

Q4 2020

YEAR-END REPORT

SEK 154.8 million
Consolidated net sales decreased to SEK 154.8 (158.3) million in the fourth quarter of 2020

SEK 18.9 million
The Group's operating profit increased to SEK 18.9 (14.1) million in the fourth quarter of 2020



Q4 2020 YEAR-END REPORT

STRONG CONCLUSION TO THE YEAR

October - December 2020

- Net sales for the fourth quarter amounted to SEK 154.8 (158.3) million, a decrease of 2.2 percent compared to the same quarter last year. Net sales in local currencies increased by 2.7 percent.
- Operating profit was SEK 18.9 (14.1) million, corresponding to an operating margin of 12.2 (8.9) percent.
- Operating profit has been positively affected by SEK 1.0 million with respect to government support received owing to Covid-19.
- Earnings after financial items amounted to SEK 13.3 (10.0) million. Net financial items were negatively affected by exchange rate differences of SEK -3.5 (2.2) million and totaled SEK -5.6 (-4.1) million.
- Earnings after tax amounted to SEK 11.1 (7.6) million.
- Cash flow from operating activities was SEK 24.5 (14.9) million, amounting to SEK 0.1 (5.3) million after investments.
- Earnings per share amounted to SEK 1.38 (0.94).

January - December 2020

- Net sales for the year were down, totaling SEK 580.0 (689.4) million, which is a decrease of 15.9 percent on the previous year. Net sales in local currencies decreased by 14.5 percent.
- Operating profit for the year was SEK 63.6 (65.3) million, corresponding to an operating margin of 11.0 (9.5) percent.
- Operating profit has been positively affected by SEK 45.0 million with respect to government support received owing to Covid-19.
- Earnings after financial items amounted to SEK 43.2 (50.6) million. Net financial items were negatively affected by exchange rate differences of SEK -5.2 (0.7) million and totaled SEK -20.4 (-14.7) million.
- Earnings after tax amounted to SEK 36.0 (38.5) million.
- Cash flow from operating activities was SEK 125.6 (102.6) million, amounting to SEK 69.3 (5.3) million after investments.
- Earnings per share amounted to SEK 4.46 (4.77).

Dividend

- The Board of Directors proposes a dividend of SEK 1.50 (0.00) per share for the financial year 2020.

Key performance indicators

	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net sales, SEK million	154.8	158.3	580.0	689.4
Growth, %	-2.2	-6.3	-15.9	6.9
Profit before depreciation and amortization (EBITDA), SEK million	32.9	29.6	123.6	125.6
Profit before depreciation and amortization (EBITDA), %	21.3	18.7	21.3	18.2
Operating profit (EBIT), SEK million	18.9	14.1	63.6	65.3
Operating profit (EBIT), %	12.2	8.9	11.0	9.5
Profit after financial items, SEK million	13.3	10.0	43.2	50.6
Profit after tax, SEK million	11.1	7.6	36.0	38.5
Earnings per share before and after dilution, SEK	1.38	0.94	4.46	4.77

Quarterly growth
-2.2%
In local currencies,
growth was 2.7%.

CEO JAN WAHLSTRÖM COMMENTS ON Q4

Profitability growth and strong liquidity sum up the fourth quarter. Despite the ongoing pandemic, we posted a higher operating profit (12.2 percent) compared with the fourth quarter of last year (8.9 percent), which is something hardly anyone had dared hope for last spring and of course a great source of pride for us. The benefits of operating across several continents and in several business areas have become yet more apparent as the pandemic has paralyzed the world. Since the third quarter, all sites of the Group have returned to full staffing. Regional aid has gradually decreased as our production has resumed and in the fourth quarter we received a total of SEK 1 million in government support. Covid-19 continues to affect the world at large as well as our organization, but the few cases of illness we have had among our employees have been handled well and have not had a noticeable impact on the business.

The recovery since the spring has been much swifter than expected. We went from a contraction in local currency terms of 36.2 percent in the second quarter to growth of 2.7 percent in local currency terms in the fourth quarter. This quick recovery would not have been possible without the government support we have received. This support enabled us to retain all our staff during the downturn and rapidly return to normal operation as demand picked up again.

The strong recovery was primarily due to Dental, which saw positive growth in both contract manufacturing and proprietary products. From a total standstill in the second quarter, we achieved growth of 15 percent in the fourth quarter and massive 49 percent growth in proprietary products, which are fantastic figures.

In Orthopedics, where the contraction was less pronounced than in Dental, we have not seen quite the same rapid recovery, due to a combination of currency effects and the impact of the pandemic. In local currency, sales were on a par with the same period last year. We are extremely pleased with the deals we have won in robotic-assisted surgery. This puts us in a strong position for 2021, and our emphasis is now on recruiting more employees to our Memphis site.

Life Science has continued to perform as previously, both in terms of sales and profitability. The business area continues to see larger fluctuations in deliveries to customers than Dental and Orthopedics. Despite the high level of concern globally, our customers are making positive investments for the future. The expansion of our site in Skara continues as planned with completion scheduled for early summer. The purpose of the expansion is to enable us to continue to grow with our partners and future-proof our polymer business. We are currently constructing a cleanroom throughout the entire new production hall – a decision that has already resulted in a couple of new deals.

Our profitability is strong, largely due to a continued restrictive approach to costs. Thanks to this strict cost awareness – a hallmark of our organization – our cost level is down on last year. This puts us in a strong position to invest for future growth. During the quarter, we invested in a number of machines in both Memphis and Tianjin.

Net sales for the full year amounted to SEK 580 million, with an operating profit of SEK 63.6 million. The result was on a par with the year before. But 2020 will mainly be remembered as a year in which major changes took place in the world, in the economy and in human behavior. It was a year in which everything we previously considered normal and obvious was turned on its head. Our proactive and agile attitude enabled us to counter the effects of the pandemic effectively. This was possible thanks to our fantastic employees. A big thank you to our entire global team. I am extremely proud of you. Now we continue to build on our business!



THIS IS ELOS MEDTECH

General information about the business

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

Vision

To transform medical technology and improve quality of life worldwide.

