

An ECG (heart rate) strip is shown in the top right corner, tilted diagonally. The strip is white with a light blue grid and a dark blue line representing the heart rate. The background of the entire page is a dark blue gradient.

INTERIM REPORT

JULY-SEPTEMBER 2021

THIRD QUARTER JULY-SEPTEMBER

EBITDA for the third quarter increased by 24 percent

THIRD QUARTER JULY-SEPTEMBER

- The Group's net sales amounted to SEK 202.3 (175.4) million, an increase of 15 percent.
- The Group's EBITDA was SEK 49.5 (35.1) million, an increase of 41 percent. Adjusted for one-time income^{*)}, the increase was 24 percent.
- The EBITDA margin was 24 (20) percent. Adjusted for items affecting comparability^{*)}, the margin was 19 (17) percent.
- Profit after tax from continuing operations amounted to SEK 25.7 (13.4) million.
- Earnings per share amounted to SEK 1.8 (0.8).
- Cash flow from operating activities was SEK 23.2 (3.5) million.

NINE MONTHS JANUARY-SEPTEMBER

- The Group's net sales amounted to SEK 658.4 (590.4) million, an increase of 12 percent.
- The Group's EBITDA amounted to SEK 136.0 (107.6) million, an increase of 26 percent. Adjusted for one-time income^{*)}, the increase was 21 percent.
- The EBITDA margin was 21 (18) percent. Adjusted for items affecting comparability^{*)}, the margin was 19 (17) percent.
- Profit after tax from continuing operations amounted to SEK 57.3 (43.2) million.
- Earnings per share amounted to SEK 3.8 (2.9).
- Cash flow from operating activities was SEK 73.7 (79.8) million.

SEK MILLION	THIRD QUARTER		CHANGE	JANUARY-SEPTEMBER		CHANGE	R12	JAN-DEC
	2021	2020		2021	2020			
Net sales	202.3	175.4	27.0	658.4	590.4	68.0	885.4	817.4
EBITDA	49.5	35.1	14.3	136.0	107.6	28.4	185.6	157.2
EBITDA, %	24.4%	20.0%	-4.4 ppt	20.7%	18.2%	2.4 ppt	21.0%	19.2%
EBITA	39.1	25.8	13.3	105.4	79.5	25.9	144.9	118.9
EBITA, %	19.3%	14.7%	4.6 ppt	16.0%	13.5%	2.6 ppt	16.4%	14.5%
Earnings per share (SEK)	1.8	0.8	0.9	3.8	2.9	0.9	5.1	4.2

For definitions and explanations, see page 29.

^{*)} Items affecting comparability consist of income in Q3 related to a contingent consideration liability adjustment (SEK 11.8 million) and income in Q3 the previous year related to a royalty agreement (SEK 4.8 million).

CEO'S COMMENTS

Net sales increased by 15 percent and EBITDA by 41 percent in the third quarter. Adjusted for items affecting comparability, EBITDA increased by 24 percent.

The positive development was driven by the MedTech business area, which showed strong growth with good profitability. All companies in the business area contributed to the increase in sales and earnings.

Abilia experienced good demand in the Swedish and Norwegian markets, while the UK market and the export business did not achieve expected sales levels. Abilia has a leading position in Sweden and Norway in welfare technology for users with special needs. The company is also working actively to identify growth opportunities internationally through, for example, new distributors.

Cardiolex also continued to experience good demand for its ECG products and solutions in the third quarter.

Inpac showed the strongest sales growth, and consequently a significant increase in earnings. Demand increased most in the Nutrients business area, continuing the positive trend seen during the year. On a comparative basis, the same quarter in the previous year included a positive non-recurring effect arising from an agreement with the former nutrients owner.

Multi-Ply, which provides components for X-ray systems, showed increased sales during the quarter, approaching pre-pandemic levels.

The Specialty Pharma business area had lower sales and earnings due to continued weak demand in contract manufacturing (CDMO). Unimedic Pharma (excluding CDMO) increased both its sales and margins in the quarter. The growth was driven by higher volumes, particularly in its own product portfolio.

In conclusion, it is positive to note that the pandemic is increasingly loosening its grip on society and business. For the Group, this meant that more meetings could take place between colleagues and with customers, partners and potential acquisitions during the quarter.

Anders Dahlberg, CEO
Stockholm, 29 October 2021



THE MEDCAP GROUP IN BRIEF

MedCap acquires and develops profitable, market-leading niche life science companies, many with international growth ambitions. Operations are conducted in two business areas: MedTech and Specialty Pharma.

MedCap is an active and long-term owner, with independent subsidiaries operated under their own brands but benefiting from Group-wide strategies and synergies. Our subsidiaries have access to resources, expertise, networks and active decision-making support that may otherwise be difficult to achieve in smaller companies. MedCap's governance is based on a clear allocation of mandates, values and corporate philosophy, with the aim of creating the best possible conditions for profitability and growth.

Growth through acquisitions is a key element of MedCap's business strategies

and a critical component of expected future growth. This growth comes mainly from add-on acquisitions for existing subsidiaries, but is also achieved through acquisitions of new core holdings of companies based in northern Europe and with international potential. Acquired companies normally have net sales of SEK 50-200 million.

Each acquired company should have a proven business model enabling us to work with its management or founder to identify and realise the company's full potential and create ambitious plans for further development. MedCap is normally a majority shareholder, but is happy to co-invest in companies with strong entrepreneurs and management as a first step towards a larger ownership role.

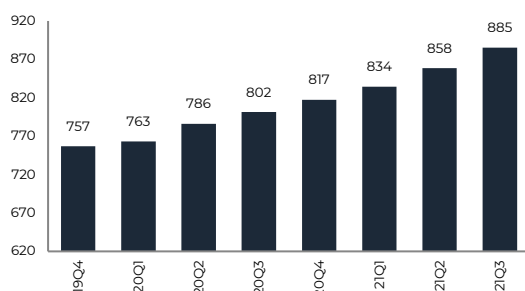
The Group is listed on Nasdaq Stockholm's Mid Cap segment.

Further information can be found at: www.medcap.se

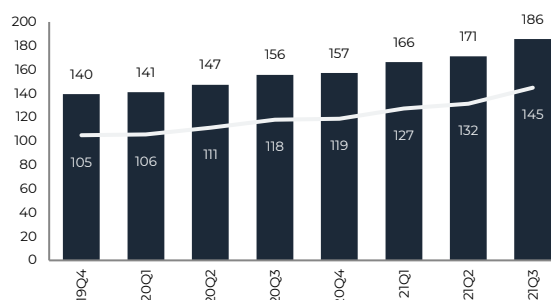


NET SALES AND EARNINGS

The Group's net sales R12 (SEK million)



The Group's EBITDA and EBITA (line) R12 (SEK million)



JULY-SEPTEMBER

Net sales

Net sales for the third quarter increased by 15 percent to SEK 202.3 (175.4) million. Adjusted for currency effects, net sales increased by 15 percent.

