

Q1 2022

INTERIM REPORT

SEK 194.5 million

The Group's net sales increased to SEK 194.5 (171.2) million in the first quarter of 2022

SEK 29.2 million

The Group's operating profit increased to SEK 29.2 (25.0) million in the first quarter of 2022



Q1 2022 INTERIM REPORT

January – March 2022

- Net sales for the first quarter amounted to SEK 194.5 (171.2) million, an increase of 13.6 percent compared to the same quarter last year. Net sales in local currencies increased by 7.6 percent.
- Operating profit amounted to SEK 29.2 (25.0) million, corresponding to an operating margin of 15.0 (14.6) percent.
- Profit after net financial items amounted to SEK 29.8 (27.1) million. Net financial items were positively affected by exchange rate differences of SEK 0.8 (2.8) million and totaled SEK 0.6 (2.1) million.
- Profit after tax amounted to SEK 23.0 (20.0) million.
- Cash flow from operating activities was SEK 8.3 (24.3) million, and SEK -20 (-11.5) million after investments.
- Earnings per share amounted to SEK 2.85 (2.48).

Key performance indicators	Jan-March 2022	Jan-March 2021	April-March 2021/22	Jan-Dec 2021
Net sales, SEK million	194.5	171.2	746.9	723.6
Growth, %	13.6	7.7	26.1	24.8
Operating profit before depreciation and amortization (EBITDA), SEK million	44.6	38.3	163.1	156.6
Operating profit before depreciation and amortization (EBITDA), %	22.9	22.4	21.8	21.6
Operating profit (EBIT), SEK million	29.2	25.0	105.5	101.1
Operating profit (EBIT), %	15.0	14.6	14.1	14.0
Profit after financial items, SEK million	29.8	27.1	100.9	98.0
Undiluted and diluted earnings per share, SEK	2.85	2.48	9.74	9.37
Cash flow from operating activities, SEK million	8.3	24.3	89.1	105.0
Net debt, SEK million	279.7	267.7		261.3

THE GROUP'S PERFORMANCE

Net sales January-March 2022

The Group's net sales for the quarter increased to SEK 194.5 (171.2) million. The increase of 13.6 percent compared with the first quarter of the previous year is attributable to all business areas: Dental 21.2 percent, Orthopedics 6.8 percent and Life Science 11.9 percent. Sales of proprietary products in Dental business area grew 53.4 percent and accounted for 19.1 (14.1) percent of total consolidated net sales. Net sales in local currencies increased by 7.6 percent.

Earnings January-March 2022

The operating profit for the first quarter amounted to SEK 29.2 (25.0) million, corresponding to an operating margin of 15.0 (14.6) percent. The Group's net financial items were positively affected by exchange rate differences of SEK 0.8 (-2.8) million and a revaluation of interest rate swap, which had a positive impact of SEK 2.5 (2.1) million. Net financial items amounted to SEK 0.6 (2.1) million. Earnings after financial items amounted to SEK 29.8 (27.1) million and earnings after tax amounted to SEK 23.0 (20.0) million.

Earnings per share

First-quarter earnings per share both before and after dilution were SEK 2.85 (2.48) per share.

Investments

The Group's investments in the first quarter amounted to SEK 28.3 (35.9) million and mainly relate to investments in machinery for several of the Group's sites.

Financial position and liquidity

Consolidated total assets increased during the period to SEK 1,183.4 (1,069.5) million. Equity increased by SEK 35.9 million over the period with translation of foreign subsidiaries accounting for SEK 10.7 million of the increase. Total equity amounted to SEK 670.3 (580.3) million. Equity per share, calculated on 8,068,000 shares, amounted to SEK 83.07 (71.93). At the end of the year, risk-bearing capital was SEK 702.3 (603.6) million, which corresponds to 59.3 (56.4) percent of total capital. The Group's equity ratio was 56.6 (54.2) percent.

Cash flow

The Group's cash flow from operating activities for the quarter amounted to SEK 8.3 (24.3) million. Operating cash flow amounted to SEK -20.0 (-11.5) million. The Group's net debt increased during the period, to SEK 283.3 (267.7) million. The Group's cash and cash equivalents including an unutilized bank overdraft facility amounted to SEK 154.6 (144.2) million.

Personnel

The average number of employees in the Group during the first quarter was 581 compared to 531 in the previous year, which is an increase of 9.4 percent. At the end of the period, the number of employees in the Group was 590 (528).

Events during the quarter

On January 12, the market was informed that the President and CEO Jan Wahlström had decided to leave Elos Medtech AB. Jan will remain in his current position until the Annual General Meeting on 3 May. During the time until a new successor is in place, the Board has appointed Jodie Gilmore, President & Business Unit Director Orthopedics, as interim President and CEO, and Søren Olesen President & Business Unit Director Dental, as interim Vice President.