Mission

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

Targets

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

Value-creating business model

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

Strategy

Elos Medtech's strategy is based on a sharper focus on selected market segments and in both metals and polymer. The strategy also includes a higher level of specialization and expertise in design, development, manufacturing and logistics with the highest quality assurance. With a stronger offering, it will be easier to achieve the strategic targets of more distinct positioning and continued growth.

Sustainable focus

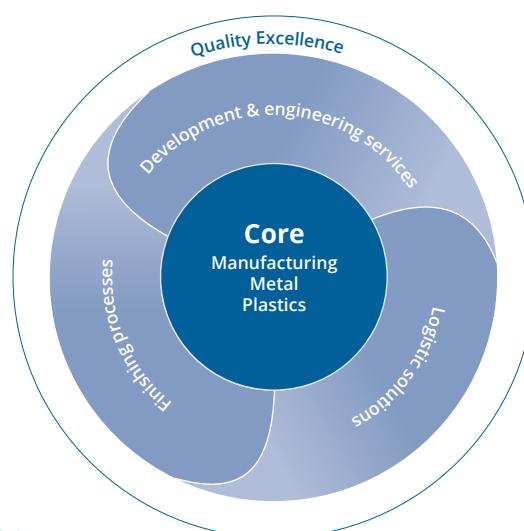
Elos Medtech has a sustainable focus and responsibility that extends beyond just delivering high-quality products. The company applies a long-term approach to economic, social and environmental responsibility for how its operations impact its stakeholders. Elos Medtech has specified certain strategic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

elosmedtech.com/whoweare/sustainability.

VISION • MISSION • VALUE-BASED CULTURE • SUSTAINABLE FOCUS

Business areas:

Dental
Orthopedics
Life Science



Life Science comprises:

Diagnostics
Hearing Device & Vibration
Other Medical Areas

VALUE CREATION FOR THE COMPANY AND OUR STAKEHOLDERS

THE GROUP'S PERFORMANCE

Development during the quarter

Total sales for the fourth quarter amounted to SEK 154.8 million, a decrease of 2.2 percent compared to the previous year. In local currency, we reported growth of 2.7 percent. Elos Medtech continued to perform well in the fall, with the Dental business area posting strong growth of 14.7 percent for the quarter. Our proprietary products business has continued to show strength, growing by 49 percent compared with the fourth quarter last year. Growth in Orthopedics contracted by 9.6 percent but were flat compared with the year before period in local currency terms. Preparations for further production of products for robotic-assisted surgery now have the highest priority in the business area. Life Science contracted by 12.0 percent, mainly due to significant pandemic-induced variations.

The Group received SEK 1 million in government support during the quarter, which mainly affected the gross margin. During the quarter, the final modifications to the Group's obsolescence principles were implemented, resulting in the recognition of impairment charges on slow-moving products and certain raw materials. The impairment charges had a negative impact on earnings of SEK 1.5 million.

The trend in the Group's costs has continued to have a positive effect on earnings. Underlying expenses were approximately 9 percent lower than in the same period last year. The reduced development costs are mainly due to a temporary reduction in labor costs. Selling expenses were also down, with half the decline, approximately SEK 1 million, being due to finalized amortization from previous acquisitions.

A recovery in sales coupled with a continuing high cost awareness have yielded a strong operating profit with an operating margin of 12.2 percent for the fourth quarter.

The Group's operating cash flow for the quarter was SEK 0.1 million, which is lower than in previous quarters and is mainly due to increased investments. The investments chiefly comprise

investments in the new production hall at the Skara site and the initiation of investments in machinery for future production of products for robotic-assisted surgery.

Overall, cash flow was slightly negative for the quarter but the Group ended the year with a strong cash position, which will enable future growth.

Net sales October-December 2020

Consolidated net sales during the quarter decreased amounting to SEK 154.8 (158.3) million. The decrease of 2.2 percent on the fourth quarter of last year is attributable to Orthopedics -9.6 percent and Life Science -12.0 percent. Dental also expanded during this quarter, growing by 14.7 percent. Proprietary products in the Dental business area continued to grow strongly in the quarter, increasing by 49 percent, and accounted for 14.5 (9.0) percent of consolidated net sales. Net sales in local currencies increased by 2.7 percent.

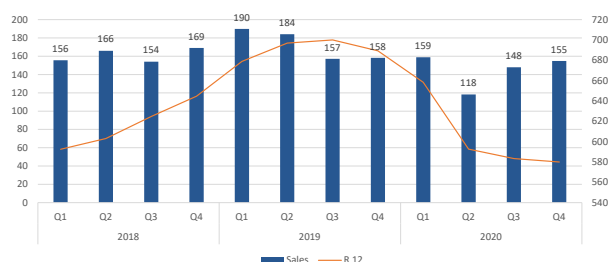
Net sales January-December 2020

Consolidated net sales for the year decreased to SEK 580.0 (689.4) million. The change of -15.9 percent compared to last year is attributable to all of business areas: Dental -5.1 percent, Orthopedics -21.8 percent and Life Science -20.3 percent. The development of proprietary products showed a positive growth of 12.7 (2.6) percent and accounted for 13.4 (9.9) percent of consolidated net sales. Consolidated net sales in local currencies decreased by 14.5 percent.

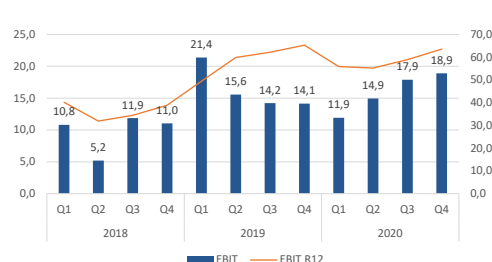
Earnings October-December 2020

The operating profit for the fourth quarter was SEK 18.9 (14.1) million, corresponding to an operating margin of 12.2 (8.9) percent. Earnings have been positively affected by SEK 1.0 million with respect to received government support. The Group's net financial items were negatively affected in the quarter by exchange rate differences of SEK -3.5 (-2.2) million and positively affected by a revaluation of an interest rate swap of SEK 0.7 mil-

Net sales, SEK million



Operating profit, SEK million



lion. Net financial items amounted to SEK -5.6 (-4.1) million. Earnings after financial items amounted to SEK 13.3 (10.0) million and earnings after tax amounted to SEK 11.1 (7.6) million.