The MedTech business area contributed SEK 129.8 (96.8) million during the quarter, an increase of 34 percent, which was partly due to the acquisition of Multi-Ply. All of the business area's companies contributed to the growth.

The Specialty Pharma business area contributed SEK 72.5 (78.5) million, a decline of 8 percent compared with the previous year. The decline is mainly due to the fact that the pandemic created a certain increase in demand in 2020 but is adversely affecting demand for contract manufacturing this year. Production disruptions related to the installation of a filling machine have also had a somewhat negative impact during the quarter.

Earnings

EBITDA for the third quarter increased by 41 percent to SEK 49.5 (35.1) million. A contingent consideration liability related to the acquisition of Multi-Ply was adjusted in the third quarter, resulting in other operating income of SEK 11.8 million.

MedTech contributed SEK 32.3 (27.0) million, which is 20 percent higher than in the previous

year. Adjusted for the previous year's positive non-recurring effect arising from an agreement with the former nutrients owner, EBITDA increased by 45 percent.

The increase is due to a combination of net sales growth (both organic and through acquisitions) and improved gross margins.

Specialty Pharma declined by 10 percent to SEK 11.2 (12.4) million, mainly due to lower sales. However, this was offset by higher gross margins.

The EBITDA margin was 24 (20) percent.

Abilia's subsidiary in the UK received furlough support of just over SEK 0.1 million during the period.

Net financial items for the period amounted to SEK -0.2 (-1.6) million and include discounting and translation effects of approximately SEK -0.5 million related to additional consideration.

Recognised tax for the third quarter amounted to SEK -5.7 (-3.4) million. Recognised tax as a proportion of profit before tax was 17.8 percent. The deviation from 20.6 percent is mainly due to non-taxable income related to the contingent consideration liability adjustment. This effect has been offset by a change in the UK tax rate, which has resulted in deferred tax liabilities being recalculated at 25 percent, and differences in tax rates in foreign subsidiaries.

NET SALES AND EARNINGS

Seasonal effects

The Group's operations are affected by seasonal fluctuations due to holiday seasons. The third quarter is normally weaker than the rest of the year.

JANUARY-SEPTEMBER

Net sales

Net sales for the period January-September increased by 12 percent to SEK 658.4 (590.4) million. Adjusted for currency effects, net sales increased by 12 percent. The MedTech business area contributed SEK 431.2 (337.1) million, an increase of 28 percent. The acquisition of Multi-Ply has had a positive effect and Abilia has also shown a clear recovery since the second quarter. Inpac's sales have increased, particularly in nutrients. The Specialty Pharma business area contributed SEK 227.2 (253.2) million, a decline of 10 percent compared with the previous year. The decline is partly due to a one-time sale of inventory (SEK 8 million) in 2020 and partly due to the fact that the pandemic created a certain increase in demand in 2020 but is adversely affecting demand for contract manufacturing this year.

Earnings

EBITDA for the period January-September increased by 15 percent to SEK 136.0 (107.6) million. A contingent consideration liability related to the acquisition of Multi-Ply was adjusted in the third quarter, resulting in other operating income of SEK 11.8 million.

MedTech contributed SEK 115.8 (85.4) million, which is 36 percent higher than in the previous year.

The increase is due to a combination of net sales growth (both organic and through acquisitions) and improved gross margins. Earnings were adversely affected by an acquisition-date inventory value adjustment of SEK -2.0 million (Multi-Ply).

Specialty Pharma declined by 12 percent to SEK 30.8 (34.8) million, mainly due to lower sales. The previous year's figure included the effect of the one-time sale of inventory to Tamro. This effect is partly offset by higher gross margins.

The EBITDA margin was 21 (18) percent.

The Group received furlough support of just over SEK 1.8 million during the period. Abilia's UK subsidiary received SEK 0.4 million and MedCap's UK subsidiary Multi-Ply received SEK 0.3 million. Unimedic received support of SEK 1.1 million.

EBITDA includes an expense of SEK 2.7 million for the CEO share option programme that was adopted in December 2020. The expense is recognised in equity and does not involve any cash flow.

Net financial items for the period amounted to SEK -7.4 (-4.9) million and include discounting and translation effects of approximately SEK -3.6 million related to additional consideration.

Recognised tax amounted to SEK -16.1 (-8.9) million. Recognised tax as a proportion of profit before tax was 21.9 percent. The deviation from 20.6 percent is mainly due to a change in the UK tax rate, which has resulted in deferred tax liabilities being recalculated at 25 percent, and differences in tax rates in foreign subsidiaries. This effect has been offset by non-taxable income related to the contingent consideration liability adjustment.

FINANCIAL POSITION AND OTHER INFORMATION

Financial position

Cash flow from operating activities in the period January-September amounted to SEK 73.7 (79.8) million. The change is mainly due to an increase in working capital tied up.

Goodwill and other intangible assets have declined by SEK 23 million since the beginning of the year, partly due to an adjustment of the purchase price allocation for Multi-Ply in Q2 and partly due to amortisation of development expenses.

Cash flow from financing activities in the same period was SEK -52.0 (165.7) million. The change is mainly related to the new share issue in Q2 2020 and the loan arranged in connection with the Somna AB acquisition in 2020.

The Group's cash and cash equivalents at the end of the period amounted to SEK 132.5 (171.3) million.

Net debt amounted to SEK 169.8 (101.3) million. Net debt excl. IFRS 16 amounted to SEK -9.7 (-36.8) million. The increase in net debt is mainly due to the additional consideration liability related to the acquisition in autumn 2020. However, a large proportion of the liability was reversed in the second and third quarters, see note 3. The increase in net debt was also due to the share swap arrangement entered into in the first quarter. During the third quarter, Multi-Ply entered into a 25-year lease, which increased liabilities related to right-of-use assets by SEK 46 million. Net debt/EBITDA was 0.9 (0.4) incl. IFRS 16 and -0.1 (-0.2) excl. IFRS 16.

The equity/assets ratio was 57 (56) percent.

