

Styrelsens redogörelse enligt 13 kap. 6 § aktiebolagslagen (2005:551) / The board of directors' report in accordance with Chapter 13, Section 6 of the Swedish Companies Act

Såsom redogörelse enligt 13 kap. 6 § aktiebolagslagen (2005:551) får styrelsen för Elos Medtech AB (publ), org.nr. 556021-9650, anföra följande.

As a report pursuant to Chapter 13, Section 6 of the Swedish Companies Act (Sw. aktiebolagslagen (2005:551)) the board of directors of Elos Medtech AB (publ), reg. no. 556021-9650, hereby declares the following.

Efter lämnandet av årsredovisningen för räkenskapsåret 2022, innehållande de senast fastställda balans- och resultaträkningarna, har de händelser av väsentlig betydelse för bolagets ställning inträffat som har framgått av delårsrapporterna för perioden 1 januari 2023 – 31 mars 2023 och 1 januari 2023 – 30 juni 2023, se bifogat. För perioden därefter framgår inträffade händelser av väsentlig betydelse för bolagets ställning av det regulatoriska pressmeddelande som offentliggjorts på bolagets webbplats, www.elosmedtech.com, den 28 juli 2023.

Since the submission of the annual report for the year 2022, including the latest adopted balance sheet and earnings statement, events of material importance for the company's position have occurred as disclosed in the interim reports for the period 1 January 2023 – 31 March 2023 and 1 January 2023 – 30 June 2023, see attached. For the period thereafter, events of material importance for the company's position have occur as disclosed in the press release that was published on the company's website, www.elosmedtech.com, on 28 July 2023.

Göteborg den 12 augusti 2023
Gothenburg on 12 August 2023

Elos Medtech AB (publ)

Styrelsen
The board of directors

Magnus René

Lovisa Lander

Winfried Schaller

Q1 2023

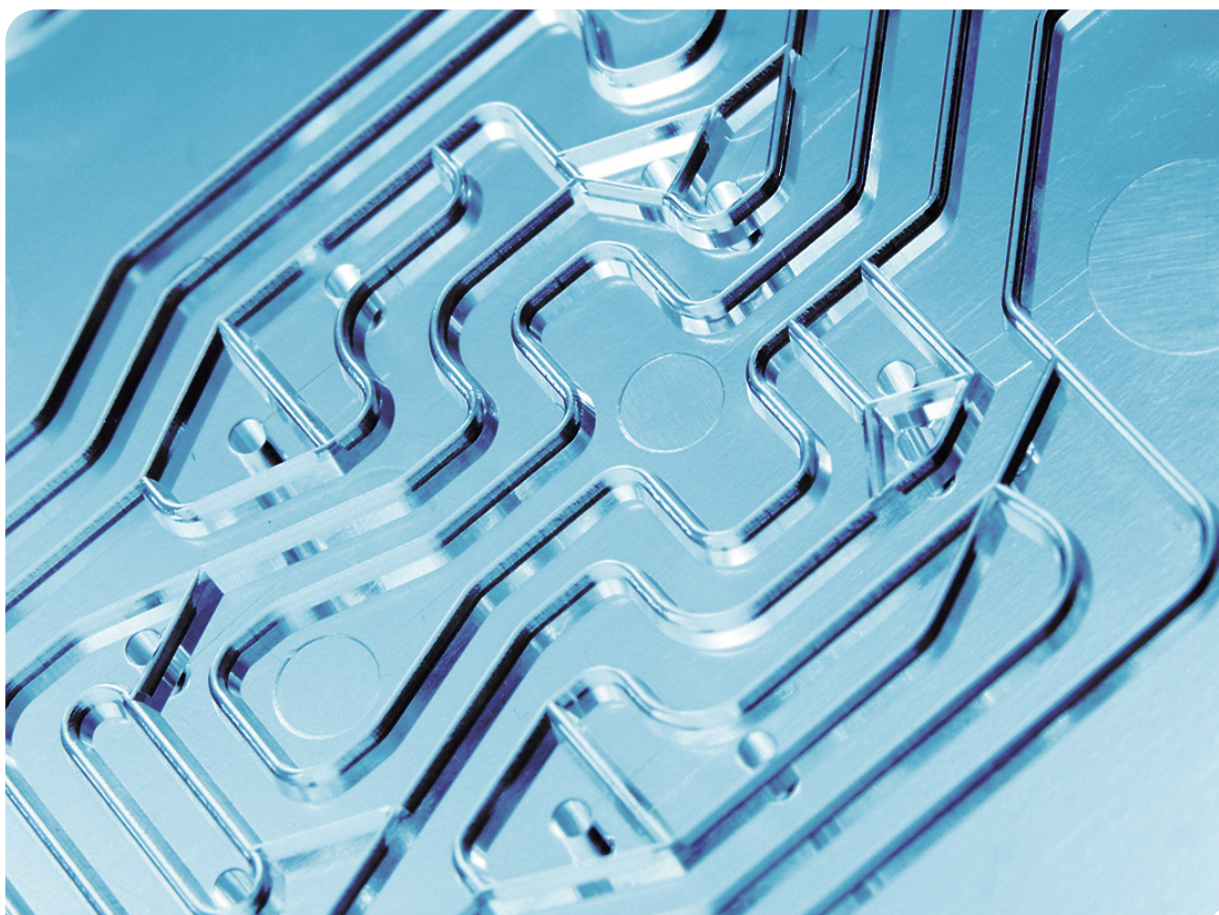
INTERIM REPORT

SEK 267.2 million

The Group's net sales increased to SEK 267.2 (194.5) million in the first quarter of 2023

SEK 44.4 million

The Group's operating profit increased to SEK 44.4 (29.2) million in the first quarter of 2023



Q1 2023 INTERIM REPORT

January – March 2023

- Net sales for the first quarter amounted to **SEK 267.2** (194.5) **million**, an increase of 37.4 percent compared to the same quarter last year. Net sales in local currencies increased by **29.5 percent**.
- Operating profit amounted to **SEK 44.4** (29.2) **million**, corresponding to an operating margin of **16.6** (15.0) **percent**.
- Profit after net financial items amounted to SEK 30.8 (29.8) million. Net financial items were negatively affected by exchange rate differences of SEK -4.7 (0.8) million and totaled SEK -13.6 (0.6) million.
- Cash flow from operating activities was **SEK 13.1** (8.3) **million**, and SEK -17.8 (-20.0) million after investments.
- Earnings per share amounted to **SEK 2.91** (2.85).

Key performance indicators	Jan-Mar 2023	Jan-Mar 2022	Apr-Mar 2022/23	Jan-Dec 2022
Net sales, SEK million	267.2	194.5	961.2	888.5
Growth, %	37.4	13.6	28.7	22.8
Operating profit before depreciation and amortization (EBITDA), SEK million	61.5	44.6	205.9	189.1
Operating profit before depreciation and amortization (EBITDA), %	23.0	22.9	21.4	21.3
Operating profit (EBIT), SEK million	44.4	29.2	137.5	122.4
Operating profit (EBIT), %	16.6	15.0	14.3	13.8
Profit after financial items, SEK million	30.8	29.8	100.0	99.1
Profit after tax, SEK million	23.5	23.0	75.4	75.1
Undiluted and diluted profit per share, SEK	2.91	2.85	9.36	9.30
Cash flow from operating activities, SEK million	13.1	8.3	113.0	108.3
Net debt, SEK million	298.8	279.7		277.5

CEO COMMENTS ON Q1

For the quarter, net sales rose to SEK 267 million, which is a growth of 37 percent compared to the same period last year. The change in exchange rates contributes positively to the growth, giving an underlying growth of 29 percent. Despite the generally increased cost level, the growth in the quarter leads to an operating profit of SEK 44.4 million. After a weaker end to 2022, we now showed an operating margin of 16.6 percent.

Orthopedics shows, in local currency, a growth of 42 percent. We continue to see high-cost pressure, mainly on the personnel side. Despite the growth rate, high investments, and increased personnel costs in combination with lower efficiency have worsened the operating margin, although we now see signs of recovery compared to 2022. The Life Science business area showed a growth of 54 percent in local currency. The higher growth rate in the quarter was primarily driven by inventory build-up at three of the business area's customers. The Dental business in total shows, in local currency, a growth of 1 percent. In local currency the Dental proprietary products grow 18 percent, and the CDMO business shows negative growth of 15 percent.