Earnings January-December 2020

Operating profit for the year was SEK 63.6 (65.3) million, corresponding to an operating margin of 11.0 (9.5) percent. Earnings have been positively affected by SEK 45.0 million with respect to received government support. The Group's net financial items were negatively affected by exchange rate differences of SEK -5.2 (0.7) million and a revaluation of an interest rate swap of SEK -3.3 (-2.8) million. Net financial items amounted to SEK -20.4 (-14.7) million. Earnings after financial items amounted to SEK 43.2 (50.6) million and earnings after tax amounted to SEK 36.0 (38.5) million.

Earnings per share

Fourth-quarters earnings per share both before and after dilution were SEK 1.38 (0.94) per share. Earnings per share for the year were SEK 4.46 (4.77).

Investments

The Group's investments during the fourth quarter amounted to SEK 24.3 (9.7) million and mainly relate to the expansion of the site in Skara and machine investments for our orthopedic business. For the year, the Group's investments amounted to SEK 56.5 (98.8) million.

Financial position and liquidity

The Group's total assets declined during the period and amounted to SEK 1,002.0 (1,034.8) million. Equity decreased by SEK 16.8 million in the quarter and the translation of foreign subsidiaries accounted for SEK -32.5 million. In total, equity amounted to SEK 540.3 (539.9) million. Equity per share, calculated on 8,068,000 shares, amounted to SEK 66.97 (66.92). At the end of the year, risk-bearing capital was SEK 560.0 (565.4) million, which corresponds to 55.9 (54.6) percent of total capital. The Group's equity ratio was 53.9 (52.2) percent.

The Group's cash flow from operating activities during the quarter amounted to SEK 24.5 (14.9) million. Operating cash flow amounted to SEK 0.1 (5.3) million. Total cash flow from operating activities for the year amounted to SEK 125.6 (102.6) million and operating cash flow amounted to SEK 69.3 (5.3) million. The Group's net debt decreased during the period, amounting to SEK 248.4 (331.5) million. Cash and cash equivalents including an unutilized bank overdraft facility amounted to SEK 155.5 (122.3) million.

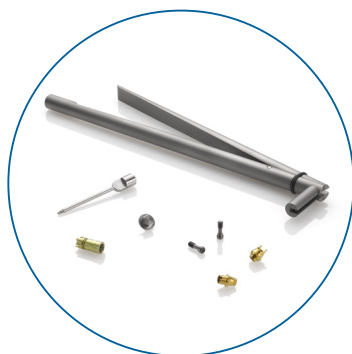
Personnel

The Group's average number of employees during the fourth quarter was 523 compared to 546 for the previous year, which is a decrease of 4 percent. At the end of the period, the number of employees in the Group was 525 (539).

Events during the quarter

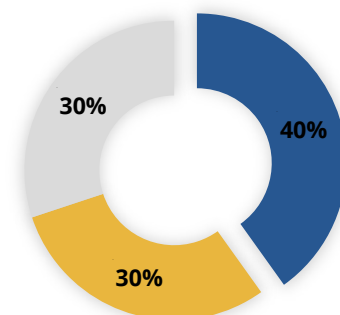
No events after the balance sheet date have occurred that materially affect the assessment of the financial information contained in this report.

OUR THREE BUSINESS AREAS



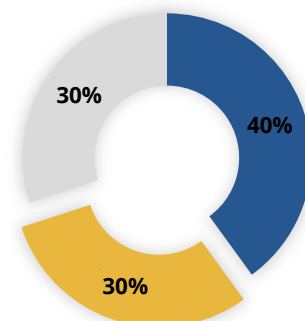
DENTAL

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®.



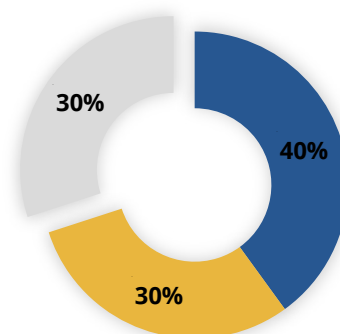
ORTHOPEDICS

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



KEY PERFORMANCE INDICATORS BY BUSINESS AREA

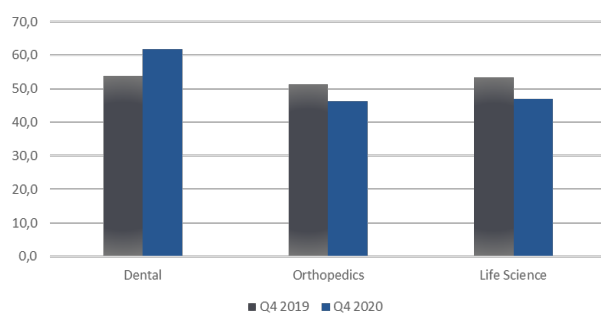
SEK million Net sales per business area			Growth				Growth	
	Oct-Dec 2020	Oct-Dec 2019	Oct-Dec 2020	Jan-Dec 2020	Jan-Dec 2019	Jan-Dec 2020	Jan-Dec 2020	Jan-Dec 2020
Dental	61.7	53.8	14.7%	212.4	223.9	-5.1%		
Orthopedics	46.2	51.2	-9.7%	179.5	229.6	-21.8%		
Life Science	46.9	53.3	-12.0%	188.1	235.9	-20.3%		
Total net sales	154.8	158.3	-2.2%	580.0	689.4	-15.9%		

There are no sales between the business areas.

