</b>	<b>148.9</b>	<b>132.5</b>	<b>155.6</b>	<b>140.9</b>
Cost of goods sold	-123.3	-111.8	-112.4	-97.1	-108.3	-97.6
<b>Gross profit</b>	<b>42.7</b>	<b>43.9</b>	<b>36.5</b>	<b>35.4</b>	<b>47.3</b>	<b>43.3</b>
Sales, admin and dev. expenses	-36.8	-33.2	-29.1	-26.9	-33.6	-30.2
Other operating items	-0.7	0.2	-0.8	0.8	-0.2	0.2
<b>Operating profit</b>	<b>5.2</b>	<b>10.9</b>	<b>6.6</b>	<b>9.3</b>	<b>13.5</b>	<b>13.3</b>
Net financial items	-2.4	-2.1	-2.1	-2.4	-1.9	-2.3
Foreign exchange effects	2.4	0.8	1.2	-1.7	-5.7	-1.4
<b>Profit after financial items</b>	<b>5.2</b>	<b>9.6</b>	<b>5.7</b>	<b>5.2</b>	<b>5.9</b>	<b>9.6</b>
Taxes	-1.8	-2.5	1.8	-2.2	-1.0	-2.4
<b>Profit after tax</b>	<b>3.4</b>	<b>7.1</b>	<b>7.5</b>	<b>3.0</b>	<b>4.9</b>	<b>7.2</b>



# Condensed consolidated statement of cash flows

SEK m	April-June 2018	April-June 2017	Jan-June 2018	Jan-June 2017	July-June 2017/18	Jan-Dec 2017
<b>Cash flow</b>						
Profit after net financial items	5.2	5.9	14.8	15.5	25.7	26.4
Reversed depreciation/amortisation	13.0	13.0	25.4	26.6	50.1	51.3
Adjustment entries	-2.3	2.9	-2.7	4.8	-0.5	7.0
Tax paid	0.1	-1.2	-3.1	-2.4	-2.9	-2.2
Change in working capital	3.6	-	-6.1	-12.0	-14.5	-20.4
<b>Cash flow from operating activities</b>	<b>19.6</b>	<b>20.6</b>	<b>28.3</b>	<b>32.5</b>	<b>57.9</b>	<b>62.1</b>
Investments in fixed assets	-17.4	-6.9	-32.3	-12.2	-57.7	-37.6
<b>Remaining after construction investments</b>	<b>2.2</b>	<b>13.7</b>	<b>-4.0</b>	<b>20.3</b>	<b>0.2</b>	<b>24.5</b>
Issue/redemption of warrants	-	-	-	-	-0.1	-0.1
New share issue	-	-	101.4	-	101.4	-
Change in bank overdraft facility	-15.1	0.2	-46.8	17.6	-54.8	9.6
Borrowings	3.3	-	13.2	0.8	31.3	18.9
Repayment of loans	-19.8	-25.3	-26.8	-52.7	-47.9	-73.8
Dividend	-	-7.9	-	-7.9	0.0	-7.9
<b>Cash flow for the period</b>	<b>-29.4</b>	<b>-19.3</b>	<b>37.0</b>	<b>-21.9</b>	<b>30.1</b>	<b>-28.8</b>
Cash flow for the period, total	-29.4	-19.3	37.0	-21.9	30.1	-28.8
Cash and cash equivalents at the beginning of the period	76.1	35.9	9.6	38.5	16.4	38.5
Exchange rate differences in cash and cash equivalents	0.3	-0.2	0.4	-0.2	0.5	-0.1
<b>Cash and cash equivalents at the end of the period</b>	<b>47.0</b>	<b>16.4</b>	<b>47.0</b>	<b>16.4</b>	<b>47.0</b>	<b>9.6</b>

