

INTERIM REPORT

JULY-SEPTEMBER 2022

THIRD QUARTER JULY-SEPTEMBER

Sales and earnings growth – EBITDA increased by 32%

THIRD QUARTER JULY-SEPTEMBER

- The Group's net sales amounted to SEK 241.5 (202.3) million, an increase of 19 percent.
- The Group's EBITDA was SEK 69.7 (49.5) million, an increase of 41 percent. The increase was 32 (24) percent adjusted for non-recurring items*).
- The EBITDA margin was 29 (24) percent. Adjusted for non-recurring items*), the margin was 21 (19) percent.
- Profit after tax amounted to SEK 36.6 (25.7) million.
- Earnings per share amounted to SEK 2.5 (1.8).
- Cash flow from operating activities was SEK 43.8 (23.2) million.

NINE MONTHS JANUARY-SEPTEMBER

- The Group's net sales amounted to SEK 788.5 (658.4) million, an increase of 20 percent.
- The Group's EBITDA was SEK 185.3 (136.0) million, an increase of 36 percent. The increase was 33 (21) percent adjusted for non-recurring items*).
- The EBITDA margin was 24 (21) percent. Adjusted for items affecting comparability*), the margin was 21 (19) percent.
- Profit after tax amounted to SEK 77.4 (57.3) million.
- Earnings per share amounted to SEK 5.2 (3.8).
- Cash flow from operating activities was SEK 124.5 (73.7) million.

SEK MILLION	THIRD QUARTER		CHANGE	JANUARY-SEPTEMBER		CHANGE	R12	JAN-DEC
	2022	2021		2022	2021			
Net sales	241.5	202.3	39.2	788.5	658.4	130.1	1 046.3	916.3
EBITDA	69.7	49.5	20.2	185.3	136.0	49.3	251.8	202.5
EBITDA, %	28.9%	24.4%	4.4 ppt	23.5%	20.7%	2.8 ppt	24.1%	22.1%
EBITA	58.7	39.1	19.6	147.0	105.4	41.6	201.7	160.2
EBITA, %	24.3%	19.3%	5.0 ppt	18.6%	16.0%	2.6 ppt	19.3%	17.5%
Earnings per share (SEK)	2.5	1.8	0.7	5.2	3.8	1.4	8.0	6.5

For definitions and explanations, see page 29.

*) Items affecting comparability include the sale of the rights to the vitamin D product in the third quarter of the year (SEK 20.0 million) and income in the third quarter of the previous year attributable to adjustment of the contingent consideration liability (SEK 11.8 million).

CEO'S COMMENTS

“Growth, increased earnings and a strong balance sheet”

Continued growth

Sales continued to develop well in both business areas and increased by 19% for the Group in the third quarter.

Sales growth was particularly strong in the Specialty Pharma business area, which grew by 25%. The business area comprises two companies. Unimedica Pharma's registered portfolio showed continued growth, while demand for unlicensed pharmaceuticals was strong in the quarter. The market for unlicensed pharmaceuticals is characterised by large fluctuations in demand partially driven by supply chain disturbances which has been a recurring theme the last year.

Contract manufacturing in Unimedica AB increased sales significantly compared with the low level of the previous year.

The MedTech business area grew by 16%. Demand was generally strong for the companies. Abilia's sales of assistive technology grew in the company's largest markets. Cardiolex ECG products increased sales mainly in vacuum systems. Sales of ECG products were stable, while the German market showed some signs of caution. Both Multi-Ply and Inpac continued to have strong sales, with a slight fall in the high volume of orders for Multi-Ply. In the quarter, Inpac signed a lease for a modern new production plant to which operations are planned to be relocated in 2024.

Increased profitability

Consolidated EBITDA increased by 32% and the margin was strengthened. Both business areas contributed to the increase in earnings.

The Specialty Pharma business area increased its margin as a result of sales growth.

The MedTech business area grew with a slightly weaker margin.

Cost increases for goods, transport and energy have been partly offset by price increases. Although a large share of the group's sales is set in tendered prices in longer agreements.

In the third quarter, a product right was sold within the Specialty Pharma segment, which generated a revenue of SEK 20 million. The third quarter 2021 also included a positive non-recurring effect, related to an acquisition within the MedTech segment. Even when adjusting for these positive non-recurring effects, both EBITDA and the EBITDA margin increased compared to the same quarter last year.

Strong financial position

MedCap is working actively and with great discipline to identify and evaluate acquisition candidates. The Group's good earnings trend and strong balance sheet provide capacity for acquisitions.

In conclusion

The Group delivered a quarter of strong sales growth and earnings growth. The Group's companies are well positioned in their market segments, and the balance sheet is strong. We continue to develop the companies – by means of investments in marketing, product development, regulatory certification and production – while evaluating acquisitions.