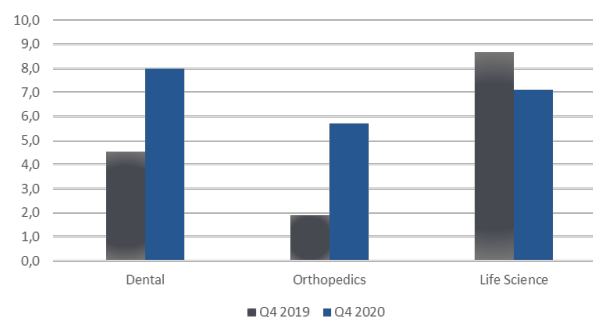
SEK million Operating profit by business area			Operat- ing marg.				Operat- ing marg.			
	Oct-Dec 2020	Oct-Dec 2020	Oct-Dec 2019	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2020	Jan-Dec 2019	Jan-Dec 2019	Jan-Dec 2019	Jan-Dec 2019
Dental	8.0	13.0%	4.5	8.4%	18.2	8.6%	22.2	9.9%		
Orthopedics	5.7	12.3%	1.9	3.7%	21.0	11.7%	17.4	7.6%		
Life Science	7.1	15.1%	8.7	16.3%	29.3	15.6%	31.6	13.4%		
Unallocated Group expenses	-1.9		-1.0		-4.9		-5.9			
Total operating profit	18.9	12.2%	14.1	8.9%	63.6	11.0%	65.3	9.5%		

There are no sales between the business areas.

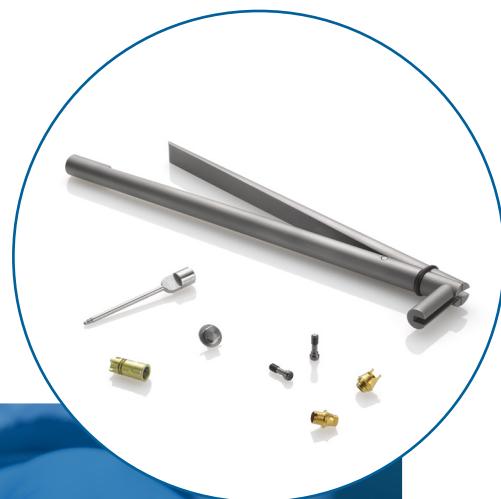
Net sales by business area (SEK million)



Operating profit by business area (SEK million)



BUSINESS AREA DENTAL



NET SALES **SEK 61.7 million**

EBITDA **SEK 12.9 million (20.9%)**

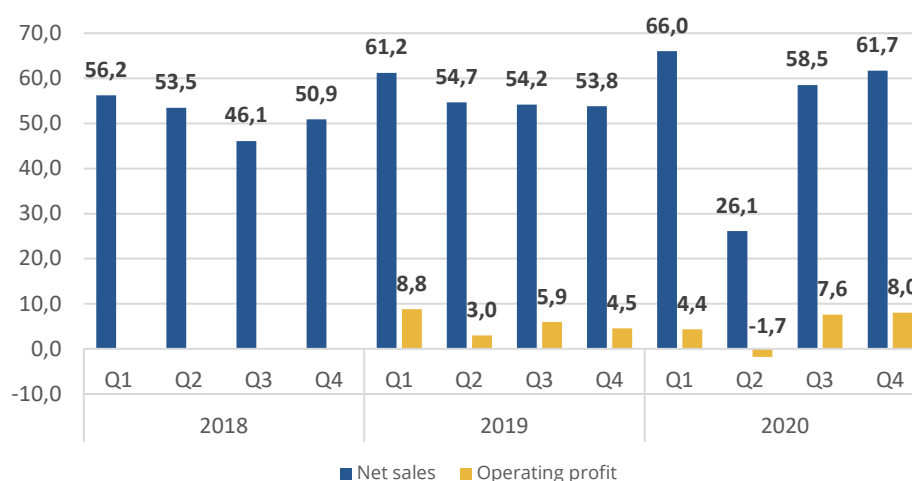
EBIT **SEK 8.0 million (13.0%)**

Growth
15%

Key events in the business area during the quarter

- Following a rapid recovery of the market in the preceding quarter, growth has continued to pick up, resulting in a strong conclusion to the year. Net sales totaled SEK 61.7 million, which is the second highest quarterly sales figure in Dental's history.
- The strong growth in proprietary products continued, with net sales of SEK 22.4 (15.0) million, representing 14.5 per-
- cent of the Group's total net sales. The impressive 49 per cent quarterly growth rate was driven by Dental's digital product range, Elos Accurate®, as well as the torque wrench.
- Product development projects are progressing and new products in the digital workflow are in the testing phase.

Net sales and operating profit (SEK million)



BUSINESS AREA ORTHOPEDICS



NET SALES **SEK 46.2 million**

EBITDA **SEK 9.5 million (20.6%)**

EBIT **SEK 5.7 million (12.3%)**

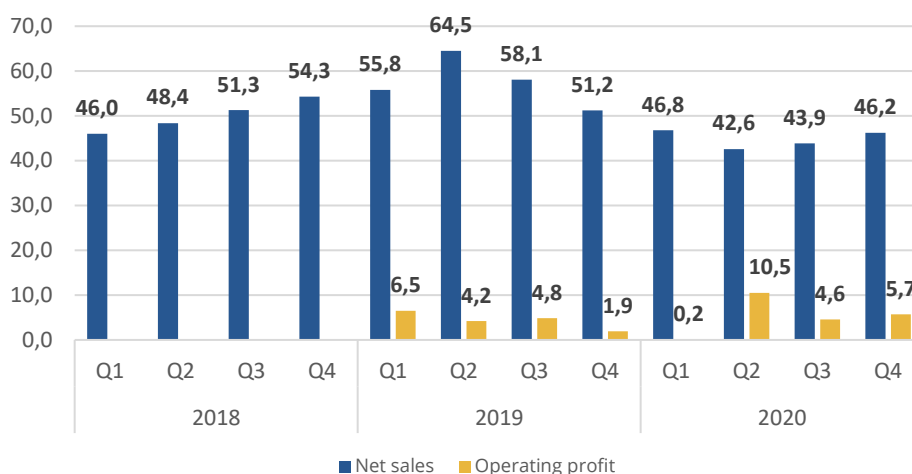
Growth

-10%

Key events in the business area during the quarter

- Quarter on quarter, net sales increased slightly to SEK 46.2 million. Demand is recovering nicely and net sales are approaching their levels in the first quarter. However, growth in the period was negatively affected by both currency effects and the ongoing pandemic.
- Increased demand for products in robot-assisted surgery led to a Board decision to invest in machinery, personnel and other equipment, especially for the site in the US. This is expected to result in increased annual sales of approximately SEK 100 million already in 2021.
- The US site continued to have a high level of activity in the last quarter. Staffing levels have gradually increased to ensure capacity for new transfer projects and to meet the growing demand for robot-assisted surgery products.
- In China and Europe, several active partnerships with customers on various business development projects are ongoing.
- The planned transfer of leadership at the Memphis site was successfully completed.