Changes in equity

The Group's equity on 30 September 2021 was SEK 641.2 (591.6) million, distributed as follows: SEK 639.4 (585.8) million attributable to Parent Company shareholders and SEK 1.8 (5.8) million attributable to non-controlling interests.

The number of shares was 14,807,353 on 30 September. With a quotient value of SEK 0.4 per share, the Company's share capital was SEK 5,922,942. Basic equity per share was SEK 43.2 (39.6).

Employees

At the end of the period, 358 (287) individuals were employed in the Group. The increase was primarily due to the acquisition of Multi-Ply Ltd.

Material risks

Material risks and uncertainties for the Group and Parent Company include business risks in the form of high exposure to a particular sector (pharmaceuticals and medical technology) and to individual holdings in the portfolio.

The Group is exposed to short-term price and currency risks associated with its business activities involving purchases of products and materials, and an operational risk in the form of the loss of major customers. More information can be found in the Company's most recent annual report.

FINANCIAL POSITION AND OTHER INFORMATION

Related-party transactions

Transactions between the Parent Company and Group companies during the period January-September amounted to SEK 22.0 (19.2) million. The transactions consist of management fees, passed-on costs and interest.

Significant events after the end of the period

No significant events have occurred after the end of the period.



MEDTECH BUSINESS AREA

The companies in the MedTech business area are mainly engaged in the sale of various medical technology products and services. The customer offering includes medical devices, healthcare equipment and packaging solutions for life science products. Customers are mainly regional authorities, municipalities and hospitals, as well as medical technology and pharmaceutical companies. The MedTech business area includes the operating companies Cardiolex, Abilia, Inpac and Multi-Ply.

SEK MILLION	THIRD QUARTER		CHANGE	JANUARY-SEPTEMBER		CHANGE	R12	JAN-DEC
	2021	2020		2021	2020			
Net sales	129.8	96.8	33.0	431.2	337.1	94.1	576.7	482.6
EBITDA	32.3	27.0	5.3	115.8	85.4	30.3	160.4	130.1
EBITDA margin	24.9%	27.9%	-3 ppt	26.8%	25.3%	2 ppt	27.8%	26.9%
EBITA	26.5	22.2	4.3	98.8	71.1	27.8	137.9	110.1
EBITA margin	20.4%	23.0%	-3 ppt	22.9%	21.1%	2 ppt	23.9%	22.8%

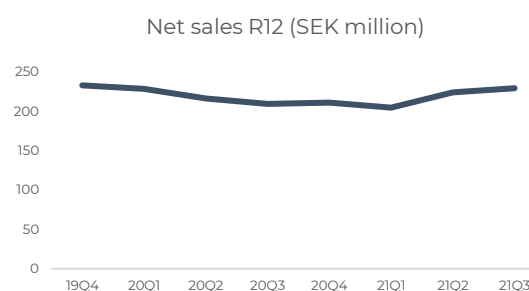
*) The performance measure reported for the operating companies is adjusted EBITDA for the period. The measure is defined as operating profit, adjusted for the Parent Company's invoiced management fees, before depreciation and amortisation. With effect from Q2 2021, the results in the table above include IFRS 16. Comparative periods have been restated to include IFRS 16. EBITDA excl. IFRS 16 is presented in note 5.

Net sales for the third quarter increased by 34 percent to SEK 129.8 (96.8) million. The increase was driven by the acquisition of Multi-Ply and growth in all companies in the business area, but in particular Inpac.

EBITDA for the quarter increased to SEK 32.3 (27.0) million. Adjusted for the positive non-recurring effect that contributed to the result in the previous year, EBITDA increased by SEK 10.1 million, or 45 percent. The increase was mainly driven by the acquisition of Multi-Ply and an increase in earnings for Inpac.

The EBITDA margin fell to 25 (28) percent. The previous year's margin was positively affected by one-time income related to the royalty agreement with the former owner of the nutrients business. Adjusted for this one-time income, the EBITDA margin for the previous year would have been 23 percent.

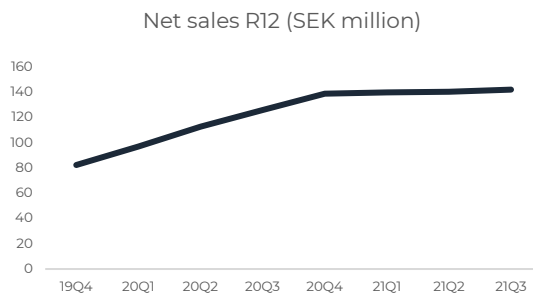
Abilia



Abilia experienced good demand in the Swedish and Norwegian markets, while the UK market and the international distributor business did not reach expected sales levels. Abilia has a leading position in Sweden and Norway in assistive technology and welfare technology for users with cognitive challenges. Abilia offers both individual assistive tools and solutions for community living. The company also works actively to identify growth opportunities internationally.

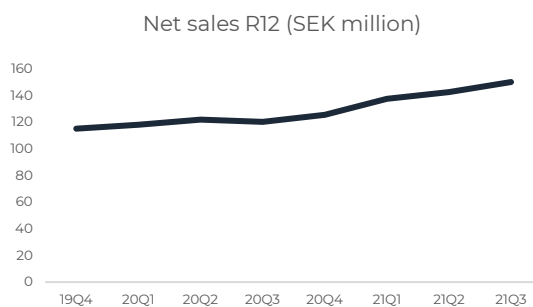
MEDTECH BUSINESS AREA

Cardiolex



Cardiolex continued to experience good demand for its ECG products and solutions in the third quarter. With the pandemic reducing its impact on the market, it is now possible to increase the focus on further integration of the German and Swedish operations in order to broaden the offering and address new customer segments.

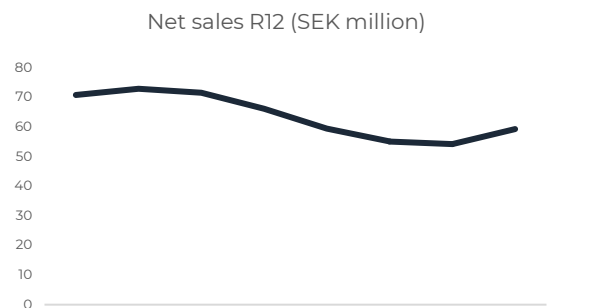
Inpac



Inpac showed the strongest sales growth in the business area, and a significant increase in earnings. Demand increased most in the nutrients business area, continuing the positive

trend seen during the year. On a comparative basis, the same quarter in the previous year included a positive non-recurring effect of SEK 4.8 million arising from an agreement with the former nutrients owner.