Anders Dahlberg, CEO

Stockholm

28 October 2022



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 that have international potential. Acquired companies normally have net sales of SEK 50-250 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.

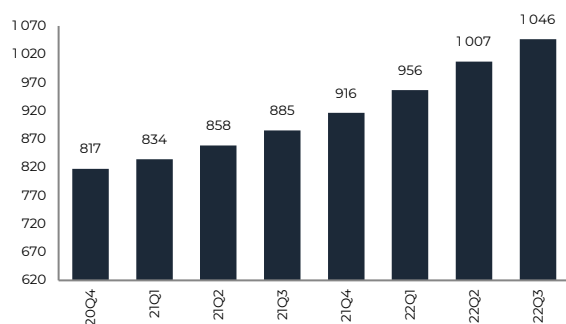
The Group is listed in Nasdaq Stockholm's Mid Cap segment.

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

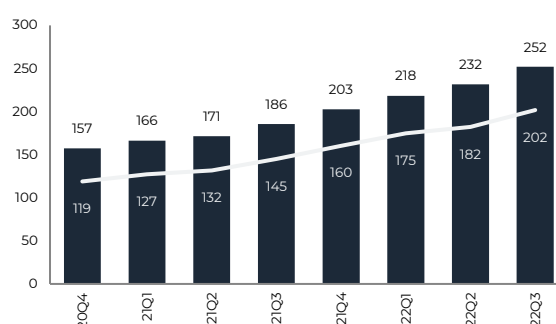


NET SALES AND EARNINGS

The Group's net sales LTM (SEK million)



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



JULY-SEPTEMBER

Net sales

Net sales for the third quarter increased by 19 percent to SEK 241.5 (202.3) million. Growth was driven by all companies in the Group and is due to new products and increased demand for existing products.

Adjusted for currency effects, net sales increased by 16 percent.

Earnings

EBITDA for the third quarter increased by 41 percent to SEK 69.7 (49.5) million. Earnings benefited from SEK 20 million related to the sale of the rights to the vitamin D product in July. Earnings were also positively affected by sales growth during the quarter, which was slightly offset by increased costs. These are mainly price increases, increased sales activity after the pandemic, product development costs and regulatory certifications. The gross margin was slightly affected by higher raw material prices, but these price increases were largely passed on to customers. Positive mix effects also counteracted the impact of higher raw material prices.

Earnings were adversely affected by an acquisition-date inventory value adjustment of SEK -0.8 million (Cognita).

The EBITDA margin was 29 (24) percent.

Net financial items for the period amounted to SEK -2.2 (-0.2) million and include discounting

and translation effects of SEK - (-0.5) million related to additional considerations.

Recognised tax for the third quarter amounted to SEK -9.3 (-5.7) million. Recognised tax as a proportion of profit before tax was 20.2 percent.

Seasonal effects

The Group's operations are affected by seasonal fluctuations owing to holiday periods. 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 20 percent to SEK 788.5 (658.4) million. Growth was driven by all companies in the Group and, just as for the quarter, it is due to new products and increased demand for existing products.

Adjusted for currency effects, net sales increased by 17 percent.

NET SALES AND EARNINGS

Earnings

EBITDA increased by 36 percent to SEK 185.3 (136.0) million for the period January-September, including SEK 20 million related to the sale of rights to the vitamin D product. The sales growth during the period had a positive impact on earnings, while at the same time prices increased for electricity, consumables and shipping, among other things. Selling expenses increased during the period owing to increased activity following the pandemic. During the period, product development and regulatory certification costs also increased compared with the previous year. The gross margin was affected by higher raw material prices but managed to remain relatively stable thanks to price increases to customers and mix effects.

Earnings were adversely affected by an acquisition-date inventory value adjustment of SEK -1.0 million (Cognita).

The EBITDA margin was 24 (21) percent.

Net financial items for the period amounted to SEK -16.8 (-7.4) million and include discounting and translation effects of SEK -0.8 million related to additional purchase considerations and a cost of SEK -7.4 million for redemption of the share swap arrangement. The reason for the redemption is that the agreement was set up to cover commitments under the CEO share option programme, which has been replaced by another programme.

Recognised tax amounted to SEK -25.7 (-16.1) million. Recognised tax as a proportion of profit before tax was 24.9 percent. The deviation from 20.6 percent is mainly an effect of differences in tax rates in foreign subsidiaries and unrecognised tax loss carry-forwards.



FINANCIAL POSITION AND OTHER INFORMATION

Financial position

Cash flow from operating activities in the period January-September amounted to SEK 124.5 (73.7) million. Higher operating profit contributed to the improvement. Working capital was negatively affected by higher trade receivables, driven by increased sales, and higher inventories and lower trade payables.