Net sales and operating profit (SEK million)



BUSINESS AREA LIFE SCIENCE



NET SALES	SEK 46.9 million
EBITDA	SEK 12.4 million (26.4%)
EBIT	SEK 7.1 million (15.1%)

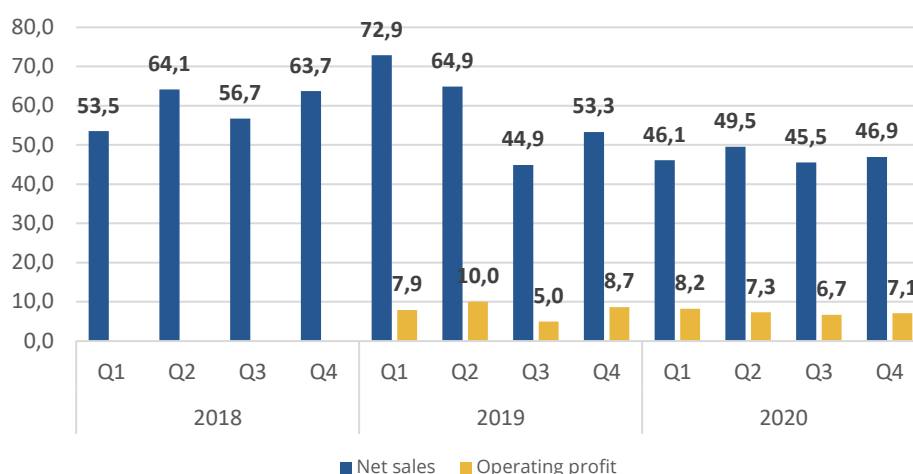
Growth

-12%

Key events in the business area during the quarter

- Sales for the quarter amounted to SEK 46.9 million increasing slightly compared to the previous quarter.
- The business area comprises several different markets where some markets have been more impacted by Covid-19, both positively and negatively, giving a mixed image of the development of the business area.
- The polymer business has continued to grow and the ongoing expansion, which will result in a doubling of the production area at the site in Skara, is proceeding as planned. The construction of a cleanroom hall is in full swing. The new production hall is scheduled to go live in June.
- Polymer was awarded new business in diagnostics during the quarter.

Net sales and operating profit (SEK million)



OTHER INFORMATION

Accounting policies

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

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

New accounting principles 2020

A number of new or amended standards have been adopted for the current reporting period. These changes have not significantly affected the Group's financial statements and no retroactive adjustments have had to be made as a result of the adoption of these standards.

Significant risks and uncertainties

The Group's principal risks and uncertainties include operational and financial risks. Among operational risks, Elos Medtech is primarily affected by risks associated with customers and markets, but also other external factors such as price risks for materials and supplies. The Group also faces financial risks associated with changes in exchange rates and credit. A detailed description of the Group's risks and uncertainties, along with how it manages them, is provided in the Directors' Report and in Note 41 and Note 43 in the 2019 Annual Report.

Covid-19 has led to a major disruption in economies worldwide, which has affected several of the markets in which Elos Medtech operates. The spread of the virus in waves and the vaccination rate remain difficult to assess and it is therefore not possible to predict for how long the pandemic will continue to affect the company.

Elos Medtech has so far been able to fend off the resulting reduction in demand due to the ongoing pandemic with cost savings and state aid, which has provided Elos Medtech with the intended positive effect of the subsidies. Primarily, this was achieved during the second quarter. Reconciliations of the funds received have taken place, but final information has yet been received only from the relevant authorities in the US and China, which may give rise to some uncertainty as to the final amount of other aid payments. The Group's assessment is that Elos Medtech meets all the criteria for receipt of the support which it has applied for and recognized in the income statement and currently sees no significant risk that material amounts will have to be repaid.

No additional risks have been identified that may affect the Group's financial results and position as of December 31, 2020.

Valuation of assets and liabilities

Valuation of existing assets has been reviewed. Subsidiary company shares and goodwill have been tested for impairment based on current market situations, with Covid-19 accounting for the biggest difference compared with the previous year.

The discount rate has been increased by 0.4 percentage point to 8.7 percent compared to the valuation at the 2019 financial statements. Sensitivity analyses have been made carried out the same assumptions as Note 17 in the 2019 Annual Report. None of these valuations, individually, gave rise to impairment requirements attributable to the three business areas.

Based on the Group's earnings and position as of December 31, there is no change in the valuation of the Group's loan portfolio.

Financial instruments at fair value

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

Valuation of the fair value interest rate derivatives has had a positive impact on earnings for the quarter of SEK 0.7 million and for the year earnings have been negatively affected by SEK 3.3 million.

Related party transactions

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

Accounting of government grants

Government grants are recognized in the income statement in the same period as for the costs they are intended to offset. Furthermore, there should be reasonable certainty that the contributions will be received and any conditions for the contributions will be met in order for these to be recognized in the profit and loss account. The contributions received are recognized in the

profit and loss account as a cost reduction of the items covered by the support.

Types of support received in the Group:

- Support for short-term work (Sweden and Denmark)
- Support with respect to the coverage of fixed costs (Denmark)
- Payroll Protection Program (USA)
- Reduction in social security contributions (China)
- Temporary rent reduction (China)

Reported government grants by function	Oct-Dec	Jan-Dec
Cost of goods sold	1.0	35.0
Selling expenses	-	2.2
Administrative expenses	-	4.3
Development costs	-	1.9
Financial expenses	-	1.6
Total government grants received	1.0	45.0

From 2021, the Group no longer receives any Covid-19 support.