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.

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

Fair value measurement of interest rate derivatives had a positive impact on quarterly earnings of SEK 2.6 (2.1) 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 42 and 44 in the 2021 Annual Report. The risks and uncertainties to which Elos Medtech is exposed have not changed significantly since the Annual Report for 2021 was submitted.

Russia's invasion of Ukraine is affecting the entire western world in the form of rapidly rising prices, notably of metals, oil and gas, of which Russia is a major exporter to the world market. Uncertainty will remain elevated for as long as the war continues. As mentioned in the Annual Report for 2021, Elos Medtech does not hedge its raw material flows. The price fluctuations will therefore affect the Group's manufacturing costs. A higher priority for the Group is to ensure continued production for our customers, and the Group is now proactively ensuring the supply of raw materials for each factory for 2022.

Due to the prevailing uncertainties such as the pandemic and the war in Ukraine, a general increase in inflation has been observed in all markets where Elos Medtech operates. This is pushing up the cost of energy and other inputs as well as other costs, such as personnel costs, and consumables.

Related party transactions

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

Parent Company

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

The Parent Company's net sales in the first quarter amounted to SEK 7.2 (6.5) million. The result was negatively affected by SEK 2.2 million due to changed calculation bases for the PRI pension liability. SEK 1.4 million of this change has been reported as increased financial expenses. Profit after financial items amounted to SEK 0.7 (8.0) million, of which SEK 4.0 (9.9) million refers to exchange rate differences mainly related to the translation of loans to subsidiaries. The Parent Company reported a profit after tax of SEK 0.5 (6.3) million. The percentage of risk-bearing capital was 83.2 (84.7) percent. The equity ratio was 83.0 (84.6) 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 subject to a review by the company's auditors.

Gothenburg, April 26, 2022

Elos Medtech AB (publ)

The Board of Directors

CONDENSED CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

SEK million		Jan-March 2022	Jan-March 2021	April-March 2021/22	Jan-Dec 2021
Income statement					
Net sales		194.5	171.2	746.9	723.6
Cost of goods sold		-120.9	-112.0	-477.0	-468.1
Gross profit		73.5	59.2	269.9	255.5
Selling expenses		-11.2	-8.2	-38.6	-35.6
Administrative expenses		-27.2	-21.2	-109.1	-103.1
Development costs		-6.0	-4.4	-19.3	-17.7
Other operating income/expenses		0.2	-0.4	2.6	2.0
Operating profit		29.2	25.0	105.5	101.1
Financial income		3.6	4.9	6.5	7.8
Financial expenses		-3.0	-2.8	-11.1	-10.9
Profit after financial items		29.8	27.1	100.9	98.0
Tax expense		-6.8	-7.1	-22.1	-22.4
Profit after tax		23.0	20.0	78.8	75.6
Attributable to Parent Company shareholders		23.0	20.0	78.8	75.6
Undiluted and diluted earnings per share, SEK*		2.85	2.48	9.74	9.37
Statement of comprehensive income					
Profit after tax		23.0	20.0	78.8	75.6
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Actuarial gains and losses		3.6	-	-3.5	-3.5
Tax		-0.7	-	0.7	0.7
		2.9	-	-2.8	-2.8
Items that may be reclassified to profit or loss					
Translation differences for the period		10.7	21.6	25.5	36.4
Tax		-0.7	-1.6	-1.8	-2.7
		10.0	20.0	23.7	33.7
Other comprehensive income, net		12.9	20.0	20.9	30.9
Comprehensive income for the year		35.8	40.0	99.7	106.5
Parent Company shareholders		35.8	40.0	99.7	106.5
Operating profit before depreciation and amortization (EBITDA)	%	22.9	22.4	21.8	21.6
Operating profit (EBIT)	%	15.0	14.6	14.1	14.0
Depreciation and amortization charged to earnings	SEK million	15.4	13.3	57.6	55.5

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK million

Balance sheet	31 Mar 2022	31 Mar 2021	31 Dec 2021
Assets			
Intangible assets	278.6	266.6	272.3
Property, plant and equipment	488.1	450.2	469.5
Financial fixed assets	1.2	1.5	1.4
Current assets	328.8	274.5	288.1
Cash and cash equivalents	86.8	76.7	95.1
Total assets	1,183.4	1,069.5	1,126.4
Equity and liabilities			
Equity	670.3	580.3	634.4
Non-current liabilities	332.4	316.0	316.6
Current liabilities	180.7	173.2	175.4
Total equity and liabilities	1,183.4	1,069.5	1,126.4