On April 14, Elos Medtech signed a supplemental agreement with a global medical technology customer to provide an additional CNY 90 million in annual production. These increased production volumes will however not be reached until the end of 2025. The additional volume will be manufactured at our Tianjin site and is intended for the Chinese market. In order to meet the increased volumes, we have committed to invest approximately CNY 50 million in production equipment over a two-year period. The expansion is an essential step in our plan for growth and it strengthens our long-term profitability. The agreement highlights our work in being a global supplier and striving to serve our customers where they do business.

In accordance with our strategy, we continue to maintain a high pace when it comes to investments and for the quarter the investments amounted to SEK 31.4 million. Investments are still mainly in machines, but we are continuing to expand our premises, for example our facility in Gorlose, Denmark, in order to both meet our customers' increased demands and to be able to serve the market with our own products such as Elos Accurate®.

We see a considerably higher need of capital investment in 2023 compared to the years before due to the extra production capacity required and the new investment in China. These initiatives will strain on Elos Medtech cash position and close monitoring of the cashflow will be even more important going forward.

2023 offers a series of challenges in the form of increased interest rates, inflationary pressure, increasing labor costs and an uncertain medical technology market with increased regulatory pressure. We will continue to drive our business in this new environment. We are aware that we must adapt to manage the risks we see. I look forward to 2023 and to continue developing the company.

Stefano Alfonsi
President and Chief Executive Officer



THE GROUP'S PERFORMANCE

Net sales January-March 2023

The Group's net sales for the quarter increased to SEK 267.2 (194.5) million. The increase of 37.4 percent compared with the first quarter of last year is attributable to all business areas. Net sales in local currencies increased by 29.5 percent. All business areas have also this quarter been positively affected by currency translation. For Business area Dental the organic growth in local currency amounted to 1 percent where proprietary products continues to develop strongly and growth in local currency amounted to 18 percent. The CDMO business, however, shows negative growth of 15 percent. The business area Orthopedics delivered another quarter with strong growth, in local currency 42 percent, mainly through the Group's site in Memphis. The Life Science business area showed growth of as much as 54 percent in local currency. The increased growth rate was primarily driven by inventory build-up at three of the business area's customers.

Sales of proprietary products in Dental business area accounted for 17.6 (19.1) percent of total consolidated net sales.

Earnings January-March 2023

The operating profit for the first quarter amounted to SEK 44.4 (29.2) million, corresponding to an operating margin of 16.6 (15.0) percent. Interest costs for the quarter amounted to SEK 7.6 (2.7) million, which is significantly higher than for the same period last year, partly due to a higher variable interest rate and partly due to a higher underlying debt. The Group's net financial items were negatively affected by exchange rate differences of SEK -4.7 (0.8) million and a revaluation of interest rate swap, which had a negative impact of SEK -0.7 (2.5) million. Net financial items amounted to SEK -13.6 (0.6) million. Earnings after financial items amounted to SEK 30.8 (29.8) million and earnings after tax amounted to SEK 23.5 (23.0) million.

Investments

The Group's investments in the first quarter amounted to SEK 31.4 (28.3) million and mainly relate to investments in machinery for the Memphis and Timmersdala sites. But also continued investments on the premises at our site in Gorlose, in order to expand the production capacity at existing location.

Financial position and liquidity

Consolidated total assets increased during the period to SEK 1,450.3 (1,183.4) million. Equity increased by SEK 23.9 million over the period with translation of foreign subsidiaries accounting for SEK 2.3 million of the increase. Total equity amounted to SEK 822.4 (670.3) million. Equity per share, calculated on 8,068,000 shares, amounted to SEK 101.93 (83.07). At the end of the year, risk-bearing capital was SEK 868.6 (702.3) million, which corresponds to 59.9 (59.3) percent of total capital. The Group's equity ratio was 56.7 (56.6) percent.

Cash flow

The Group's cash flow from operating activities for the quarter amounted to SEK 13.1 (8.3) million. A higher operating profit was offset by an increased development of working capital. Operating cash flow amounted to SEK -17.8 (-20.0) million. The Group's net debt increased during the period, to SEK 298.8 (279.7) million. The Group's cash and cash equivalents amounted to SEK 148.4 (86.8) million.

Personnel

The average number of employees in the Group during the first quarter was 656 compared to 581 in the previous year, which is an increase of 12.9 percent. At the end of the period, the number of employees in the Group was 659 (590).

Per share data

Undiluted and diluted earnings per share amounted to SEK 2.91 (2.85). At the end of the quarter, the share price was SEK 220, which corresponds to a market capitalization of SEK 1,533 million, compared with a share price of SEK 246 and market capitalization of SEK 1,714 million at December 31, 2022. The market capitalization is calculated based on the B-shares listed on Nasdaq Stockholm.

Events during the quarter

No events to report during the quarter.

Events after the end of the quarter

Business Area Life Science: On April 14 Elos Medtech signed an amendment to an existing agreement with a global healthcare customer active in the fields of diabetes and other chronic diseases, to provide an additional CNY 90 million in annual production output by the end of 2025. The additional volume will be made by the production site in Tianjin for the Chinese market. Elos Medtech has committed to invest approximately CNY 50 million in production equipment during a two-year period to increase the output capacity to meet future demand for the Chinese market

OTHER INFORMATION

Accounting policies

This interim report has been prepared in accordance with IAS 34 Interim Reporting and the relevant provisions of the Annual Accounts Act. The interim report of the Parent Company has been prepared in accordance with Chapter 9 of the Annual Accounts Act, Interim Report. For the Group and the Parent Company, the same accounting principles and calculation bases have been applied as in the most recent annual report for the year ended December 31, 2022, and should be read in conjunction with that annual report. There are no amendments of IFRS during 2023 that are estimated to have a material impact on the result and financial position of the Company.

In addition to 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 per business area is adapted to the Group's various 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.

Financial instruments at fair value

For the 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 negative impact on quarterly earnings of SEK -0.7 (2.6) million.

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 risks. A detailed description of the Group's risks and uncertainties, as well as how these are being managed, is provided in the Directors' Report and in Notes 41 and 43 in the 2022 Annual Report.

Related party transactions

There have been no related party transactions during the quarter or in 2022 that have significantly affected the company's financial position and results.

Parent Company

Elos Medtech AB's operations are focused on managing, developing and coordinating the Group. The assets in the Parent Company consist primarily of shares in subsidiaries.

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 first quarter amounted to SEK 8.5 (7.2) million. The result was negatively affected by SEK 1.5 (2.2) million due to changed calculation bases for the PRI pension liability. Last year, due to the nature of the change, SEK 1.4 million of this change was reported as increased financial expenses. Profit after financial items amounted to SEK -11.7 (0.7) million, of which SEK -7.0 (4.0) million refers to exchange rate differences mainly related to the translation effect of USD loans to subsidiaries and net translation effect of internal and external loans in EUR. The Parent Company reported a profit after tax of SEK -9.4 (0.5) million. The percentage of risk-bearing capital was 53.4 (83.2) percent. The equity ratio was 53.2 (83.0) 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 not been subjected to a review by the company's auditors.

Gothenburg, April 26, 2023

Elos Medtech AB (publ)

The Board of Directors

CONDENSED CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

SEK million		Jan-Mar	Jan-Mar	Apr-Mar	Jan-Dec
Income statement		2023	2022	2022/23	2022
Net sales		267.2	194.5	961.2	888.5
Cost of goods sold		-173.2	-120.9	-630.4	-578.1
Gross profit		94.0	73.5	330.8	310.4
Selling expenses		-13.3	-11.2	-49.7	-47.6
Administrative expenses		-30.6	-27.2	-121.7	-118.3
Development costs		-5.9	-6.0	-24.3	-24.4
Other operating income/expenses		0.2	0.2	2.4	2.4
Operating profit		44.4	29.2	137.5	122.4
Financial income		0.7	3.6	9.0	11.9
Financial expenses		-14.3	-3.0	-46.5	-35.2
Profit after financial items		30.8	29.8	100.0	99.1
Tax expense		-7.3	-6.8	-24.6	-24.1
Profit after tax		23.5	23.0	75.4	75.1
Attributable to Parent Company shareholders		23.5	23.0	75.4	75.1
Undiluted and diluted earnings per share, SEK*		2.91	2.85	9.36	9.30
* Attributable to Parent Company shareholders' share of profit after tax.					
Statement of comprehensive income					
Profit after tax		23.5	23.0	75.4	75.1
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Actuarial gains and losses		-	3.6	23.2	26.8
Tax		-	-0.7	-4.8	-5.5
		-	2.9	18.4	21.3
Items that may be reclassified to profit or loss					
Translation differences for the period		-0.1	10.7	63.6	74.4
Tax		0.5	-0.7	-5.5	-6.7
		0.4	10.0	58.1	67.7
Other comprehensive income, net		0.4	12.9	76.5	89.0
Comprehensive income for the year		23.9	35.8	151.9	164.1
Attributable to Parent Company shareholders		23.9	35.8	151.9	164.1
Operating profit before depreciation and amortization (EBITDA)	%	23.0	22.9	21.4	21.3
Operating profit (EBIT)	%	16.6	15.0	14.3	13.8
Depreciation and amortization charged to earnings	SEK million	17.1	15.4	68.4	66.7