Multi-Ply



Graph includes R12 for periods prior to acquisition (Oct 2020)

Multi-Ply, which provides components for X-ray systems, showed increased sales during the quarter, approaching pre-pandemic levels. The order intake increased and the company received a major frame order during the quarter. Volume production of a new component started in the quarter as a result of the large customer contract signed in the first quarter. Multi-Ply took possession of a new factory building and began construction to adapt and equip the premises for the company's production. Construction is expected to continue until early next year. Construction costs have increased, which means, among other things, that the entire cash reserve included in the acquisition will be employed.

SPECIALTY PHARMA BUSINESS AREA

The Specialty Pharma companies develop and sell authorised and unlicensed pharmaceuticals, as well as extemporaneous formulations. Customers are found mainly in the pharmacy and pharmaceutical industry, and also include public sector customers in regions and municipalities. The Specialty Pharma business area includes the operating companies Unimedic Pharma AB and Unimedic AB.

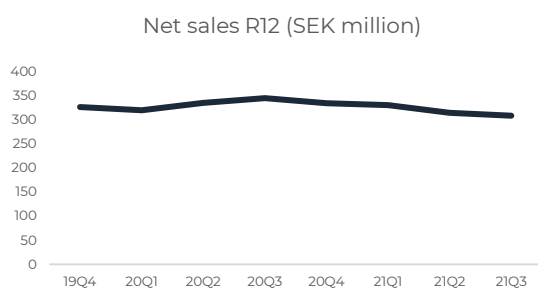
SEK MILLION	THIRD QUARTER			JANUARY-SEPTEMBER			R12	JAN-DEC
	2021	2021	CHANGE	2021	2020	CHANGE		
Net sales	72.5	78.5	-6.0	227.2	253.2	-26.0	308.7	334.7
EBITDA	11.2	12.4	-1.2	30.8	34.8	-4.0	41.6	45.7
EBITDA margin	15.4%	15.8%	-0.3 ppt	13.5%	13.7%	-0.2 ppt	13.5%	13.6%
EBITA	6.5	7.8	-1.3	17.0	21.0	-4.1	23.3	27.3
EBITA margin	9.0%	9.9%	-1.0 ppt	7.5%	8.3%	-0.8 ppt	7.5%	8.2%

*The performance measure reported for the operating companies is adjusted EBITDA for the period. The measure is defined as operating profit, adjusted for the Parent Company's invoiced management fees, before depreciation and amortisation. With effect from Q2 2021, the results in the table above include IFRS 16. Comparative periods have been restated to include IFRS 16. Earnings excl. IFRS 16 are shown in note 5.

The business area's net sales for the third quarter declined by 8 percent to SEK 72.5 (78.5) million compared with the previous year. Unimedic Pharma AB increased its net sales, while Unimedic AB (CDMO) showed a decline.

EBITDA amounted to SEK 11.2 (12.4) million. The decline compared with the previous year is due to lower CDMO earnings as a result of low volumes.

The business area's gross margin was 52.7 (50.4) percent.



SPECIALTY PHARMA BUSINESS AREA

Unimedic Pharma

Sales in Unimedic Pharma's Authorised specialty pharmaceutical portfolio increased from the previous year and accounted for 57 percent of the business area's total sales. The pharmaceutical portfolio of seven key Authorised pharmaceuticals increased by 9 percent from the previous year.

Unlicensed pharmaceuticals accounted for 28 percent of the business area's total sales. Unlicensed pharmaceuticals play an important role when there is a shortage of pharmaceuticals or there are no authorised pharmaceuticals for a particular treatment.

Unimedic AB

Unimedic AB's contract manufacturing (CDMO) accounted for 15 percent of the business area's total external sales. The external volume of contract manufacturing was significantly lower than in the previous year, partly due to lower demand as a result of the pandemic. The quarter also saw some production shortfall due to the start-up of a new filling machine. The investment was decided on in 2020 to modernise production.



FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

SEK MILLION	NOTE	THIRD QUARTER		JANUARY-SEPTEMBER		JAN-DEC
		2021	2020	2020	2021	2020
Net sales	1	202.3	175.4	658.4	590.4	817.4
Other operating income		13.7	6.8	17.7	12.7	18.5
		216.0	182.1	676.1	603.1	835.9
Work performed by the Company and capitalised		1.4	1.4	5.5	6.1	8.4
Raw materials and consumables		-80.6	-75.1	-260.3	-255.9	-344.6
Change in inventories		0.4	-2.1	0.1	-4.2	-5.6
Other external costs		-25.3	-23.7	-83.0	-79.4	-109.4
Personnel expenses		-61.6	-46.4	-198.7	-156.3	-219.8
Other operating expenses		-1.0	-1.0	-3.7	-5.8	-7.8
Operating profit before depreciation, amortisation and impairment (EBITDA)		49.5	35.1	136.0	107.6	157.2
Depreciation and impairment of property, plant and equipment		-10.4	-9.3	-30.6	-28.1	-38.3
Operating profit before amortisation and impairment of intangible assets (EBITA)		39.1	25.8	105.4	79.5	118.9
Amortisation and impairment of intangible assets		-7.5	-7.5	-24.7	-22.5	-29.9
Operating profit (EBIT)		31.6	18.3	80.7	56.9	89.1
Finance income		1.7	0.0	1.4	0.1	1.5
Finance costs		-1.9	-1.6	-8.8	-5.0	-9.1
Net financial items		-0.2	-1.6	-7.4	-4.9	-7.6
Profit before tax		31.4	16.7	73.3	52.1	81.5
Income tax		-5.7	-3.4	-16.1	-8.9	-17.0
Profit for the period from continuing operations		25.7	13.4	57.3	43.2	64.5
Profit from discontinued operations	4	0.6	-0.9	0.0	-1.3	-1.7
Profit for the period		26.3	12.5	57.2	41.9	62.8

EBITDA includes option programme expenses of SEK 0.9 million for the third quarter and SEK 2.7 million for the period January-September. The expense is recognised in equity and does not involve any cash flow. During the third quarter, a contingent consideration liability adjustment of SEK 11.8 million was recognised in other operating income.