Reported government grants by country	Oct-Dec	Jan-Dec
Sweden	0.2	6.0
Denmark	-	19.5
USA	0.2	16.4
China	0.6	3.1
Total government grants received	1.0	45.0

Segment reporting

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

Unallocated group-wide items mainly refer to note-related costs.

Parent company

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

The parent company's net sales in the fourth quarter were SEK 4.7 (7.1) million. Profit after financial items amounted to SEK 3.6 (4.8) million, where SEK -14.4 (-7.4) million constitutes exchange differences mainly related to the translation of loans to subsidiaries. The parent company's profit after tax was SEK 3.9 (4.8) million.

The parent company's net sales for the year were SEK 19.9 (20.8) million. Profit after financial items amounted to SEK 11.4 (5.8) million, where SEK -21.1 (4.5) million constitutes exchange differences mainly related to the translation of loans to subsidiaries. The parent company's profit after tax was SEK 13.5 (5.4) million. The percentage of own risk capital was 81.0 (78.2) percent. The equity ratio was 80.9 (77.9) 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.

Proposal for appropriation of profit

According to the dividend policy for Elos Medtech AB (publ), dividends shall be based on the Group's earnings development, taking into account future development opportunities and the financial position. The long-term goal is for the dividend to amount to 30-50 percent of the profit after tax. Accordingly, the Board propose to the Annual General Meeting a dividend of SEK 12 million (0) corresponding to SEK 1.50 (0.00) per share.

Examination by the auditors

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

Gothenburg, February 24, 2021

Elos Medtech AB (publ)

The Board of Directors

CONDENSED CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

SEK million	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net sales	154.8	158.3	580.0	689.4
Cost of goods sold	-102.6	-108.8	-392.2	-476.0
Gross profit	52.2	49.5	187.8	213.4
Selling expenses	-7.8	-9.9	-28.8	-40.0
Administrative expenses	-21.1	-21.3	-80.2	-93.3
Development costs	-3.3	-4.3	-15.5	-17.2
Other operating income/expenses	-1.1	0.1	0.3	2.4
Operating profit	18.9	14.1	63.6	65.3
Financial income	0.0	0.1	0.1	0.1
Financial expenses	-2.1	-6.4	-15.3	-15.5
Exchange rate differences	-3.5	2.2	-5.2	0.7
Profit after financial items	13.3	10.0	43.2	50.6
Taxes	-2.2	-2.4	-7.2	-12.1
Profit after tax	11.1	7.6	36.0	38.5
Profit attributable to:				
Parent company shareholders	11.1	7.6	36.0	38.5
Statement of comprehensive income				
Profit after tax	11.1	7.6	36.0	38.5
Items that will not be reclassified to profit or loss				
Actuarial gains and losses	2.9	-2.0	-0.1	-11.2
Tax	-0.9	0.3	-0.3	2.3
	2.0	-1.7	-0.4	-8.9
Items that may be reclassified to profit or loss				
Translation differences for the period	-32.5	-18.9	-38.9	10.8
Tax	2.3	1.4	3.4	-0.9
	-30.2	-17.5	-35.5	9.9
Other comprehensive income, net	-28.2	-19.2	-35.9	1.0
Comprehensive income	-17.1	-11.6	0.1	39.5
Comprehensive income attributable to:				
Parent company shareholders	-17.1	-11.6	0.1	39.5
Operating profit before depreciation and amortization (EBITDA), %	21.3	18.7	21.3	18.2
Operating profit/loss (EBIT), %	12.2	8.9	11.0	9.5
Depreciation/amortization charged to earnings	14.0	15.5	60.0	60.3
Earnings per share before and after dilution, SEK *	1.38	0.94	4.46	4.77
Average number of shares (thousands)	8,068	8,068	8,068	8,068
Number of shares (thousands) at the end of the period	8,068	8,068	8,068	8,068

* Attributable to parent company shareholders' share of profit after tax.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK million	31 Dec 2020	31 Dec 2019
Assets		
Intangible fixed assets	253.8	283.4
Tangible fixed assets	412.2	444.1
Financial fixed assets	1.4	1.9
Other current assets	246.1	250.2
Cash and cash equivalents	88.5	55.2
Total assets	1,002.0	1,034.8
Equity and liabilities		
Equity	540.3	539.9
Non-current liabilities	305.3	356.7
Current liabilities	156.4	138.2
Total equity and liabilities	1,002.0	1,034.8

CONDENSED CONSOLIDATED CASH FLOWS STATEMENT

SEK million	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Profit after net financial items	13.3	10.0	43.2	50.6
Reversal of depreciation and amortization	14.0	15.5	60.0	60.3
Non-cash items	2.4	2.1	10.9	3.8
Tax paid	-3.8	-5.6	-10.1	-11.0
Change in working capital	-1.4	-7.1	21.6	-1.1
Cash flow from operating activities	24.5	14.9	125.6	102.6
Investments in fixed assets	-24.3	-9.7	-56.5	-98.8
Sale of fixed assets	-0.1	0.1	0.2	1.5
Cash flow from investing activities	-24.4	-9.6	-56.3	-97.3
Operating cash flow	0.1	5.3	69.3	5.3
Change in bank overdraft facility	0.1	0.8	-0.8	-8.9
Loans raised	19.1	6.9	42.9	95.3
Amortization of loans and financial leases	-22.9	-14.2	-73.4	-77.3
New share issue/redemption of warrants	-	-	-	-0.3
Dividend	-	-	-	-8.1
Cash flow from financing activities	-3.7	-6.5	-31.3	0.7
Cash flow for the period	-3.6	-1.2	38.0	6.0
Cash and cash equivalents at the beginning of the period	96.3	57.7	55.2	49.0
Exchange difference in cash and cash equivalents	-4.2	-1.3	-4.7	0.2
Cash and cash equivalents at the end of the period	88.5	55.2	88.5	55.2

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK million	31 Dec 2020	31 Dec 2019
Opening balance	539.9	508.5
Redemption of warrants	-	-0.2
Effect of changed tax rate	0.3	0.2
Dividend	-	-8.1
Total comprehensive income	0.1	39.5
Closing equity	540.3	539.9

KEY PERFORMANCE INDICATORS, GROUP

		Jan-Dec 2020	Jan-Dec 2019
Return on operating capital	%	7.6	7.8
Return on equity	%	6.7	7.3
Share of risk-bearing capital	%	55.9	54.6
Equity ratio	%	53.9	52.2
Net debt	SEK million	248.4	331.5
Investments, not including acquisitions	SEK million	56.5	98.8
Average number of employees		522	566
Equity per share	SEK	66.97	66.92
Dividend *	SEK	1.50	0.00

* Proposed.