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK million

Balance sheet	31 Mar 2023	31 Mar 2022	31 Dec 2022
Assets			
Intangible assets	309.3	278.6	309.6
Property, plant and equipment	575.2	488.1	562.4
Financial fixed assets	0.1	1.2	0.1
Current assets	417.3	328.8	382.1
Cash and cash equivalents	148.4	86.8	168.7
Total assets	1 450.3	1 183.4	1 422.9
Equity and liabilities			
Equity	822.4	670.3	798.5
Non-current liabilities	469.0	332.4	469.0
Current liabilities	158.9	180.7	155.4
Total equity and liabilities	1 450.3	1 183.4	1 422.9

CONDENSED CONSOLIDATED CASH FLOWS STATEMENT

Cash flow	Jan-Mar 2023	Jan-Mar 2022	Apr-Mar 2022/23	Jan-Dec 2022
Profit after net financial items	30.8	29.8	100.0	99.1
Reversal of depreciation and amortization	17.1	15.4	68.4	66.7
Adjustment for non-cash items	5.8	-3.8	18.2	8.6
Tax paid	-6.5	-3.0	-15.0	-11.5
Changes in working capital	-34.1	-30.1	-58.6	-54.6
Cash flow from operating activities	13.1	8.3	113.0	108.3
Investments in fixed assets	-31.4	-28.3	-120.3	-117.2
Sale of fixed assets	0.5	-	0.5	-
Cash flow from investing activities	-30.9	-28.3	-119.8	-117.2
Operating cash flow	-17.8	-20.0	-6.8	-9.0
Borrowings	4.0	37.5	310.1	343.6
Repayment of borrowings	-6.9	-27.8	-248.7	-269.6
Cash flow from financing activities	-2.9	9.7	61.4	74.0
Cash flow for the period	-20.7	-10.3	54.6	65.0
Cash and cash equivalents at the beginning of the period	168.7	95.1	86.8	95.1
Exchange rate difference in cash and cash equivalents	0.4	2.0	7.0	8.5
Cash and cash equivalents at the end of the period	148.4	86.8	148.4	168.7

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK million	31 Mar 2023	31 Mar 2022	31 Dec 2022
Opening balance	798.5	634.4	634.4
Total comprehensive income	23.9	35.8	164.1
Closing equity	822.4	670.3	798.5

KEY PERFORMANCE INDICATORS, GROUP

		Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Return on operating capital	%	13.2	12.0	12.4
Return on equity*	%	10.1	12.6	10.5
Share of risk-bearing capital	%	59.9	59.3	59.4
Equity ratio	%	56.7	56.6	56.1
Net debt/EBITDA*	times	1.5	1.7	1.5
Investments, not including acquisitions	SEK million	31.4	77.9	117.2
Average number of employees	number	656	581	626

* R12

DATA PER SHARE

		Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Undiluted and diluted earnings per share, SEK*	SEK million	2.91	2.85	9.30
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
Of which listed on Nasdaq Stockholm	thousands	6,968.3	6,968.3	6,968.3
Equity per share	SEK	101.9	83.1	99.0
Share price at the end of the period	SEK	220.0	295.0	246.0
Dividend**	SEK	-	-	-

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

** The Board of Directors proposes that no dividend be paid for the 2022 financial year

BUSINESS AREA INFORMATION

SEK million			Growth		
Net sales by business area	Jan-Mar 2023	Jan-Mar 2022	Jan-Mar 2023	Apr-Mar 2022/23	Jan-Dec 2022
Dental	82.5	77.2	6.8%	307.4	302.1
Orthopedics	98.4	62.7	56.8%	374.4	338.7
Life Science	86.3	54.6	58.1%	279.5	247.8
Total net sales	267.2	194.5	37.4%	961.2	888.5

The value of sales between business areas is minor.

SEK million				
EBITDA by business area	Jan-Mar 2023	Jan-Mar 2022	Apr-Mar 2022/23	Jan-Dec 2022
Dental	25.0	23.3	75.3	73.6
Orthopedics	12.7	6.8	59.1	53.2
Life Science	25.3	15.8	77.4	67.9
Unallocated Group expenses	-1.5	-1.3	-6.0	-5.8
Total profit before depreciation and amortization	61.5	44.6	205.8	189.1
Depreciation and amortization by business area				
Dental	-4.9	-4.8	-19.8	-19.7
Orthopedics	-7.6	-5.8	-29.2	-27.4
Life Science	-4.6	-4.8	-19.3	-19.5
Total depreciation and amortization	-17.1	-15.4	-68.4	-66.7
Operating profit by business area				
Dental	20.1	18.5	55.5	54.0
Orthopedics	5.1	1.0	29.9	25.8
Life Science	20.7	11.0	58.1	48.4
Unallocated Group expenses	-1.5	-1.3	-6.0	-5.8
Total operating profit	44.4	29.2	137.5	122.4

QUARTERLY RESULTS FOR THE GROUP

SEK million	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Quarterly results								
Net sales	267.2	229.5	231.5	233.1	194.5	184.2	187.2	181.0
Cost of goods sold	-173.2	-163.0	-147.0	-147.2	-120.9	-121.4	-119.1	-115.6
Gross profit	94.0	66.5	84.5	85.9	73.5	62.8	68.1	65.4
Sales, admin and development costs	-49.8	-48.5	-47.8	-49.6	-44.4	-39.9	-43.6	-39.2
Other operating income and expenses	0.2	-0.4	1.1	1.5	0.2	2.4	-0.3	0.3
Operating profit	44.4	17.6	37.7	37.8	29.2	25.3	24.2	26.5
Financial income	0.7	0.7	2.3	5.3	3.6	2.2	1.8	-
Financial expenses	-14.3	-17.0	-11.0	-4.2	-3.0	-2.7	-2.7	-3.7
Profit after financial items	30.8	1.4	29.0	38.8	29.8	24.8	23.3	22.8
Tax expense	-7.3	-1.0	-7.2	-9.1	-6.8	-5.2	-5.7	-4.4
Profit after tax	23.5	0.4	21.9	29.7	23.0	19.6	17.6	18.4

PARENT COMPANY INCOME STATEMENT

SEK million	Jan-Mar	Jan-Mar	Apr-Mar	Jan-Dec
Income statement	2023	2022	2022/23	2022
Net sales	8.5	7.2	30.9	29.6
Selling expenses	-1.3	-1.6	-7.4	-7.7
Administrative expenses	-12.8	-8.3	-48.1	-43.6
Other operating income/expenses	-0.1	-	-0.1	-
Operating profit	-5.7	-2.7	-24.7	-21.7
Income from investments in Group companies	-	-	19.4	19.4
Interest income, Group companies	8.0	1.2	20.9	14.1
Other interest income and similar income	9.1	4.0	61.0	55.9
Other interest expense and similar charges	-23.1	-1.8	-69.5	-48.2
Profit after financial items	-11.7	0.7	7.1	19.5
Appropriations	-	-	-0.3	-0.3
Tax on profit for the year	2.3	-0.2	2.1	-0.4
Profit after tax	-9.4	0.5	8.9	18.8

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

CONDENSED PARENT COMPANY BALANCE SHEET

SEK million	31 Mar 2023	31 Mar 2022	31 Dec 2022
Balance sheet			
Assets			
Intangible assets	2.4	3.1	2.5
Property, plant and equipment	0.2	0.2	0.2
Financial fixed assets	674.5	416.9	677.1
Current assets	50.2	38.4	50.3
Cash and cash equivalents	53.5	31.4	63.2
Total assets	780.8	490.0	793.3
Equity and liabilities			
Equity	409.9	401.0	419.3
Untaxed reserves	7.2	7.0	7.2
Provisions for pensions	12.6	10.6	11.1
Non-current liabilities	317.8	14.6	313.7
Current liabilities	33.3	56.9	42.0
Total equity and liabilities	780.8	490.0	793.3