# Condensed income statement and statement of comprehensive income for the Parent Company

SEK m	April-June	April-June	Jan-June	Jan-June	July-June	Jan-Dec
Income statement	2018	2017	2018	2017	2017/18	2017
Net sales	6.1	5.8	12.2	11.6	25.6	25.0
Cost of goods sold	-	-	-	-	-	-
<b>Gross profit</b>	<b>6.1</b>	<b>5.8</b>	<b>12.2</b>	<b>11.6</b>	<b>25.6</b>	<b>25.0</b>
Selling expenses	-3.1	-2.7	-5.6	-5.5	-10.5	-10.4
Administrative expenses	-8.1	-7.4	-14.1	-12.0	-25.4	-23.3
Other operating income/expenses	0.1	-0.5	0.1	0.1	-0.6	-0.6
<b>Operating profit</b>	<b>-5.0</b>	<b>-4.8</b>	<b>-7.4</b>	<b>-5.8</b>	<b>-10.9</b>	<b>-9.3</b>
Profit from participations in Group companies	-	-	-	-	16.9	16.9
Financial income	2.9	2.1	5.3	4.3	10.7	9.7
Financial expenses	-0.7	-1.0	-1.6	-2.1	-3.3	-3.8
Foreign exchange effects	8.0	-3.5	9.3	-4.4	6.8	-6.9
<b>Profit after financial items</b>	<b>5.2</b>	<b>-7.2</b>	<b>5.6</b>	<b>-8.0</b>	<b>20.2</b>	<b>6.6</b>
Appropriations	-	-	-	-	-1.8	-1.8
Taxes	-1.3	-0.2	-1.3	-0.2	-2.6	-1.5
<b>Profit after tax</b>	<b>3.9</b>	<b>-7.4</b>	<b>4.3</b>	<b>-8.2</b>	<b>15.9</b>	<b>3.4</b>
<b>Statement of comprehensive income</b>						
<b>Profit after tax</b>	<b>3.9</b>	<b>-7.4</b>	<b>4.3</b>	<b>-8.2</b>	<b>15.9</b>	<b>3.4</b>
<b>Other comprehensive income</b>						
<b>Items that may be reclassified to profit or loss</b>						
Translation of hedging of net investments in the period	-	-	-	-	-	-
Tax	-	-	-	-	-	-
<b>Other comprehensive income, net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Comprehensive income</b>	<b>3.9</b>	<b>-7.4</b>	<b>4.3</b>	<b>-8.2</b>	<b>15.9</b>	<b>3.4</b>

# Condensed balance sheet for the Parent Company

SEK m

<b>Assets</b>	<b>2018-06-30</b>	<b>2017-06-30</b>	<b>2017-12-31</b>
Intangible fixed assets	4.4	3.0	3.7
Tangible fixed assets	0.8	0.8	0.8
Financial assets	415.1	383.4	385.4
Other current assets	22.6	12.5	24.8
Cash and bank balances	36.6	6.5	0.8
<b>Total assets</b>	<b>479.5</b>	<b>406.2</b>	<b>415.5</b>
<b>Equity and liabilities</b>	<b>2018-06-30</b>	<b>2017-06-30</b>	<b>2017-12-31</b>
Equity	375.7	257.7	269.2
Untaxed reserves	7.5	5.8	7.5
Provisions	5.2	4.6	4.9
Non-current liabilities	45.8	111.0	52.4
Current liabilities	45.3	27.1	81.5
<b>Total equity and liabilities</b>	<b>479.5</b>	<b>406.2</b>	<b>415.5</b>

# Reconciliation basis for alternative performance measures

SEK m	April-June 2018	April-June 2017	Jan-June 2018	Jan-June 2017	July-June 2017/18	Jan-Dec 2017
<b>Organic growth</b>						
Recognised net sales	166.0	155.6	321.7	296.5	603.1	577.9
Net sales compared to same period last year	155.6	151.6	296.5	292.0	551.1	552.0
<b>Change in net sales</b>	<b>10.4</b>	<b>4.0</b>	<b>25.2</b>	<b>4.5</b>	<b>52.0</b>	<b>25.9</b>
<b>Growth, %</b>	<b>6.7</b>	<b>2.6</b>	<b>8.5</b>	<b>1.5</b>	<b>9.4</b>	<b>4.7</b>
Net sales from acquired operations	-	-	-	-	-	-
Adjusted net sales from acquisition effects	166.0	155.6	321.7	296.5	603.1	577.9
<b>Organic growth, %</b>	<b>6.7</b>	<b>2.6</b>	<b>8.5</b>	<b>1.5</b>	<b>9.4</b>	<b>4.7</b>
<b>Sales adjusted for fluctuations in exchange rates</b>						
Fluctuations in exchange rates	1.3	4.1	2.9	6.8	-2.0	1.9
Currency-adjusted net sales compared to same period last year	156.9	155.7	299.4	298.8	549.1	553.9
<b>Change, %</b>	<b>5.8</b>	<b>-0.1</b>	<b>7.4</b>	<b>-0.8</b>	<b>9.8</b>	<b>4.3</b>
	<b>April-June 2018</b>	<b>April-June 2017</b>	<b>Jan-June 2018</b>	<b>Jan-June 2017</b>	<b>July-June 2017/18</b>	<b>Jan-Dec 2017</b>
<b>Operating profit before non-recurring items</b>						
Recognised operating profit	5.2	13.5	16.1	26.8	32.0	42.7
Non-recurring items	5.6	-	5.6	-	5.6	-
<b>Operating profit before non-recurring items</b>	<b>10.8</b>	<b>13.5</b>	<b>21.7</b>	<b>26.8</b>	<b>37.6</b>	<b>42.7</b>
	<b>April-June 2018</b>	<b>April-June 2017</b>	<b>Jan-June 2018</b>	<b>Jan-June 2017</b>	<b>July-June 2017/18</b>	<b>Jan-Dec 2017</b>
<b>EBITDA</b>						
Recognised operating profit	5.2	13.5	16.1	26.8	32.0	42.7
Depreciation, amortisation and impairment	13.0	13.0	25.4	26.6	50.0	51.3
<b>EBITDA</b>	<b>18.2</b>	<b>26.5</b>	<b>41.5</b>	<b>53.4</b>	<b>82.0</b>	<b>94.0</b>
<b>Own risk-bearing capital</b>				<b>2018-06-30</b>	<b>2017-06-30</b>	<b>2017-12-31</b>
Equity				507.2	364.6	369.0
Deferred tax liability				32.5	33.7	30.8
<b>Own risk-bearing capital</b>				<b>539.7</b>	<b>398.3</b>	<b>399.8</b>
<b>Net debt</b>				<b>2018-06-30</b>	<b>2017-06-30</b>	<b>2017-12-31</b>
Long-term interest-bearing provisions for pensions				37.6	29.0	36.9
Non-current interest-bearing liabilities				210.8	244.5	205.8
Current interest-bearing liabilities				69.3	105.3	125.5
<b>Total liabilities</b>				<b>317.7</b>	<b>378.8</b>	<b>368.2</b>
Cash and cash equivalents				-47.0	-16.4	-9.6
<b>Net debt</b>				<b>270.7</b>	<b>362.4</b>	<b>358.6</b>
<b>Cash and cash equivalents, including unutilised overdraft facilities</b>				<b>2018-06-30</b>	<b>2017-06-30</b>	<b>2017-12-31</b>
Cash and cash equivalents				47.0	16.4	9.6
Utilised bank overdraft facility				-2.8	-57.9	-48.9
Granted bank overdraft facility				90.0	99.9	72.2
<b>Cash and cash equivalents, including unutilised overdraft facilities</b>				<b>134.2</b>	<b>58.4</b>	<b>32.9</b>