CONDENSED CONSOLIDATED CASH FLOWS STATEMENT

SEK million	Jan-March 2022	Jan-March 2021	April-March 2021/22	Jan-Dec 2021
Cash flow				
Profit after net financial items	29.8	27.1	100.9	98.0
Reversal of depreciation and amortization	15.4	13.3	57.6	55.5
Adjustment for non-cash items	-3.8	-2.6	-3.3	-2.1
Tax paid	-3.0	-3.2	-18.0	-18.2
Changes in working capital	-30.1	-10.3	-48.0	-28.2
Cash flow from operating activities	8.3	24.3	89.1	105.0
Investments in fixed assets	-28.3	-35.9	-77.9	-85.5
Sale of fixed assets	-	0.1	-	0.1
Cash flow from investing activities	-28.3	-35.8	-77.9	-85.4
Operating cash flow	-20.0	-11.5	11.2	19.6
Borrowings	37.5	9.1	89.3	60.9
Repayment of borrowings	-27.8	-12.8	-82.8	-67.8
Dividend to shareholders	-	-	-12.1	-12.1
Cash flow from financing activities	9.7	-3.7	-5.7	-19.0
Cash flow for the period	-10.3	-15.2	5.4	0.5
Cash and cash equivalents at the beginning of the period	95.1	88.5	76.7	88.5
Exchange rate difference in cash and cash equivalents	2.0	3.4	4.7	6.1
Cash and cash equivalents at the end of the period	86.8	76.7	86.8	95.1

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK million	31 Mar 2022	31 Mar 2021	31 Dec 2021
Opening balance	634.4	540.3	540.3
Total comprehensive income	35.8	40.0	106.2
Dividend	-	-	-12.1
Closing equity	670.3	580.3	634.4

KEY PERFORMANCE INDICATORS, GROUP

		Jan-March 2022	Jan-March 2021	Jan-Dec 2021
Return on operating capital	%	12.0	8.8	12.0
Return on equity*	%	12.6	13.9	12.9
Share of risk-bearing capital	%	59.3	56.4	58.9
Equity ratio	%	56.6	54.2	56.3
Net debt/EBITDA*	times	1.7	2.0	1.7
Investments, not including acquisitions	SEK million	77.9	35.9	85.5
Average number of employees	number	581	531	535

*R12

DATA PER SHARE

		Jan-March 2022	Jan-March 2021	Jan-Dec 2021
Undiluted and diluted earnings per share, SEK*	SEK million	2.85	2.48	9.37
Average number of shares	thousands	8,068.0	8,068.0	8,068.0
Number of shares at the end of the period	thousands	8,068.0	8,068.0	8,068.0
Equity per share	SEK	83.1	71.9	78.6
Share price at the end of the period	SEK	295.0	133.5	274.0
Dividend**	SEK	-	-	-

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

** The Board proposes that no dividend be paid for the financial year 2021

BUSINESS AREA INFORMATION

SEK million Net sales by business area			Growth		Jan-Dec 2021
	Jan-March 2022	Jan-March 2021	Jan-March 2022	April-March 2021/22	
Dental	77.2	63.7	21.2%	289.3	275.8
Orthopedics	62.7	58.7	6.8%	240.3	236.3
Life Science	54.6	48.8	11.9%	217.2	211.4
Total net sales	194.5	171.2	13.6%	746.8	723.6

The value of sales between business areas is minor.

SEK million	Jan-March	Jan-March	April-March	Jan-Dec
EBITDA by business area	2022	2021	2021/22	2021
Dental	23.3	16.2	74.9	67.8
Orthopedics	6.8	10.6	49.4	53.2
Life Science	15.8	12.7	59.8	56.7
Unallocated Group expenses	-1.3	-1.2	-21.4	-21.3
Total profit before depreciation and amortization	44.6	38.3	163.1	156.6
Depreciation and amortization by business area				
Dental	-4.8	-4.6	-17.8	-17.6
Orthopedics	-5.8	-4.5	-20.4	-19.1
Life Science	-4.8	-4.2	-19.1	-18.5
Total depreciation and amortization	-15.4	-13.3	-57.6	-55.5
Operating profit by business area				
Dental	18.5	11.6	57.1	50.2
Orthopedics	1.0	6.1	29.0	34.1
Life Science	11.0	8.5	40.7	38.2
Unallocated Group expenses	-1.3	-1.2	-21.4	-21.3
Total operating profit	29.2	25.0	105.5	101.1