RECONCILIATION BASIS FOR ALTERNATIVE PERFORMANCE MEASURE

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	Jan-Mar 2023	Jan-Mar 2022	Apr-Mar 2021/22	Jan-Dec 2022
Growth				
Reported net sales	267.2	194.5	961.2	888.5
Net sales for the same period last year	194.5	171.2	746.9	723.6
Change in net sales	72.7	23.3	214.3	164.9
Growth, %	37.4	13.6	28.7	22.8
Net sales adjusted for exchange rate changes				
Exchange rate changes	11.8	9.5	61.8	59.5
Net sales for the corresponding period last year adjusted for exchange rate changes	206.3	180.7	808.7	783.1
Growth adjusted for exchange rate changes, %	29.5	7.6	18.9	13.5

	Jan-Mar 2023	Jan-Mar 2022	Apr-Mar 2021/22	Jan-Dec 2022
EBITDA				
Reported operating profit	44.4	29.2	137.5	122.4
Depreciation/amortization	17.1	15.4	68.4	66.7
EBITDA	61.5	44.6	205.9	189.1

Risk-bearing capital	31 Mar 2023	31 Mar 2022	31 Dec 2022
Equity	822.4	670.3	798.5
Deferred tax liability	46.2	32.0	46.3
Risk-bearing capital	868.6	702.3	844.8

Net debt	31 Mar 2023	31 Mar 2022	31 Dec 2022
Non-current interest-bearing provisions for pensions	45.7	65.9	45.8
Non-current interest-bearing liabilities	377.1	233.7	376.9
Current interest-bearing liabilities	24.4	66.9	23.5
Total liabilities	447.2	366.5	446.2
Cash and cash equivalents	-148.4	-86.8	-168.7
Net debt	298.8	279.7	277.5

Liquidity reserve	31 Mar 2023	31 Mar 2022	31 Dec 2022
Cash and cash equivalents	148.4	86.8	168.7
Revolving Credit facility	112.8	67.8	111.3
Liquidity reserve	261.2	154.6	280.0

Financial calendar

Activity	Date
Annual General Meeting 2023	May 3, 2023
Interim Report January-June 2023	July 14, 2023
Interim Report January-September 2023	October 19, 2023
Year-End Report 2023	February 22, 2024

Publication

This information is information that Elos Medtech AB (publ) is required to publish under the EU Market Abuse Regulation. The information was submitted for publication by the above contact person on April 26 at 8:00 a.m. (CEST).

Elos Medtech AB (publ) is a Swedish limited liability company, whose B shares are listed on Mid 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 Q1 Interim report 2023. When in doubt, the Swedish wording prevails.

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Q2 2023

INTERIM REPORT

SEK 269.8 million

The Group's net sales increased to SEK 269.8 (233.1) million in the second quarter of 2023

SEK 30.1 million

The Group's operating profit decreased to SEK 30.1 (37.8) million in the second quarter of 2023



Q2 2023

INTERIM REPORT

April – June 2023

- Net sales for the second quarter amounted to **SEK 269.8** (233.1) **million**, an increase of 15.8 percent compared to the same quarter last year. Net sales in local currencies increased by **9.5 percent**.
- Operating profit amounted to SEK **30.1** (37.8) **million**, corresponding to an operating margin of **11.2** (16.2) **percent**.
- Profit after net financial items amounted to **SEK 13.7** (38.8) **million**. Net financial items were negatively affected by exchange rate differences of SEK -8.6 (3.6) million and totaled SEK -16.4 (1.1) million.
- Cash flow from operating activities was **SEK 34.6** (26.4) **million**, and SEK 2.0 (-3.8) million after investments.
- Earnings per share amounted to **SEK 1.16** (3.68).

January – June 2023

- Net sales for the first half of the year amounted to **SEK 537.0** (427.6) **million**, an increase of 25.6 percent compared to the same period last year. Net sales in local currencies increased by **18.6 percent**.
- Operating profit amounted to **SEK 74.5** (67.0) **million**, corresponding to an operating margin of **13.9** (15.7) **percent**.
- Profit after net financial items amounted to **SEK 44.5** (68.6) **million**. Net financial items were negatively affected by exchange rate differences of SEK -13.2 (4.4) million and totaled SEK -30.0 (1.6) million..
- Cash flow from operating activities was **SEK 47.7** (34.7) **million**, and SEK -15.8 (-23.8) million after investments.
- Earnings per share amounted to **SEK 4.07** (6.53).

Key performance indicators	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jul-Jun 2022/23	Jan-Dec 2022
Net sales, SEK million	269.8	233.1	537.0	427.6	997.9	888.5
Growth, %	15.8	28.8	25.6	21.4	24.9	22.8
Operating profit before depreciation and amortization (EBITDA), SEK million	47.2	53.7	108.7	98.4	199.4	189.1
Operating profit before depreciation and amortization (EBITDA), %	17.5	23.0	20.2	23.0	20.0	21.3
Operating profit (EBIT), SEK million	30.1	37.8	74.5	67.0	129.9	122.4
Operating profit (EBIT), %	11.2	16.2	13.9	15.7	13.0	13.8
Profit after financial items, SEK million	13.7	38.8	44.5	68.6	75.0	99.1
Profit after tax, SEK million	9.4	29.7	32.9	52.7	55.2	75.1
Undiluted and diluted profit per share, SEK	1.16	3.68	4.07	6.53	6.84	9.30
Cash flow from operating activities, SEK million	34.6	26.4	47.7	34.7	121.3	108.3
Net debt, SEK million			319.2	302.0		277.5

CEO COMMENTS ON Q2

Elos Medtech turned 100 years as a company in June, and we do that with a continued strong growth and an expanded customer base. In the second quarter we have arranged a series of events to celebrate with both customers and employees, and our 100 years celebration will continue throughout the year. I want to thank everyone who have contributed and continue to contribute to Elos Medtech successes. In the last century we have demonstrated the ability to drive innovation, combining state-of-the-art manufacturing facilities, advanced technology, and stringent quality standards to deliver high-quality products for millions of patients. As we now enter our second century, we remain committed to operating sustainably and to expanding our global presence through organic and non-organic growth.

In the second quarter, net sales rose to SEK 270 million, which is a growth of 15.8 percent. The exchange rate has contributed positively to this result. The growth in constant currency in the second quarter amounts to 9.5 percent and derives from all business areas.

The Orthopedics business area shows growth in local currency of 9.9 percent and continued to report a good volume growth. The increase of output is fueled by the machine and personnel investments made during recent years. The business area Dental report the highest growth in 4 quarters. Total growth in local currency for the Dental business area is 8.4 percent. Our own proprietary products, in particular the Elos Accurate® range for digital workflow for prosthetic implantation, are driving the growth, albeit to a somewhat lower extent than during the first quarter. Our own products have grown 14.7 percent in this quarter compared to 18.3 percent in the first quarter of 2023. Unfortunately, higher production-related costs, but also depreciations due to higher investments, continue to put pressure on the business gross margin. For the Life Science business area, we continue to see good growth of 10.3 percent in local currency. This is slightly lower than the growth in the first quarter, which was positively affected by inventory build-up for some of our customers. The total growth of the business area Life Science is powered by both injection molding medical polymer products and manufactured metal components.

Despite higher sales volume and positive currency effects we see a decline in the gross profit margin compared to last year. The decline mainly relates to negative product mix in the quarter as well as increased cost levels driven by general inflation and wage increases. Also, our overhead costs are higher driven by currency effects, strategical initiative with higher consulting costs and costs in connection to our 100 year's celebration to engage employees and customers. The operating profit in the quarter amounts to SEK 30.1 million with an operating margin of 11.2 percent.

On April 14, Elos Medtech signed a supplemental agreement with a global medical technology customer to provide an additional CNY 90 million in annual production output. These increased production volumes will however not be reached until the end of 2025. The additional volume will be manufactured at our Tianjin site and is intended for the Chinese market. To meet the increased volumes, we have committed to invest approximately CNY 50 million in production equipment over a two-year period. Since the contract was signed, we have forged ahead and already started investing in, among other things, new machines. These investments account for most of the quarter's total investments of SEK 33 million. We are setting up a project organization in Tianjin with new recruitments during the quarter as well as during the remainder of the year. In this quarter we also signed a lease for premises in the neighboring building to secure our future expansion.

Even though growth and investments weigh on our cash flow, the cash flow development from operating activities in the quarter has been positive. Our cash flow has been affected by a dividend of SEK 8 million, which was decided at the Annual General Meeting in May. We are seeing increased interest rates from central banks, which affects our interest costs negatively compared to the same quarter last year. Despite this toughening investment environment, we continue our aggressive investments as planned to make future growth possible.