BUSINESS AREA INFORMATION

SEK million			Growth		Growth	
Net sales per business area	Oct-Dec 2020	Oct-Dec 2019	Oct-Dec 2020	Jan-Dec 2020	Jan-Dec 2019	Jan-Dec 2020
Dental	61.7	53.8	14.7%	212.4	223.9	-5.1%
Orthopedics	46.2	51.2	-9.7%	179.5	229.6	-21.8%
Life Science	46.9	53.3	-12.0%	188.1	235.9	-20.3%
Total net sales	154.8	158.3	-2.2%	580.0	689.4	-15.9%

There are no sales between the business areas.

SEK million				
Key performance indicators	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
EBITDA per business area				
Dental	12.9	9.2	36.9	41.6
Orthopedics	9.5	7.7	43.1	39.3
Life Science	12.4	13.7	48.5	50.6
Unallocated Group-wide expenses	-1.9	-1.0	-4.9	-5.9
Total profit before depreciation and amortization	32.9	29.6	123.6	125.6
Depreciation by business area				
Dental	-4.9	-4.7	-18.7	-19.4
Orthopedics	-3.8	-5.8	-22.1	-21.9
Life Science	-5.3	-5.0	-19.2	-19.0
Total depreciation and amortization	-14.0	-15.5	-60.0	-60.3
Operating profit by segment				
Dental	8.0	4.5	18.2	22.2
Orthopedics	5.7	1.9	21.0	17.4
Life Science	7.1	8.7	29.3	31.6
Unallocated Group-wide expenses	-1.9	-1.0	-4.9	-5.9
Total operating profit	18.9	14.1	63.6	65.3

QUARTERLY RESULTS FOR THE GROUP

SEK million	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Net sales	154.8	147.9	118.3	158.9	158.3	157.1	184.1	189.9	168.9	154.1
Cost of goods sold	-102.6	-100.4	-78.3	-110.8	-108.8	-109.3	-128.0	-129.9	-120.9	-110.3
Gross profit	52.2	47.5	40.0	48.1	49.5	47.8	56.1	60.0	48.0	43.8
Sales, admin and development costs	-32.2	-30.3	-24.8	-37.2	-35.5	-34.3	-41.1	-39.6	-37.4	-32.7
Other operating items	-1.1	0.7	-0.3	1.0	0.1	0.7	0.6	1.0	0.4	0.7
Operating profit	18.9	17.9	14.9	11.9	14.1	14.2	15.6	21.4	11.0	11.8
Financial income/expense	-2.1	-2.4	-3.2	-7.5	-6.3	-2.8	-3.1	-3.2	-3.2	-3.2
Exchange rate differences	-3.5	-1.3	-2.6	2.2	2.2	-	-3.9	2.4	-1.8	-0.9
Profit after financial items	13.3	14.2	9.1	6.6	10.0	11.4	8.6	20.6	6.0	7.7
Taxes	-2.2	-1.6	-2.2	-1.2	-2.4	-2.4	-2.0	-5.3	-2.0	-1.3
Profit after tax	11.1	12.6	6.9	5.4	7.6	9.0	6.6	15.3	4.0	6.4

PARENT COMPANY INCOME STATEMENT

SEK million	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net sales	4.7	7.1	19.9	20.8
Selling expenses	-2.0	-1.4	-7.0	-7.0
Administrative expenses	-6.4	-5.9	-22.5	-29.7
Other operating income/expenses	-0.1	-0.3	0.4	0.1
Operating profit	-3.8	-0.5	-9.2	-15.8
Profit from interests in Group companies	20.4	11.0	37.3	11.0
Financial income	2.1	2.5	8.1	9.9
Financial expenses	-0.4	-0.8	-3.7	-3.8
Exchange rate differences	-14.7	-7.4	-21.1	4.5
Profit after financial items	3.6	4.8	11.4	5.8
Appropriations	1.6	1.4	1.6	1.4
Taxes	-1.3	-1.4	0.5	-1.8
Profit after tax	3.9	4.8	13.5	5.4

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

CONDENSED PARENT COMPANY BALANCE SHEET

SEK million	31 Dec 2020	31 Dec 2019
Assets		
Intangible fixed assets	3.9	3.7
Tangible fixed assets	0.3	0.5
Financial fixed assets	397.1	403.8
Other current assets	53.9	41.2
Cash and cash equivalents	24.9	33.5
Total assets	480.1	482.7
Equity and liabilities		
Equity	385.0	371.5
Untaxed reserves	4.1	5.8
Provisions	7.3	6.4
Non-current liabilities	25.8	42.1
Current liabilities	57.9	56.9
Total equity and liabilities	480.1	482.7

RECONCILIATION BASIS FOR ALTERNATIVE PERFORMANCE MEASURES

SEK million	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Growth	2020	2019	2020	2019
Reported net sales	154.8	158.3	580.0	689.4
Net sales for the same period last year	158.3	168.9	689.4	644.7
Change in net sales	-3.5	-10.6	-109.4	44.7
Growth, %	-2.2	-6.3	-15.9	6.9
Net sales adjusted for currency effects				
Exchange rate changes	-7.6	5.8	-10.7	25.9
Net sales for the same period last year adjusted for currency effects	150.7	174.7	678.7	670.6
Growth adjusted for currency effects, %	2.7	-9.4	-14.5	2.8