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT(CONT'D)

SEK MILLION	NOTE	THIRD QUARTER		JANUARY-SEPTEMBER		JAN-DEC
		2021	2020	2021	2020	2020
Profit for the period attributable to						
Parent Company shareholders		26.2	12.2	55.9	40.8	60.9
Non-controlling interests		0.0	0.3	1.3	1.1	1.9
Earnings per share, calculated based on profit from continuing operations attributable to Parent Company shareholders:						
Basic earnings per share, SEK		1.7	0.9	3.8	3.0	4.4
Diluted earnings per share, SEK		1.7	0.9	3.8	3.0	4.4
Earnings per share, calculated based on profit attributable to Parent Company shareholders:						
Basic earnings per share, SEK		1.8	0.8	3.8	2.9	4.2
Diluted earnings per share, SEK		1.8	0.8	3.8	2.9	4.2
Number of shares before dilution		14 807 353	14 796 229	14 799 978	14 202 220	14 351 534
Number of shares after dilution		14 807 353	14 800 989	14 799 978	14 206 625	14 356 416
Dilution		–	4 760	–	4 405	4 882

Unless otherwise stated, earnings per share is the total for the Group, including discontinued operations.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK MILLION	NOTE	THIRD QUARTER		JANUARY-SEPTEMBER		JAN-DEC
		2021	2020	2021	2020	2020
Profit for the period		26.3	12.5	57.2	41.9	62.8
Translation differences in foreign operations		-0.1	0.5	10.7	-6.8	-17.7
Comprehensive income for the period		26.2	13.0	67.9	35.1	45.1
Comprehensive income attributable to:						
Parent Company shareholders		26.2	12.7	66.5	34.3	43.9
Non-controlling interests		0.1	0.3	1.3	0.8	1.2
Comprehensive income attributable to Parent Company shareholders:						
Continuing operations		25.6	13.6	66.6	35.6	45.6
Discontinued operations		0.6	-0.9	0.0	-1.3	-1.7

FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK MILLION	NOTE	2021 30 SEPTEMBER	2020 30 SEPTEMBER	2020 31 DECEMBER
ASSETS				
Non-current assets				
Goodwill		231.7	203.9	240.9
Other intangible assets		204.1	208.6	217.4
Property, plant and equipment		61.8	49.2	54.9
Right-of-use assets		176.5	134.0	137.7
Financial assets		2.9	1.2	2.5
Deferred tax asset		3.5	2.5	1.1
		680.5	599.3	654.6
Current assets				
Inventories		150.1	128.2	138.0
Current tax asset		15.3	10.2	2.8
Trade and other receivables		150.0	132.2	138.7
Cash and cash equivalents		132.5	171.4	146.5
		448.0	442.0	426.0
Assets held for sale	4	0.3	0.7	0.7
TOTAL ASSETS		1 128.8	1 042	1 081.3

During the third quarter, MedCap's UK subsidiary Multi-Ply entered into a 25-year lease, which has been recognised as a right-of-use asset (SEK 49 million), a liability related to right-of-use assets (SEK 46 million) and a provision for restoration costs (SEK 3 million).

FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION, CONT'D

SEK MILLION	NOTE	2021	2020	2020
		30 SEPTEMBER	30 SEPTEMBER	31 DECEMBER
EQUITY AND LIABILITIES				
Equity attributable to Parent Company shareholders		639.4	585.8	595.7
Equity attributable to non-controlling interests		1.8	5.8	6.3
TOTAL EQUITY		641.2	591.6	602.0
Non-current liabilities				
Liabilities to credit institutions	2,3	22.8	51.1	41.5
Other non-current liabilities	3	22.4	2.6	22.5
Liabilities related to right-of-use assets		153.8	113.3	115.6
Provisions		5.1	1.8	2.3
Deferred tax liabilities		38.6	34.8	36.8
		242.8	203.7	218.7
Current liabilities				
Liabilities to credit institutions	2,3	64.2	83.4	80.1
Liabilities related to right-of-use assets		25.7	24.8	26.6
Current tax liabilities		14.9	8.0	10.7
Trade and other payables	3	139.9	129.2	142.0
		244.7	245.4	259.4
Liabilities directly related to assets held for sale	4	0.2	1.3	1.2
TOTAL EQUITY AND LIABILITIES		1 128.8	1 042.0	1 081.3

FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK MILLION	Equity attributable to Parent Company shareholders	Equity attributable to non-controlling interests	Total equity
Equity, 1 January 2020	327.8	5.0	332.9
	-	-	-
Profit for the period	40.8	1.1	41.9
Other comprehensive income	-6.5	-0.4	-6.8
Comprehensive income for the period	34.3	0.8	35.1
New share issue	223.7	-	223.7
Equity, 30 September 2020	585.8	5.8	591.6
Equity, 1 January 2021	595.7	6.3	602.0
	-	-	-
Profit for the period	55.9	1.3	57.2
Other comprehensive income	10.7	0.0	10.7
Comprehensive income for the period	66.5	1.3	67.9
Employee share options	2.7	-	2.7
Share swap	-22.2	-	-22.2
New share issue	1.1	-	1.1
Transactions with non-controlling interests in non-wholly owned subsidiaries	-4.5	-5.8	-10.3
Equity, 30 September 2021	639.4	1.8	641.2

During the period, MedCap acquired the remaining shares outstanding in Abilia from one of the founders of the business at a purchase price of SEK 10.3 million. Equity increased by SEK 1.1 million as a result of a new share issue in the second quarter. The shares were issued under the share option programme adopted by the 2018 AGM. In the first quarter, MedCap AB entered into a share swap arrangement with Danske Bank to cover commitments under the CEO share option programme that was adopted in 2020.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS

SEK MILLION	NOTE	THIRD QUARTER		JANUARY-SEPTEMBER		JAN-DEC
		2021	2020	2021	2020	2020
Cash flow from operating activities						
Operating profit before financial items		31.6	18.3	80.7	56.9	89.1
Profit from discontinued operations		0.6	-0.9	0.0	-1.3	-1.7
Operating profit before financial items including discontinued operations		32.2	17.4	80.7	55.7	87.3
Depreciation, amortisation and impairment		17.9	16.8	55.3	50.7	68.1
Other non-cash items		-15.3	-4.4	-7.9	-3.4	-3.0
Interest received		0.0	0.0	0.1	0.1	0.2
Interest paid		-1.0	-1.6	-3.9	-5.6	-8.6
Income tax paid		-5.0	-7.6	-26.8	-19.6	-22.3
Cash flow from operating activities before changes in working capital		28.8	20.6	97.5	77.8	121.7
Increase/decrease in inventories		-7.4	-6.6	-14.6	-14.8	-16.5
Increase/decrease in operating receivables		7.8	10.6	-9.0	15.7	15.6
Increase/decrease in operating liabilities		-6.0	-21.2	-0.2	1.1	-5.3
Cash flow from operating activities		23.2	3.5	73.7	79.8	115.6
		-	-	-	-	-
Cash flow from investing activities						
Acquisition of subsidiaries		0.0	-	-10.3	-73.6	-107.9
Purchase of property, plant and equipment		-5.7	-4.8	-19.0	-8.8	-11.3
Purchase of intangible assets		-2.6	-1.6	-8.8	-11.2	-13.1
Increase/decrease in current financial assets		0.0	-1.2	0.0	-1.0	0.3
Disposal of non-current assets		0.0	-	0.0	-	-
Cash flow from investing activities		-8.4	-7.6	-38.0	-94.6	-131.9
Cash flow from financing activities						
Proceeds from borrowings		0.0	-	0.0	83.0	83.0
Repayments		-18.0	-30.5	-52.6	-68.9	-89.7
New share issue		-	-	1.1	223.7	223.7
Increase/decrease in short-term credit		-0.8	-3.9	-0.5	-72.3	-72.4
Cash flow from financing activities		-18.8	-34.5	-52.0	165.5	144.6
Decrease/increase in cash and cash equivalents		-3.9	-38.6	-16.3	150.6	128.3
Cash and cash equivalents at beginning of period		137.9	209.9	146.5	20.8	20.8
Cash from discontinued operations		-0.1	-0.1	0.1	-0.1	-0.4
Exchange difference in cash and cash equivalents		-1.3	0.2	2.2	0.1	-2.1
Cash and cash equivalents at end of period		132.5	171.4	132.5	171.4	146.5

FINANCIAL STATEMENTS

PARENT COMPANY INCOME STATEMENT

SEK MILLION	THIRD QUARTER		JANUARY-SEPTEMBER		JAN-DEC
	2021	2020	2021	2020	2020
Net sales	3.8	2.8	11.3	8.5	11.4
Other income	1.1	0.0	1.1	0.1	1.6
Total	4.9	2.8	12.5	8.7	13.0
Other external costs	-2.6	-0.7	-6.0	-3.0	-5.5
Personnel expenses	-3.2	-3.6	-14.4	-9.8	-13.4
Depreciation/amortisation	0.0	-	-0.1	-	0.0
Operating profit	-0.9	-1.4	-8.0	-4.1	-6.0
Profit/loss from investments in Group companies	0.0	-	0.0	-	-
Interest and similar income	3.6	3.8	10.8	11.1	14.4
Interest and similar expenses	-0.7	-0.2	-3.4	0.1	0.3
Profit before appropriations and tax	2.0	2.1	-0.6	7.1	8.7
Tax on profit for the year	-	-	-	0.3	0.3
Profit for the period	2.0	2.1	-0.6	7.4	9.1

The Parent Company's net sales consist of invoiced management fees. Internal interest accounted for SEK 10.6 (10.5) million of profit before appropriations and tax. The item Personnel expenses includes an expense for the CEO share option programme that was adopted in 2020. The expense was SEK 0.9 million for the third quarter and SEK 2.7 million for the period January-September. The expense is recognised in equity and does not involve any cash flow.

FINANCIAL STATEMENTS

CONDENSED PARENT COMPANY BALANCE SHEET

SEK MILLION	NOTE	2021	2020	2020
		30 SEPTEMBER	30 SEPTEMBER	31 DECEMBER
ASSETS				
Non-current assets				
Intangible assets		0.9	0.7	0.8
Financial assets		411.3	324.6	427.6
		412.2	325.3	428.4
Current assets				
Trade and other receivables		2.5	2.9	0.5
Receivables from Group companies		35.7	25.9	29.0
Cash pool receivables from Group companies		103.4	102.7	103.3
Cash and cash equivalents		88.1	153.3	90.7
		229.8	284.8	223.6
TOTAL ASSETS		642.0	610.1	652.0
EQUITY AND LIABILITIES				
Restricted equity				
Unrestricted equity		411.0	409.8	409.8
TOTAL EQUITY		535.1	552.1	554.1
Provisions				
		0.5	–	0.1
Non-current liabilities				
Liabilities to Group companies		4.9	4.9	4.9
Non-current financial liabilities	3	22.4	–	22.5
		27.3	4.9	27.5
Current liabilities				
Cash pool liabilities to Group companies		58.3	48.4	51.4
Trade and other payables	3	20.7	4.6	18.9
		79.0	53.0	70.3
TOTAL EQUITY AND LIABILITIES		642.0	610.1	652.0

The Parent Company's investments in intangible assets and property, plant and equipment amounted to SEK 0.2 (0.7) million. During the second quarter, MedCap acquired the remaining shares outstanding in Abilia from one of the founders of the business at a purchase price of SEK 10.3 million. In the second and third quarters, the contingent consideration liability related to the acquisition of Multi-Ply was partly reversed. See also note 3.

DECLARATION BY THE BOARD OF DIRECTORS

DECLARATION BY THE BOARD OF DIRECTORS

The Board of Directors and the CEO of MedCap AB hereby declare that the interim report provides a true and fair overview of the operations, financial position and performance of the Parent Company and Group and describes significant risks and uncertainties faced by the Parent Company and Group companies.

Stockholm, 29 October 2021

MedCap AB (publ)

Peter von Ehrenheim
Chairman of the Board

Anders Lundmark
Board member

Anders Hansen
Board member

Nina Rawal
Board member

Anders Dahlberg
CEO

This information is information that MedCap AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Markets Act. The information was submitted through the agency of the contact person below for publication at 06.30 CET on 29 October.

This is a translation of the Swedish interim report of MedCap AB (publ.). In the event of inconsistency between the English and the Swedish version, the Swedish version shall prevail.

This report has been reviewed by the Company's auditor.

Contact details

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www.medcap.se

FINANCIAL CALENDAR

Year-end report 2021, 10 February 2022

Interim Report 1 2022, 6 May 2022

Annual General Meeting, 9 May 2022

Interim Report 2 2022, 29 July 2022

Interim Report 3 2022, 28 October 2022

AUDITOR'S REVIEW REPORT



Translation from the Swedish original

Review report

To the Board of Directors of MedCap AB (publ)

Corp. id. 556617-1459

Introduction

We have reviewed the condensed interim financial information (interim report) of MedCap AB (publ) as of 30 September 2021 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm 29 October 2021

KPMG AB

Fredrik Sjölander

Authorized Public Accountant

NOTES

ACCOUNTING AND MEASUREMENT POLICIES

The interim report has been prepared in accordance with the IFRS adopted by the EU and the IFRIC interpretations of applicable standards adopted by the EU. The interim report for the Group has been prepared in accordance with IAS 34, Interim Financial Reporting, and applicable provisions of the Swedish Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with Chapter 9 of the Swedish Annual Accounts Act, Interim Reports, and RFR 2, Accounting for Legal Entities. For the Group and Parent Company, the same accounting policies and computation methods have been applied as in the most recent annual report. No other standards, amendments or interpretations effective for annual financial periods beginning on or after 1 January 2021 have had any material impact on the Group's financial statements.