Stefano Alfonsi
President and Chief Executive Officer



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, HR, quality management, risk management, financing and financial control. The Group runs operations in the following three business areas: Dental, Orthopedics and Life Science. In 2023 Elos Medtech celebrates its 100th anniversary, a testament of commitment and customers focus.

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.

100
YEARS
1923 - 2023

Financial 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.

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.

OUR THREE BUSINESS AREAS



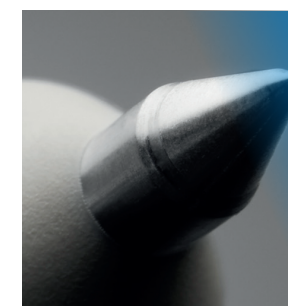
DENTAL

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®.



ORTHOPEDICS

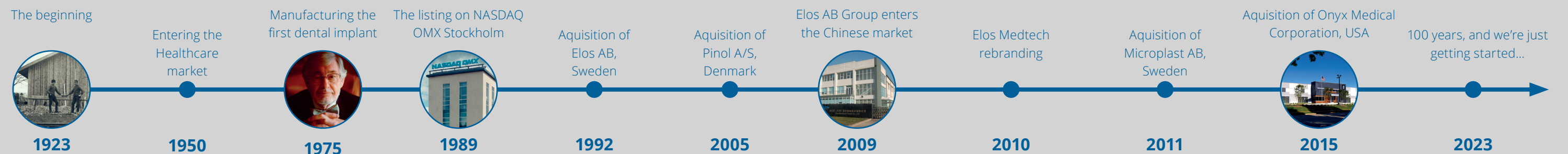
Elos Medtech is a focused partner for everything from design and prototypes to serial production and global distribution. We have opted to specialize in the following markets: spine, trauma and reconstruction. We collaborate with the world's leading orthopedic companies.



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 are diagnostics, hearing aids, diabetes, cardiovascular and neurosurgery.

A Century of Partnership and Innovation



THE GROUP’S PERFORMANCE

Net sales April - June 2023

The Group's net sales for the quarter increased to SEK 269.8 (233.1) million. The increase of 15.8 percent compared with the second quarter of last year is attributable to all business areas, Dental 17.0 percent, Orthopedics 16.7 percent, and Life Science 13.1 percent. Net sales in local currencies increased by 9.5 percent.

All business areas have also this quarter been positively affected by currency translation. For Business area Dental the organic growth in local currency amounted to 8.4 percent where proprietary products continues to develop strongly and growth in local currency amounted to 14.7 percent. Sales of proprietary products in Dental business represent most of the increase in Dental and accounted for 16.9 (15.6) percent of totaled consolidated net sales. The business area Orthopedics delivered another quarter with strong growth, in local currency 9.9 percent, mainly through the Group's site in Memphis. The Life Science business area showed growth of 10.3 percent in local currency. The increased growth rate in business area Life Science was driven by both injection molding of medical polymer products and manufactured metal components.

Net sales January - June 2023

The Group's net sales for the first half of the year increased to SEK 537.0 (427.6) million. The increase of 25.6 percent compared with the same period last year is attributable to all business areas, Dental 12.1 percent, Orthopedics 33.5 percent, and Life Science 33.6 percent. Sales of proprietary products in Dental business increased by 25.8 percent and accounted for 17.2 (17.2) percent of totaled consolidated net sales. Net sales in local currencies increased by 18.6 percent.

Earnings April - June 2023

The operating profit for the second quarter amounted to SEK 30.1 (37.8) million, corresponding to an operating margin of 11.2 (16.2) percent. We see a decline in profit margin, partly due to product mix, but mainly due to increased personnel cost in the quarter. The Group show increased costs in administration relating to consultancy cost for strategic initiatives of SEK 7.1 million, and cost relating to our 100-year anniversary of approx.. SEK 1 million. Interest costs for the quarter amounted to SEK 7.9 (4.1) million, which is significantly higher than for the same period last year, mainly due to a higher variable interest rate. The Group's net financial items were negatively affected by exchange rate differences of SEK -8.6 (3.6) million and a revaluation of interest rate swap, which had a positive impact of SEK 0.9 (1.5) million. Net financial items amounted to SEK -16.4 (1.1) million. Earnings after financial items amounted to SEK 13.7 (38.8) million and earnings after tax amounted to SEK 9.4 (29.7) million.

Earnings January-June 2023

The operating profit for the first half of the year amounted to SEK 74.5 (67.0) million, corresponding to an operating margin of 13.9 (15.7) percent. The Group show increased costs in administration relating to consultancy cost for strategic initiatives of SEK 7.1 million, and cost relating to our 100-year anniversary of approx.. SEK 1 million. Interest costs for the period amounted to SEK 15.5 (6.9) million. The Group's net financial items were negatively affected by exchange rate differences of SEK -13.2 (4.4) million and a revaluation of interest rate swap, which had a positive impact of SEK 0.1 (4.0) million. Net financial items amounted to SEK -30.0 (1.6) million. Earnings after financial items amounted to SEK 44.5 (68.6) million and earnings after tax amounted to SEK 32.9 (52.7) million.

Investments

The Group's investments in the second quarter amounted to SEK 32.6 (30.2) million and mainly relate to investments in machinery for the sites in Tianjin and Timmersdala.

In total for the first half of the year investments amounted to SEK 64.0 (58.5) million.

Financial position and liquidity

Consolidated total assets increased during the period to SEK 1,510.5 (1,371.8) million. Equity increased by SEK 56.8 million over the period with translation of foreign subsidiaries accounting for SEK 20.5 million of the increase. Total equity amounted to SEK 855.3 (738.8) million. Equity per share, calculated on 8,068,000 shares, amounted to SEK 106.01 (91.57). At the end of the year, risk-bearing capital was SEK 907.9 (775.3) million, which corresponds to 60.1 (56.5) percent of total capital. The Group's equity ratio was 56.6 (53.9) percent.

Cash flow

The Group's cash flow from operating activities for the quarter amounted to SEK 34.6 (26.4) million. A lower operating profit and higher interest rates was offset by a positive development of working capital. Operating cash flow amounted to SEK 2.0 (-3.8) million.

The Group's cash flow from operating activities was strengthened in the first half of the year and amounted to SEK 47.7 (34.7) million. Operating cash flow amounted to SEK -15.8 (-23.8) million.

The Group's net debt increased during the period, to SEK 319.2 (302.0) million. The Group's cash and cash equivalents amounted to SEK 141.5 (160.2) million.

Personnel

The average number of employees in the Group during the second quarter was 660 compared to 613 in the previous year, which is an increase of 7.6 percent. The average number of employees in the Group during the first half of the year was 658 compared to 597 in the previous year, which is an increase of 10.2 percent. At the end of the period, the number of employees in the Group was 663 (624).

Per share data

Undiluted and diluted earnings per share in the quarter amounted to SEK 1.16 (3.68). Undiluted and diluted earnings per share for the first half of the year amounted to SEK 4.07 (6.53). At the end of the quarter, the share price was SEK 222, which corresponds to a market capitalization of SEK 1,547 million, compared with a share price of SEK 246 and market capitalization of SEK 1,714 million on December 31, 2022. The market capitalization is calculated based on the B-shares listed on Nasdaq Stockholm.

Events during the first quarter

No events to report during the first quarter.

Events during the second quarter

Business Area Life Science: On April 14 Elos Medtech signed an amendment to an existing agreement with a global healthcare customer active in the fields of diabetes and other chronic diseases, to provide an additional CNY 90 million in annual production output by the end of 2025. The additional volume will be made by the production site in Tianjin for the Chinese market. Elos Medtech has committed to invest approximately CNY 50 million in production equipment during a two-year period to increase the output capacity to meet future demand for the Chinese market.

At the Annual General Meeting on May 3, it was resolved on a minority dividend of SEK 1 per share, totalling SEK 8,068,000. Furthermore, it was resolved that a special examiner would be appointed by the Swedish Companies Registration Office to review reporting and communication with minority shareholders, corporate governance and how the rights of minority shareholders are treated by the company, as well as review of the accounts from a minority shareholder's perspective. The Swedish Companies Registration Office appointed a special examiner on May 29 and the examination will take place after the summer.

The AGM resolved to re-elect current five board members and new-elect Winfried Schaller. Winfried Schaller is independent in relation to the company and the company's major shareholders.