	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
EBITDA	2020	2019	2020	2019
Reported operating profit	18.9	14.1	63.6	65.3
Depreciation/amortization	14.0	15.5	60.0	60.3
EBITDA	32.9	29.6	123.6	125.6

Risk-bearing capital	31 Dec 2020	31 Dec 2019
Equity	540.3	539.9
Deferred tax liability	19.7	25.5
Risk-bearing capital	560.0	565.4

Net debt	31 Dec 2020	31 Dec 2019
Non-current interest-bearing provisions for pensions	63.5	59.0
Non-current interest-bearing liabilities	222.1	272.2
Current interest-bearing liabilities	51.3	55.5
Total liabilities	336.9	386.7
Cash and cash equivalents	-88.5	-55.2
Net debt	248.4	331.5

Cash and cash equivalents including unutilized bank overdraft facility	31 Dec 2020	31 Dec 2019
Cash and cash equivalents	88.5	55.2
Utilized bank overdraft facility	-	-0.8
Bank overdraft facilities granted	67.0	67.9
Cash and cash equivalents including unutilized bank overdraft facility	155.5	122.3

Definitions of Alternative Performance Measures

Alternative Performance Measures are financial measures of the company's earnings trend, financial position and cash flow that are not defined in IFRS. These key performance indicators are intended to serve as important supplementary performance indicators of the Group's earnings and position and the purpose is to provide a better understanding of the business. Alternative Performance Measures that are 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. These performance measures do not need to be comparable with similar performance measures used by other companies. The reconciliation basis for calculating some of these performance measures is provided on page 19 of this report.

Net sales adjusted for currency effects

Change in net sales adjusted for changes in exchange rates attributable to translation of subsidiaries compared with the same period last year. Relevant to be able to assess the development of net sales compared to previous year.

EBITDA

Operating profit before depreciation/amortization and impairment. Relevant as a measure of the business ability to generate cash flow before investments and financial flows.

EBITDA, %

Operating profit before depreciation/amortization and impairment as a percentage of the net sales from operations.

Risk-bearing capital

The total of the reported amount of equity, any minority interests and deferred tax liability. Relevant from a credit point of view, and is one of the components to show the ability to cope with losses.

Net debt

Interest-bearing financial liabilities and provisions for pensions less cash and cash equivalents. Relevant for assessing the total interest-bearing debt burden.

Cash and cash equivalents including unutilized bank overdraft facility

Cash and bank balances plus the amount of granted overdraft facility less the amount of utilized bank overdraft facility. Relevant to assess the ability to finance future operations and the company's variation in cash flow.

Financial calendar

The interim report for January-March 2021 will be published on April 28, 2021.

The interim report for January-June 2021 will be published on July 16, 2021.

The interim report for January-September 2021 will be published on October 20, 2021.

The year-end report for 2021 will be published on February 24, 2022.

Annual General Meeting 2021

The Annual General Meeting 2021 will be held on May 3. Additional information will be provided in the notice convening the Annual General Meeting.

Annual and Sustainability Report 2020

Elos Medtech's Annual and Sustainability Report for 2020 will be available on March 31, 2021 when it will be published on Elos Medtech's website www.elosmedtech.com.

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This is a translation of the Swedish version of the year-end report. When in doubt, the Swedish wording prevails.

Publication

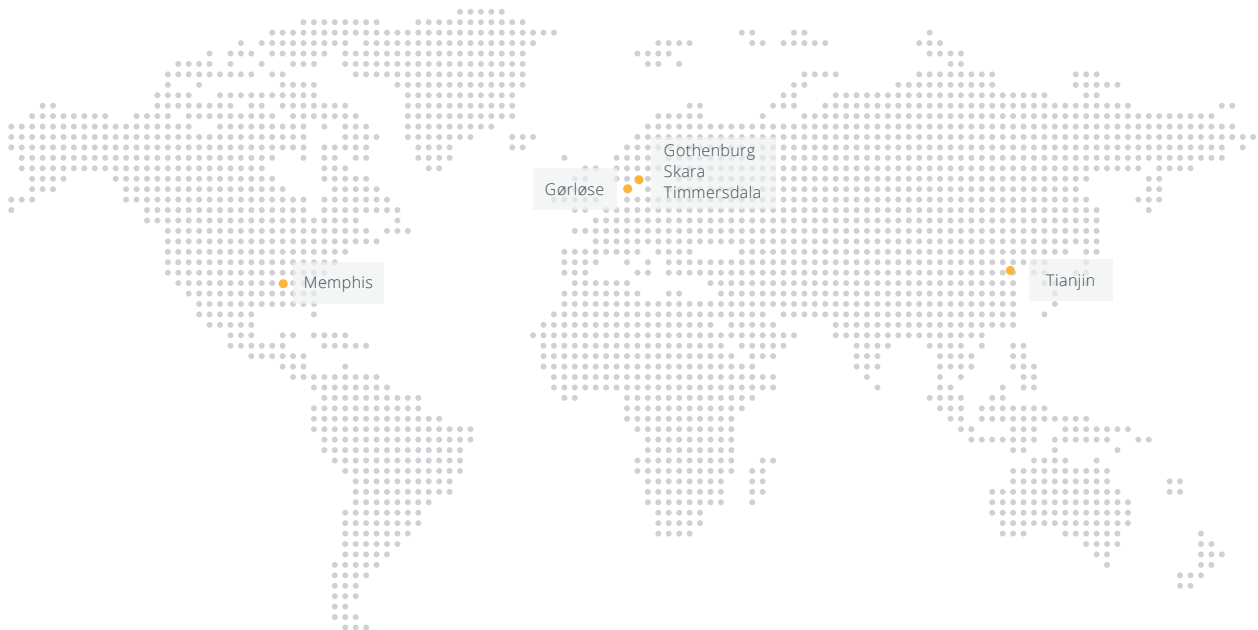
This information in this report is information that Elos Medtech AB (publ) is required to publish under the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication through the contact person specified above on February 24, at 08:00 a.m. (CET).

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

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