NOTES

Note 1 Operating segments

Management has established operating segments (business areas) based on the information that is dealt with by the CEO and used to make strategic decisions. The CEO assesses the business by operating segment. The operating segments for which information is provided derive their revenues primarily from the sale and production of pharmaceuticals and the sale of medical technology. With effect from Q2 2021, the tables below show EBITDA including IFRS 16. Comparative periods have been restated to include IFRS 16.

SEK MILLION	MEDTECH		SPECIALTY PHARMA		OTHER AND ELIM.		TOTAL	
THIRD QUARTER	2021	2020	2021	2020	2021	2020	2021	2020
Segment net sales	129.8	96.8	72.5	78.5	–	0.0	202.3	175.4
EBITDA, adjusted	32.3	27.0	11.2	12.4	6.0	-4.3	49.5	35.1
Depreciation/amortisation of property, plant and equipment and intangible assets	-10.2	-9.8	-7.1	-7.0	-0.6	0.0	-17.9	-16.8
Operating profit	22.1	17.3	4.1	5.3	5.4	-4.3	31.6	18.3
Finance income and costs	-3.1	-3.0	-0.1	-2.2	3.0	3.6	-0.2	-1.6
Profit before tax	19.1	14.2	4.0	3.2	8.4	-0.7	31.4	16.7

SEK MILLION	MEDTECH		SPECIALTY PHARMA		OTHER AND ELIM.		TOTAL	
JANUARY-SEPTEMBER	2021	2020	2021	2020	2021	2020	2021	2020
Segment net sales	431.2	337.1	227.2	253.2	–	0.0	658.4	590.4
EBITDA, adjusted	115.8	85.4	30.8	34.8	-10.5	-12.6	136.0	107.6
Depreciation/amortisation of property, plant and equipment and intangible assets	-31.0	-29.3	-22.0	-21.7	-2.3	0.3	-55.3	-50.7
Operating profit	84.8	56.1	8.8	13.1	-12.9	-12.3	80.7	56.9
Finance income and costs	-9.8	-9.0	-5.0	-7.1	7.4	11.2	-7.4	-4.9
Profit before tax	75.0	47.2	3.8	6.1	-5.5	-1.1	73.3	52.1

NOTES

Note 1 Operating segments, cont'd

Net sales by product category

SEK MILLION	MEDTECH		SPECIALTY PHARMA		TOTAL	
THIRD QUARTER	2021	2020	2021	2020	2021	2020
Pharmaceuticals	4.2	3.9	69.8	76.6	74.0	80.5
Assistive technology	45.1	40.7	–	–	45.1	40.7
Medical devices	50.7	29.4	–	–	50.7	29.4
Food	24.2	19.9	1.5	1.8	25.7	21.7
Other	5.7	3.0	1.2	0.1	6.8	3.0
	129.8	96.8	72.5	78.5	202.3	175.4

SEK MILLION	MEDTECH		SPECIALTY PHARMA		TOTAL	
JANUARY-SEPTEMBER	2021	2020	2021	2020	2021	2020
Pharmaceuticals	14.1	15.5	217.5	246.0	231.6	261.5
Assistive technology	168.9	150.4	–	–	168.9	150.4
Medical devices	145.9	95.6	–	–	145.9	95.6
Food	79.0	67.0	7.7	6.8	86.7	73.8
Other	23.2	8.6	2.1	0.4	25.3	9.0
	431.2	337.1	227.2	253.2	658.4	590.4

Net sales by geographical region

SEK MILLION	MEDTECH		SPECIALTY PHARMA		TOTAL	
THIRD QUARTER	2021	2020	2021	2020	2021	2020
Sweden	45.9	39.9	55.4	52.8	101.3	92.7
Nordic (excl. Sweden)	31.4	27.1	13.6	13.2	45.0	40.3
Europe (excl. Nordic)	37.2	28.6	3.4	12.1	40.6	40.7
Rest of the world	15.4	1.3	–	0.4	15.4	1.7
	129.8	96.8	72.5	78.5	202.3	175.4

SEK MILLION	MEDTECH		SPECIALTY PHARMA		TOTAL	
JANUARY-SEPTEMBER	2021	2020	2021	2020	2021	2020
Sweden	173.9	143.9	174.0	185.5	347.8	329.4
Nordic (excl. Sweden)	101.2	93.8	38.8	36.2	140.0	130.0
Europe (excl. Nordic)	126.8	93.2	14.1	30.8	140.9	124.0
Rest of the world	29.3	6.3	0.3	0.8	29.7	7.0
	431.2	337.1	227.2	253.2	658.4	590.4

NOTES

Note 2 Pledged assets and contingent liabilities

SEK MILLION	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
PLEGDED ASSETS	30 SEPTEMBER	30 SEPTEMBER	30 SEPTEMBER	30 SEPTEMBER
Floating charges	71.6	72.2	-	-
Pledged inventory	1.4	2.3	-	-
Shares in subsidiaries	272.5	197.1	153.9	143.6
Blocked funds	0.5	0.5	-	-
Pledged trade receivables	67.9	65.4	-	-
Other	0.0	0.1	-	-
Total pledged assets	413.8	337.5	153.9	143.6

CONTINGENT LIABILITIES	2021	2020	2021	2020
	30 SEPTEMBER	30 SEPTEMBER	30 SEPTEMBER	30 SEPTEMBER
	General guarantee	General guarantee	General guarantee	General guarantee

Guarantees between MedCap AB and its subsidiaries are in place for all borrowings through Danske Bank.

NOTES

Note 3 Financial instruments

Financial liabilities and assets are recognised at amortised cost, apart from the contingent consideration liability, which is recognised at fair value, see table below. The carrying amounts of loan receivables, trade and other receivables, cash and cash equivalents, loan liabilities, and trade and other payables are a reasonable approximation of their fair values.

During the first quarter, MedCap AB entered into a share swap arrangement with Danske Bank to cover commitments under the CEO option programme adopted in the previous year. The liability of SEK 22.4 million is measured at amortised cost and has been recognised in equity. The liability is due for payment in 2024.