Discharge from liability for board members and CEO was tabled at the AGM and was resumed during the continued general meeting on June 28. The continued general meeting resolved to discharge Stefano Alfonsi, Magnus René, Jan Wahlström and Jodie Gilmore from liability for the financial year 2022. A majority of the votes cast voted for discharge from liability, while shareholders representing 13.17 percent of all shares in the company voted against discharge from liability for Lovisa Lander, Birker B. Bahnsen and Alexander Cicetti for financial year 2022

Events after the end of the quarter

No events after the balance sheet date have occurred that materially affect the assessment of the financial information contained in this report.

OTHER INFORMATION

Accounting policies

This interim report has been prepared in accordance with IAS 34 Interim Reporting and the relevant provisions of the Annual Accounts Act. The interim report of the Parent Company has been prepared in accordance with Chapter 9 of the Annual Accounts Act, Interim Report. For the Group and the Parent Company, the same accounting principles and calculation bases have been applied as in the most recent annual report for the year ended December 31, 2022, and should be read in conjunction with that annual report. There are no amendments of IFRS during 2023 that are estimated to have a material impact on the result and financial position of the Company.

In addition to 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 per business area is adapted to the Group's various 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.

Financial instruments at fair value

For the 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 on quarterly earnings of SEK 0.9 (1.5) million, and a positive impact on the first half of the year of SEK 0.1 (4.0) million.

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 risks. A detailed description of the Group's risks and uncertainties, as well as how these are being managed, is provided in the Directors' Report and in Notes 41 and 43 in the 2022 Annual Report.

Related party transactions

There have been no related party transactions during the first half of the year which have significantly affected the company's financial position and results. Compensation for consultancy services have been given to a member of the Board of SEK 229 thousands.

Parent Company

Elos Medtech AB's operations are focused on managing, developing and coordinating the Group. The assets in the Parent Company consist primarily of shares in subsidiaries.

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

The Parent Company's net sales in the second quarter amounted to SEK 8.5 (7.3) million. Profit after financial items amounted to SEK 12.1 (32.1) million, of which SEK 8.1 (20.2) million refers to exchange rate differences mainly related to the translation effect of USD loans to subsidiaries and net translation effect of internal and external loans in EUR. The Parent Company reported a profit after tax of SEK 13.0 (29.2) million.

The percentage of risk-bearing capital was 52.6 (55.7) percent. The equity ratio was 52.4 (55.5) 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 not been subjected to a review by the company's auditors.

The Board of Directors and CEO certify that this half-yearly report provides a true and fair view of the company's and the Group's operations, financial position and performance and describes the significant risks and uncertainties faced by the company and companies belonging to the Group.

Gothenburg, July 14, 2023

Elos Medtech AB (publ)

Magnus René
Chairman of the Board

Birker Bahnsen
Board Member

Lovisa Lander
Board Member

Alexander Cicetti
Board Member

Winfried Schaller
Board Member

Stefano Alfonsi
Board Member and CEO

CONDENSED CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

SEK million		Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jul-Jun 2022/23	Jan-Dec 2022
Income statement							
Net sales		269.8	233.1	537.0	427.6	997.9	888.5
Cost of goods sold		-178.8	-147.2	-352.0	-268.1	-662.0	-578.1
Gross profit		91.0	85.9	185.0	159.5	335.9	310.4
Selling expenses		-15.2	-12.5	-28.5	-23.7	-52.4	-47.6
Administrative expenses		-40.6	-30.6	-71.2	-57.9	-131.6	-118.3
Development costs		-5.5	-6.5	-11.4	-12.5	-23.3	-24.4
Other operating income/expenses		0.4	1.5	0.6	1.7	1.3	2.4
Operating profit		30.1	37.8	74.5	67.0	129.9	122.4
Financial income		1.2	5.3	1.9	8.9	4.9	11.9
Financial expenses		-17.6	-4.2	-31.9	-7.3	-59.8	-35.2
Profit after financial items		13.7	38.8	44.5	68.6	75.0	99.1
Tax expense		-4.3	-9.1	-11.6	-15.9	-19.8	-24.1
Profit after tax		9.4	29.7	32.9	52.7	55.2	75.1
Attributable to Parent Company shareholders		9.4	29.7	32.9	52.7	55.2	75.1
Undiluted and diluted earnings per share, SEK*		1.16	3.68	4.07	6.53	6.84	9.30
* Attributable to Parent Company shareholders' share of profit after tax.							
Statement of comprehensive income							
Profit after tax		9.4	29.7	32.9	52.7	55.2	75.1
Other comprehensive income							
Items that will not be reclassified to profit or loss							
Actuarial gains and losses		-	2.8	-	6.4	20.4	26.8
Tax		-	-0.6	-	-1.3	-4.2	-5.5
		-	2.3	-	5.1	16.2	21.3
Items that may be reclassified to profit or loss							
Translation differences for the period		35.1	40.0	35.0	50.7	58.7	74.4
Tax		-3.5	-3.4	-3.0	-4.2	-5.5	-6.7
		31.6	36.6	32.0	46.5	53.2	67.7
Other comprehensive income, net		31.6	38.8	32.0	51.6	69.4	89.0
Comprehensive income for the year		41.0	68.5	64.9	104.3	124.6	164.1
Attributable to Parent Company shareholders		41.0	68.5	64.9	104.3	124.6	164.1
Operating profit before depreciation and amortization (EBITDA)	%	17.5	23.0	20.2	23.0	20.0	21.3
Operating profit (EBIT)	%	11.2	16.2	13.9	15.7	13.0	13.8
Depreciation and amortization charged to earnings	SEK million	17.1	16.0	34.2	31.4	69.5	66.7

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK million		30 June 2023	30 June 2022	31 Dec 2022
Balance sheet				
Assets				
Intangible assets		324.8	302.1	309.6
Property, plant and equipment		606.8	529.5	562.4
Financial fixed assets		0.1	0.5	0.1
Current assets		437.3	379.6	382.1
Cash and cash equivalents		141.5	160.2	168.7
Total assets		1 510.5	1 371.8	1 422.9
Equity and liabilities				
Equity		855.3	738.8	798.5
Non-current liabilities		488.3	474.4	469.0
Current liabilities		166.9	158.6	155.4
Total equity and liabilities		1 510.5	1 371.8	1 422.9

CONDENSED CONSOLIDATED CASH FLOWS STATEMENT

SEK million		Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jul-Jun 2022/23	Jan-Dec 2022
Cash flow							
Profit after net financial items		13.7	38.8	44.5	68.6	75.0	99.1
Reversal of depreciation and amortization		17.1	16.0	34.2	31.4	69.5	66.7
Adjustment for non-cash items		8.9	-3.7	14.7	-7.5	30.8	8.6
Tax paid		-7.4	-3.4	-13.9	-6.4	-19.0	-11.5
Changes in working capital		2.3	-21.2	-31.8	-51.3	-35.1	-54.6
Cash flow from operating activities		34.6	26.4	47.7	34.7	121.3	108.3
Investments in fixed assets		-32.6	-30.2	-64.0	-58.5	-122.7	-117.2
Sale of fixed assets		-	-	0.5	-	0.5	-
Cash flow from investing activities		-32.6	-30.2	-63.5	-58.5	-122.2	-117.2
Operating cash flow		2.0	-3.8	-15.8	-23.8	-1.0	-9.0
Borrowings		1.2	302.3	5.2	339.8	9.0	343.6
Repayment of borrowings		-5.4	-230.9	-12.3	-258.7	-23.2	-269.6
Dividend to shareholders		-8.1	-	-8.1	-	-8.1	-
Cash flow from financing activities		-12.3	71.5	-15.2	81.2	-22.4	74.0
Cash flow for the period		-10.3	67.6	-31.0	57.4	-23.4	65.0
Cash and cash equivalents at the beginning of the period		148.4	86.8	168.7	95.1	160.2	95.1
Exchange rate difference in cash and cash equivalents		3.4	5.6	3.8	7.6	4.8	8.5
Cash and cash equivalents at the end of the period		141.5	160.2	141.5	160.2	141.5	168.7

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK million	30 June 2023	30 June 2022	31 Dec 2022
Opening balance	798.5	634.4	634.4
Total comprehensive income	64.9	104.3	164.1
Dividend	-8.1	-	-
Closing equity	855.3	738.8	798.5

KEY PERFORMANCE INDICATORS, GROUP

		Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Return on operating capital	%	11.6	13.1	12.4
Return on equity*	%	6.9	13.6	10.5
Share of risk-bearing capital	%	60.1	56.5	59.4
Equity ratio	%	56.6	53.9	56.1
Net debt/EBITDA*	times	1.6	1.7	1.5
Investments, not including acquisitions	SEK million	64.0	58.5	117.2
Average number of employees	number	658	597	626