QUARTERLY RESULTS FOR THE GROUP

SEK million Quarterly results	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Net sales	194.5	184.2	187.2	181.0	171.2	154.8	147.9	118.3
Cost of goods sold	-120.9	-121.4	-119.1	-115.6	-112.0	-102.6	-100.4	-78.3
Gross profit	73.5	62.8	68.1	65.4	59.2	52.2	47.5	40.0
Sales, admin and development costs	-44.4	-39.9	-43.6	-39.2	-33.8	-32.2	-30.3	-24.8
Other operating income and expenses	0.2	2.4	-0.3	0.3	-0.4	-1.1	0.7	-0.3
Operating profit	29.2	25.3	24.2	26.5	25.0	18.9	17.9	14.9
Financial income	3.6	2.2	1.8	-	4.9	-	-	0.1
Financial expenses	-3.0	-2.7	-2.7	-3.7	-2.8	-5.6	-3.7	-5.9
Profit after financial items	29.8	24.8	23.3	22.8	27.1	13.3	14.2	9.1
Tax expense	-6.8	-5.2	-5.7	-4.4	-7.1	-2.2	-1.6	-2.2
Profit after tax	23.0	19.5	17.6	18.4	20.0	11.1	12.6	6.9

PARENT COMPANY INCOME STATEMENT

SEK million	Jan-March	Jan-March	April-March	Jan-Dec
Income statement	2022	2021	2021/22	2021
Net sales	7.2	6.5	25.0	24.3
Selling expenses	-1.6	-2.2	-7.4	-8.0
Administrative expenses	-8.3	-6.7	-49.6	-46.6
Other operating income/expenses	-	-	-0.1	-0.1
Operating profit	-2.7	-2.4	-32.1	-30.4
Income from investments in Group companies	-	-	44.0	44.0
Interest income, Group companies	1.2	1.1	4.6	4.5
Other interest income and similar income	4.0	9.9	10.3	16.2
Other interest expense and similar charges	-1.8	-0.6	-1.2	-1.4
Profit after financial items	0.7	8.0	25.6	32.9
Appropriations	-	-	-2.8	-2.8
Tax on profit for the year	-0.2	-1.7	-1.0	-2.5
Profit after tax	0.5	6.3	21.8	27.6

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

CONDENSED PARENT COMPANY BALANCE SHEET

SEK million	31 Mar 2022	31 Mar 2021	31 Dec 2021
Balance sheet			
Assets			
Intangible assets	3.1	4.0	3.3
Property, plant and equipment	0.2	0.3	0.2
Financial fixed assets	416.9	406.5	412.8
Current assets	38.4	35.6	62.5
Cash and cash equivalents	31.4	20.2	26.9
Total assets	490.0	466.6	505.7
Equity and liabilities			
Equity	401.0	391.2	400.5
Untaxed reserves	7.0	4.1	7.0
Provisions for pensions	10.6	7.5	8.5
Non-current liabilities	14.6	24.8	17.2
Current liabilities	56.9	39.0	72.5
Total equity and liabilities	490.0	466.6	505.7

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-March 2022	Jan-March 2021	April- March 2022/21	Jan-Dec 2021
Growth				
Reported net sales	194.5	171.2	746.9	723.6
Net sales for the same period last year	171.2	158.9	592.3	580.0
Change in net sales	23.3	12.3	154.6	143.6
Growth, %	13.6	7.7	26.1	24.8

Net sales adjusted for exchange rate changes

Exchange rate changes	9.5	-9.0	3.5	-15.0
Net sales compared with the corresponding period in the previous year adjusted for exchange rate changes	180.7	149.9	595.8	565.0
Growth adjusted for exchange rate changes, %	7.6	14.2	25.5	28.2

	Jan-March 2022	Jan-March 2021	April- March 2022/21	Jan-Dec 2021
EBITDA				
Reported operating profit	29.2	25.0	105.5	101.1
Depreciation/amortization	15.4	13.3	57.6	55.5
EBITDA	44.6	38.3	163.1	156.6

Risk-bearing capital	31 Mar 2022	31 Mar 2021	31 Dec 2021
Equity	670.3	580.3	634.4
Deferred tax liability	32.0	23.3	28.9
Risk-bearing capital	702.3	603.6	663.3

Net debt	31 Mar 2022	31 Mar 2021	31 Dec 2021
Non-current interest-bearing provisions for pensions	65.9	64.4	69.9
Non-current interest-bearing liabilities	233.7	228.3	217.2
Current interest-bearing liabilities	66.9	51.7	69.3
Total liabilities	366.5	344.4	356.4
Cash and cash equivalents	-86.8	-76.7	-95.1
Net debt	279.7	267.7	261.3

Liquidity reserve	31 Mar 2022	31 Mar 2021	31 Dec 2021
Cash and cash equivalents	86.8	76.7	95.1
Bank overdraft facilities granted	67.8	67.5	67.5
Liquidity reserve	154.6	144.2	162.6

Financial calendar

Activity	Date
Annual General Meeting 2022	May 3, 2022
Interim report January-June 2022	August 18, 2022
Interim report January-September 2022	October 21, 2022
Year-end report 2022	February 23, 2023

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 2022. When in doubt, the Swedish wording prevails.

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For questions about the report, please contact:



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