SEK MILLION	2021		2020		2020	
	30 SEPTEMBER		30 SEPTEMBER		31 DECEMBER	
LIABILITIES MEASURED AT FAIR VALUE	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Opening balance	36.5	36.5	9.8	9.8	9.8	9.8
Acquisitions	0.0	0.0	0.0	0.0	36.5	36.5
Settlement during the year	-	-	-9.8	-9.8	-9.8	-9.8
Adjustment of purchase price allocation	-14.8	-14.8	-	-	-	-
Remeasurements	-10.3	-10.3	0.0	0.0	0.0	0.0
Exchange difference	2.1	2.1	-	-	-	-
Closing balance	13.5	13.5	0.0	0.0	36.5	36.5

During the second quarter, part of the contingent consideration liability related to the acquisition of Multi-Ply was reversed in order to reflect information subsequently received about facts and circumstances that existed on the acquisition date. Based on the information available when the Q2 report was published, it was the assessment that there was no need to also adjust the remaining contingent consideration. In the third quarter, the remaining contingent consideration liability was adjusted by SEK 11.8 million, based on new forecasts from the company. The remaining liability, SEK 13.5 million, is based on a defined gross profit level for the period 1 July 2021 to 30 June 2022. The liability has been discounted to present value using a discount rate of 10 percent.

Note 4 Discontinued operations

Following the Company's strategic review in autumn/winter 2017, it was decided in January 2018 to prioritise the Specialty Pharma and MedTech segments. In early May 2018, it was decided that MedCap would divest its pharmaceutical distribution business and the process of finding another owner for the business began. In the consolidated income statement, income items for pharmaceutical distribution (the Cross Pharma Group) business have been excluded for all periods and are recognised only as an item on the line "Profit/loss from discontinued operations". The assets and liabilities of the business are recognised as held for sale. Discontinuation of the pharmaceutical distribution business is nearing completion. Profit/loss from discontinued operations on 30 September 2021 amounted to SEK -0.0 (-1.3) million.

NOTES

Note 5 Use of alternative performance measures

In this report, reference is made to a number of alternative performance measures that are used to help investors and management analyse the Company's operations. Below we describe the various measures used to complement the financial information reported under IFRS but not explained in the report. For definitions, see page 29.

Adjusted EBITDA, incl. and excl. IFRS 16, SEK million

SEK MILLION	MEDTECH		SPECIALTY PHARMA		OTHER AND ELIM.		TOTAL	
	2021	2020	2021	2020	2021	2020	2021	2020
THIRD QUARTER								
Operating profit	22.1	17.3	4.1	5.3	5.4	-4.3	31.6	18.3
Depreciation/amortisation	10.2	9.8	7.1	7.0	0.6	0.0	17.9	16.8
Adjusted EBITDA, incl. IFRS 16	32.3	27.0	11.2	12.4	6.0	-4.3	49.5	35.1
IFRS 16 effect on EBITDA	-3.9	-3.2	-3.8	-3.4	-	-	-7.7	-6.6
Adjusted EBITDA, excl. IFRS 16	28.4	23.8	7.3	9.0	6.0	-4.3	41.7	28.5

SEK MILLION	MEDTECH		SPECIALTY PHARMA		OTHER AND ELIM.		TOTAL	
	2021	2020	2021	2020	2021	2020	2021	2020
JANUARY-SEPTEMBER								
Operating profit	84.8	56.1	8.8	13.1	-12.9	-12.3	80.7	56.9
Depreciation/amortisation	31.0	29.3	22.0	21.7	2.3	-0.3	55.3	50.7
Adjusted EBITDA, incl. IFRS 16	115.8	85.4	30.8	34.8	-10.5	-12.6	136.0	107.6
IFRS 16 effect on EBITDA	-11.1	-9.8	-10.6	-10.2	-	-	-21.7	-20.0
Adjusted EBITDA, excl. IFRS 16	104.7	75.6	20.1	24.6	-10.5	-12.6	114.3	87.6

Working capital, SEK million

SEK MILLION	MEDTECH		SPECIALTY PHARMA		OTHER AND ELIM.		TOTAL	
	2021	2020	2021	2020	2021	2020	2021	2020
30 SEPTEMBER								
Inventory	75.1	64.2	75.0	64.0	-	0.0	150.1	128.2
Trade receivables	70.1	48.9	47.4	56.7	-0.1	0.0	117.4	105.7
Trade payables	-23.4	-17.4	-28.0	-40.3	-0.2	0.0	-51.6	-57.7
Working capital	121.8	95.7	94.4	80.4	-0.3	0.0	215.9	176.2

KEY PERFORMANCE MEASURES AND DEFINITIONS

KEY PERFORMANCE MEASURES

SEK MILLION	THIRD QUARTER		JANUARY-SEPTEMBER		JAN-DEC
	2021	2020	2021	2020	2020
Return on equity, %	4.2		9.0		13.2
Basic equity per share, SEK	43.2		43.2		40.3
Diluted equity per share, SEK	43.2		43.2		40.3
Earnings per share, SEK	1.8	0.8	3.8	2.9	4.2
Equity/assets ratio, %	57		57		55
Number of shares	14 807 353		14 807 353		14 796 229
Average number of shares	14 807 353		14 799 978		14 351 534
Number of shares after dilution	14 807 353		14 799 978		14 356 416

KEY PERFORMANCE MEASURES AND DEFINITIONS

DEFINITIONS OF TERMS USED IN THE REPORT

EBITDA	Earnings before interest, taxes, depreciation and amortisation
Adjusted EBITDA	EBITDA adjusted for management fees charged (not applicable to consolidated financial statements)
EBITA	Earnings before interest, taxes and amortisation
Working capital	Inventories plus trade receivables less trade payables
Equity/assets ratio	Equity attributable to Parent Company shareholders as a percentage of total assets
Return on equity	Profit for the period attributable to Parent Company shareholders as a percentage of average equity
Equity per share	Equity attributable to Parent Company shareholders divided by the number of shares outstanding at the end of the period
Earnings per share	Profit for the period attributable to Parent Company shareholders divided by the average number of shares during the period

In this report, MedCap presents data used by management to assess the Group's performance. Some of the financial measures presented are not defined under IFRS. The Company believes that these measures provide valuable supplementary information to stakeholders and management as they contribute to the evaluation of relevant trends and the Company's performance. As not all companies calculate financial measures in the same way, these are not always comparable with measures used by other companies. These financial measures should therefore not be considered as a substitute for measures defined under IFRS.