* R12

DATA PER SHARE

		Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Undiluted and diluted earnings per share, SEK*		4.07	6.53	9.30
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
Of which listed on Nasdaq Stockholm	thousands	6,968.3	6,968.3	6,968.3
Equity per share	SEK	106.0	91.6	99.0
Share price at the end of the period	SEK	222.0	250.0	246.0
Dividend	SEK	8,068,000	-	-

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

BUSINESS AREA INFORMATION

SEK million	Apr-Jun 2023	Apr-Jun 2022	Growth Apr-Jun 2023	Jan-Jun 2023	Jan-Jun 2022	Growth Jan-Jun 2023	Jul-Jun 2022/23	Jan-Dec 2022
Net sales by business area								
Dental	94.1	80.4	17.0%	176.6	157.6	12.1%	321.1	302.1
Orthopedics	102.1	87.5	16.7%	200.5	150.2	33.5%	389.0	338.7
Life Science	73.6	65.1	13.1%	159.9	119.7	33.6%	288.0	247.8
Total net sales	269.8	233.1	15.8%	537.0	427.6	25.6%	998.0	888.5

The value of sales between business areas is minor.

SEK million	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jul-Jun 2022/23	Jan-Dec 2022
EBITDA by business area						
Dental	16.8	20.4	41.8	43.7	71.7	73.6
Orthopedics	17.7	16.0	30.4	22.9	60.7	53.2
Life Science	14.1	18.3	39.4	34.0	73.3	67.9
Unallocated Group expenses	-1.4	-1.1	-2.9	-2.4	-6.3	-5.8
Total profit before depreciation and amortization	47.2	53.7	108.7	98.4	199.4	188.9
Depreciation and amortization by business area						
Dental	-5.4	-4.8	-10.3	-9.7	-20.3	-19.7
Orthopedics	-7.5	-6.4	-15.1	-12.2	-30.3	-27.4
Life Science	-4.2	-4.6	-8.8	-9.4	-18.9	-19.5
Total depreciation and amortization	-17.1	-16.0	-34.2	-31.4	-69.5	-66.7
Operating profit by business area						
Dental	11.4	15.6	31.5	34.0	51.4	54.0
Orthopedics	10.2	9.6	15.3	10.7	30.4	25.8
Life Science	9.9	13.7	30.6	24.6	54.4	48.4
Unallocated Group expenses	-1.4	-1.1	-2.9	-2.4	-6.3	-5.8
Total operating profit	30.1	37.8	74.5	67.0	129.9	122.4

QUARTERLY RESULTS FOR THE GROUP

SEK million	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Quarterly results								
Net sales	269.8	267.2	229.5	231.5	233.1	194.5	184.2	187.2
Cost of goods sold	-178.8	-173.2	-163.0	-147.0	-147.2	-120.9	-121.4	-119.1
Gross profit	91.0	94.0	66.5	84.5	85.9	73.5	62.8	68.1
Sales, admin and development costs	-61.3	-49.8	-48.5	-47.8	-49.6	-44.4	-39.9	-43.6
Other operating income and expenses	0.4	0.2	-0.4	1.1	1.5	0.2	2.4	-0.3
Operating profit	30.1	44.4	17.6	37.7	37.8	29.2	25.3	24.2
Financial income	1.2	0.7	0.7	2.3	5.3	3.6	2.2	1.8
Financial expenses	-17.6	-14.3	-17.0	-11.0	-4.2	-3.0	-2.7	-2.7
Profit after financial items	13.7	30.8	1.4	29.0	38.8	29.8	24.8	23.3
Tax expense	-4.3	-7.3	-1.0	-7.2	-9.1	-6.8	-5.2	-5.7
Profit after tax	9.4	23.5	0.4	21.9	29.7	23.0	19.6	17.6

PARENT COMPANY INCOME STATEMENT

SEK million						
Income statement	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jul-Jun 2022/23	Jan-Dec 2022
Net sales	8.5	7.3	17.0	14.5	32.1	29.6
Selling expenses	-2.4	-2.6	-3.7	-4.2	-7.2	-7.7
Administrative expenses	-19.7	-12.8	-32.5	-21.1	-55.0	-43.6
Other operating income/expenses	-	0.1	-0.1	0.1	-0.2	0.0
Operating profit	-13.6	-8.0	-19.3	-10.7	-30.3	-21.7
Income from investments in Group companies	16.4	19.4	16.4	19.4	16.4	19.4
Interest income, Group companies	8.7	2.9	16.7	4.1	26.7	14.1
Other interest income and similar income	26.0	20.7	35.1	24.7	66.3	55.9
Other interest expense and similar charges	-25.4	-2.9	-48.5	-4.7	-92.0	-48.2
Profit after financial items	12.1	32.1	0.4	32.8	-12.9	19.5
Appropriations	-	-	-	-	-0.3	-0.3
Tax on profit for the year	0.9	-2.9	3.2	-3.1	5.9	-0.4
Profit after tax	13.0	29.2	3.6	29.7	-7.3	18.8

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

CONDENSED PARENT COMPANY BALANCE SHEET

SEK million			
Balance sheet	30 June 2023	30 June 2022	31 Dec 2022
Assets			
Intangible assets	2.6	2.9	2.5
Property, plant and equipment	0.2	0.2	0.2
Financial fixed assets	676.8	668.3	677.1
Current assets	55.1	46.6	50.3
Cash and cash equivalents	66.9	67.7	63.2
Total assets	801.6	785.7	793.3
Equity and liabilities			
Equity	414.5	430.2	419.3
Untaxed reserves	7.2	7.0	7.2
Provisions for pensions	13.1	10.2	11.1
Non-current liabilities	332.4	306.9	313.7
Current liabilities	34.4	31.4	42.0
Total equity and liabilities	801.6	785.7	793.3

RECONCILIATION BASIS FOR ALTERNATIVE PERFORMANCE MEASURE

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						
Growth	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jul-Jun 2022/23	Jan-Dec 2022
Reported net sales	269.8	233.1	537.0	427.6	997.9	888.5
Net sales for the same period last year	233.1	181.0	427.6	352.2	799.0	723.6
Change in net sales	36.7	52.1	109.4	75.4	198.9	164.9
Growth, %	15.8	28.8	25.6	21.4	24.9	22.8
Net sales adjusted for exchange rate changes						
Exchange rate changes	13.3	13.7	25.1	23.2	61.4	59.5
Net sales for the corresponding period last year adjusted for exchange rate changes	246.4	194.7	452.7	375.4	860.4	783.1
Growth adjusted for exchange rate changes, %	9.5	19.7	18.6	13.9	16.0	13.5

	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jul-Jun 2022/23	Jan-Dec 2022
EBITDA						
Reported operating profit	30.1	37.8	74.5	67.0	129.9	122.4
Depreciation/amortization	17.1	16.0	34.2	31.4	69.5	66.7
EBITDA	47.2	53.7	108.7	98.4	199.4	189.1

	30 June 2023	30 June 2022	31 Dec 2022
Risk-bearing capital			
Equity	855.3	738.8	798.5
Deferred tax liability	52.6	36.5	46.3
Risk-bearing capital	907.9	775.3	844.8

	30 June 2023	30 June 2022	31 Dec 2022
Net debt			
Non-current interest-bearing provisions for pensions	46.5	64.1	45.8
Non-current interest-bearing liabilities	389.1	373.9	376.9
Current interest-bearing liabilities	25.2	24.3	23.5
Total liabilities	460.7	462.2	446.2
Cash and cash equivalents	-141.5	-160.2	-168.7
Net debt	319.2	302.0	277.5

	30 June 2023	30 June 2022	31 Dec 2022
Liquidity reserve			
Cash and cash equivalents	141.5	160.2	168.7
Revolving Credit facility	117.9	-	111.3
Liquidity reserve	259.4	160.2	280.0

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Financial calendar

Activity	Date
Interim Report January-September 2023	October 19, 2023
Year-End Report 2023	February 22, 2024

Publication

This information is information that Elos Medtech AB (publ) is required to publish under the EU Market Abuse Regulation. The information was submitted for publication by the above contact person on July 14 at 3:00 p.m. (CEST).

Elos Medtech AB (publ) is a Swedish limited liability company, whose B shares are listed on Mid 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 Q2 Interim report 2023. When in doubt, the Swedish wording prevails.