### **Definitions of alternative performance measures**

Alternative performance measures are financial measures for assessing the earnings trend, financial position and cash flow which are not defined in the applicable accounting rules, IFRS. These performance measures are considered to be important supplementary performance measures for the Group's financial performance and position, with the aim of creating an enhanced understanding of the operations. Alternative performance measures presented in the interim report should not be considered substitutes for terms and concepts as defined in IFRS, but instead as a supplement. These performance measures need not be comparable with similar performance indicators used by other companies. The reconciliation basis for the calculation of some of these performance measures is shown on page 12 of this report.

### ***Sales adjusted for fluctuations in exchange rates***

Sales adjusted for fluctuations in exchange rates compared to the same period last year.

### ***Organic growth***

Change in net sales adjusted for sales from acquired and divested operations compared to the same period last year.

### ***Non-recurring items***

Items that are not included in ordinary business transactions and when amounts are of a substantial size and thus have an impact on profit and performance indicators.

### ***Operating profit before non-recurring items***

Profit before financial income and expenses and taxes adjusted for non-recurring items.

### ***Operating profit (EBIT)***

Profit before financial income and expenses and taxes.

### ***Operating margin, %***

Operating profit in relation to operating net sales.

### ***EBITDA***

Operating profit before depreciation, amortisation and impairment.

### ***EBITDA, %***

Operating profit before depreciation, amortisation and impairment in relation to operating net sales.

### ***Own risk-bearing capital***

The total of reported equity, any minority interest and deferred tax liabilities.

### ***Net debt***

Interest-bearing financial liabilities, non-interest-bearing financial liabilities and provisions for pensions less cash and cash equivalents.

### ***Cash and cash equivalents, including unutilised overdraft facilities***

Cash/bank balances and bank overdraft facility granted, less overdraft facility utilised.

### **Auditor's review**

This interim report has not been subject to review by the company's auditors.

### **Financial information**

Interim Report April – June 2018 will be published on 19 July 2018.  
Interim Report July – Sept 2018 will be published on 25 October 2018.  
Year-end Report 2018 will be published on 18 February 2019.  
Annual Report for 2018 will be published in April 2019.  
The AGM for 2019 will be held on 23 April 2019.

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### **Publication**

The information presented in this report is such information that Elos Medtech AB (publ) is obliged to publish under the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication, on the initiative of the above contact person, on 19 July 2018 at 13:00 (CET).

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

### **Future-oriented information**

The future-oriented information in this report is based on management's expectations at the time of preparing the report. Although the Board of Directors and the management deem that the expectations are reasonable, there is no guarantee that the expectations are or will prove to be correct. Consequently, future outcomes may differ significantly from those postulated on the basis of the future-oriented information due to, for example, changing market conditions for the Group's services or more generally changed conditions as regards the economy, market and competition, changes in legal requirements and other policy measures, and fluctuations in exchange rates. The company does not undertake to update or correct any future-oriented information except as stipulated by law.

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