For questions about the report, please contact:



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Elos Medtech acquires Klingel Medical through a guaranteed rights issue

Creating a leading European MedTech CDMO with the combination of Elos Medtech and Klingel

Elos Medtech AB (publ) ("Elos Medtech"), a leading development and manufacturing partner for medical devices, today entered into an agreement to acquire Klingel Holding GmbH ("Klingel Medical Group" or "Klingel") from IK Partners and management. Klingel, a leading contract development and manufacturing organization (CDMO) headquartered in Germany, will strengthen Elos Medtech's position with extraordinary R&D capabilities and new technology expertise. Further, the acquisition will broaden the product offering and add new high profile global customers, contributing to a strong footprint in the DACH region. The purchase price corresponds to an enterprise value of EUR 370 million. The completion of the transaction is subject to customary regulatory approvals, acceptance at the extraordinary general meeting and successful completion of a rights issue to finance the acquisition. The rights issue will be guaranteed through the subscription and guarantee undertaking of TA Associates, through EM Intressenter AB, ElosMedtech's principal shareholder. Closing is expected to take place during the fourth quarter of 2023.

The acquisition marks a significant milestone for both companies and demonstrates their continued commitment to key customers and markets. With this acquisition, Elos Medtech will gain eight production facilities in Germany and Switzerland, along with R&D capabilities, technological expertise, and an extensive global customer base. Klingel has approximately 900 employees with similar beliefs and culture to the Elos Medtech team. These characteristics make Klingel and Elos Medtech an ideal fit for each other. Together, they will form one of the market-leading MedTech CDMOs, with strategically located sites across the U.S., Europe, and Asia, providing reach and support to its global customers. The acquisition shows Elos Medtech's strong commitment to enhancing its share in its core markets and the ambition to expand in U.S.A., unlocking opportunities to drive future growth. With Klingel's expertise, Elos Medtech will also be equipped to leverage R&D capabilities across various business units and proprietary products, enabling it to better cater to the unique needs of international OEM customers.

"We firmly believe that this acquisition strengthens our position in the CDMO landscape. It marks a significant step forward in our commitment to offering an extensive array of services to our customers through the hard work of a talented combined workforce. The acquisition will reinforce our well-established reputation for excellence and our ability to cultivate enduring partnerships, aligning seamlessly with Klingel's similar ethos. It is important that we build on the heritage of these businesses and, as per the last 100 years, remain dedicated to investing in our teams; all of whom are paramount to our success and a real point of differentiation. We are also committed to acquiring and developing cutting-edge technologies to provide our customers with additional capacity and capability. I would like to take this opportunity to thank each and every member of the Klingel and Elos Medtech teams for all their hard work and dedication to date. We strive to be the expert our customers can rely on, so that they can focus on growing their businesses." says Stefano Alfonsi CEO and President of Elos Medtech.

“We are thrilled about this strategic move as we see a remarkable alignment of values and culture between our two companies, paving the way for a highly-advantageous and successful collaboration. We are excited at the prospect of having increased visibility in the U.S. as part of this agreement.” says, Ralf Petrawitz Co-CEO of Klingel.

“This acquisition is an opportunity for our existing customers, who will benefit from an expanded offering, as well as for our dedicated employees, who will be part of a global longstanding organization. It will allow us to showcase our technologies and expertise to the US market far more efficiently than before.” says, Christoph Ruetschi Co-CEO of Klingel.

As of June 2023, Klingel¹ reported net sales of EUR 141 million² and EBITDA of EUR 27 million³ for the last 12 months. The preliminary combined pro forma⁴ net sales for the same period for Elos Medtech and Klingel amounts to SEK 2,583 million⁵ and SEK 500 million⁶ pro forma EBITDA. Pro forma financials will be included in the prospectus to be prepared in connection with the rights issue to finance the acquisition, please refer to the section “*Financing through rights issue*” below.

In relation to the acquisition, Elos Medtech sees opportunities to realize synergies in terms of accelerated growth through the cross-selling of Klingel products and Elos Medtech products/services, in addition to leveraging a combined global footprint of the group to make operational improvements.

Closing of the acquisition is expected to take place during Q4 2023 and is conditional on merger clearance and FDI approval required under applicable merger control and trade laws, and the approval by the extraordinary general meeting and successful completion of the rights issue.

Transaction costs

Transaction costs amount to approximately SEK 55.5 million of which approximately SEK 7 million was recognized as an item affecting comparability during Q2 2023 and SEK 4.5 million will be recognized as an item affecting comparability during Q3 2023. The remaining costs will be recognized as an item affecting comparability during Q4 2023. Costs in relation to coming rights issue are not included in the above-mentioned transaction costs.

Financing through rights issue

The acquisition will be financed through a rights issue in the amount of approximately EUR 370 million. The rights issue will be fully guaranteed through a subscription and guarantee undertaking from Elos

¹ Preliminary IFRS numbers based on Klingel’s adjusted EBITDA pursuant to German GAAP. These figures have not been subjected to review by the auditors.

² Amounting to approximately SEK 1,621.1 million based on a EUR/SEK exchange rate of 11.4923 as of 27 July 2023.

³ Amounting to approximately SEK 311.6 million based on a EUR/SEK exchange rate of 11.4923 as of 27 July 2023.

⁴ Preliminary IFRS proforma numbers based on the combination of Elos’ reported numbers pursuant to IFRS and Klingel’s adjusted EBITDA pursuant to German GAAP and adjusted to treatment of leasing costs. These figures have not been subjected to review by the auditors.

⁵ Amounting to approximately EUR 224.7 million based on a EUR/SEK exchange rate of 11.4923 as of 27 July 2023.

⁶ Amounting to approximately EUR 43.5 million based on a EUR/SEK exchange rate of 11.4923 as of 27 July 2023.

Medtech's principal shareholder TA Associates through EM Intressenter AB. The terms and conditions of the rights issue as well as a notice convening an extraordinary general meeting to resolve on the rights issue will be announced at a later date. TA Associates has undertaken to vote in favor of the proposed rights issue at the forthcoming extraordinary general meeting. TA Associates, through EM Intressenter AB, own 6,550,966 shares in Elos Medtech, representing 81.2 per cent of the total number of shares and 65.8 per cent of the total number of votes.

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This is information that Elos Medtech AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 10:30 (CEST), on 28 July, 2023.

About Elos Medtech

Elos Medtech is a leading development and production partner for medical devices and components, with a focus on dental and orthopedic implants and instruments. The company operates from facilities in Sweden, Denmark, China, and the U.S. The customer base comprises international medical technology companies.

Elos Medtech has more than 650 employees and a turnover of approximately SEK 950 million. Elos Medtech has been listed on NASDAQ Stockholm AB since 1989. Elos Medtech's B share is categorized as a Health Care company on the Mid Cap list.

About Klingel Medical Group

Klingel Medical Group is one of the leading manufacturers of metal products for medical technology. As a specialist for the precision processing of high-strength materials, we have been growing continuously and maintaining long and very close relations with our customers. Klingel employs roughly 900 employees across its headquarters in Pforzheim and partner companies Josef Ganter Feinmechanik in Dauchingen, puracon in Rosenheim, Bächler Feintech in Hölstein and Matzingen as well as Ruetschi in Renquishausen (Southern Germany), Muntelier and Yverdon-les-Bains (both in Switzerland).

About IK Partners

IK Partners ("IK") is a European private equity firm focused on investments in the Benelux, DACH, France, Nordics and the UK. Since 1989, IK has raised more than €14 billion of capital and invested in 180 European companies. IK supports companies with strong underlying potential, partnering with management teams and investors to create robust, well-positioned businesses with excellent long-term prospects. For more information, visit ikpartners.com

Forward-looking statements

This press release contains forward-looking statements that reflect Elos Medtech AB (publ)'s current view of future events as well as financial and operational development. Words such as "intend", "assess", "expect", "may", "plan", "estimate" and other expressions involving indications or predictions regarding future development or trends, not based on historical facts, identify forward-looking statements and reflect Elos Medtech AB (publ)'s beliefs and expectations and involve a number of risks, uncertainties and assumptions which could cause actual events and performance to differ materially from any expected future events or performance expressed or implied by the forward-looking statement. The information contained in this press release is subject to change without notice and, except as required by applicable law, Elos Medtech AB (publ) does not assume any responsibility or obligation to update publicly or review any of the forward-looking statements contained in it and nor does it intend to. You should not place undue reliance on forward-looking statements, which speak only as of the date of this press release. As a result of these risks, uncertainties and assumptions, you should not place undue reliance on these forward-looking statements as a prediction of actual future events or otherwise.