Cash flow from investing activities was SEK -45.6 (-38.0) million and includes the acquisition of Cognita for SEK 12.2 million. Cash flow from financing activities was SEK -48.9 (-52.0) million. The Group's cash and cash equivalents at the end of the period amounted to SEK 173.0 (132.5) million.

Net debt amounted to SEK 51.9 (169.8) million. Net debt, excl. IFRS 16, amounted to SEK -108.2 (-9.7) million. The change is mainly due to positive cash flow from operating activities. Net debt/EBITDA was 0.2 (0.9) incl. IFRS 16 and -0.5 (-0.1) excl. IFRS 16.

The equity/assets ratio was 66 (57) percent.

Changes in equity

The Group's equity on 30 September 2022 was SEK 812.3 (641.2) million, distributed as follows: SEK 810.3 (639.4) million attributable to Parent Company shareholders and SEK 2.1 (1.8) 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 at the end of September was SEK 5,922,942. Basic equity per share was SEK 54.7 (43.2).

Employees

At the end of the period, 375 (358) individuals were employed in the Group. The acquisition of Cognita AS brought an increase of 6 employees.

Material risks

Material risks and uncertainties for the Group and Parent Company include business risks in the form of 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 sales and purchases of products and materials, and an operational risk in the form of loss of major customers.

The ongoing invasion of Ukraine has had a limited impact on the Group's operations to date. The combination of the war and the continuing impact of the pandemic in China, for example, may cause difficulties in accessing raw materials, components, transport and logistics services. Rising energy prices negatively affect manufacturing units in particular, and are countered by consumption-saving measures. Inflation and cost increases could affect the profitability of the Group's companies if the increases cannot be passed on as price increases to customers to the same extent. A slowdown in the economy could affect demand for the Group's companies. More information can be found in the Company's most recent annual report.

Related-party transactions

Transactions between the Parent Company and Group companies during the period January-September amounted to SEK 39.2 (22.0) million. The transactions consist of dividends, management fees, passed-on costs and interest.

Significant events after the end of the period

No significant events have occurred since 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 consists of the operating companies Abilia, Cardiolex, Inpac and Multi-Ply.

SEK MILLION	THIRD QUARTER		CHANGE	JANUARY-SEPTEMBER		CHANGE	R12	JAN-DEC
	2022	2021		2022	2021			
Net sales	150.7	129.8	20.8	507.4	431.2	76.2	675.7	599.5
EBITDA	36.6	32.3	4.3	133.6	115.8	17.9	185.6	167.8
EBITDA margin	24.3%	24.9%	-0.6 ppt	26.3%	26.8%	-0.5 ppt	27.5%	28.0%
EBITA	30.3	26.5	3.7	109.1	98.8	10.3	153.9	143.7
EBITA margin	20.1%	20.4%	-0.4 ppt	21.5%	22.9%	-1.4 ppt	22.8%	24.0%

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, amortisation and impairment. Earnings excl. IFRS 16 are shown in Note 5.

JULY-SEPTEMBER

Net sales

The MedTech business area continued to perform well in the third quarter. Sales increased in all of the business area's companies. Net sales for the third quarter increased by 16 percent to SEK 150.7 (129.8) million.

Growth was driven by all companies in the segment and is primarily due to increased demand for existing products.

Abilia

Demand was strong in the Swedish and Norwegian markets, but remained weak in the UK. In Norway, the acquisition of Cognita also contributed to increased sales. To maintain its leading position, intensive work on product development continued in the quarter.

Cardiolex

Demand was stable, with good demand for vacuum systems. In the German market, some delay in projects in the order book was noted.

Inpac

Sales increased mainly in nutrients. Price increases also contributed to the increase in sales but did not fully compensate for increased costs.

Multi-Ply

Sales grew strongly compared with the weaker previous year. Order volumes have been good during the year but decreased in the quarter.

Earnings

The business area's EBITDA was SEK 36.6 (32.3) million, 13 percent higher than in the previous year. Sales growth was the main contributor to the earnings improvement.

MEDTECH BUSINESS AREA

JANUARY-SEPTEMBER

Net sales

The business area's net sales amounted to SEK 507.4 (431.2) million, an increase of 18 percent.

Growth was driven by all companies in the segment and is due to a combination of new products and markets and increased demand for existing products.

Earnings

EBITDA was SEK 133.6 (115.8) million, which is 15 percent higher than in the previous year and is mainly due to sales growth.



SPECIALTY PHARMA BUSINESS AREA

The Specialty Pharma companies develop and sell registered 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		CHANGE	JANUARY-SEPTEMBER		CHANGE	R12	JAN-DEC
	2022	2021		2022	2021			
Net sales	90.9	72.5	18.4	281.0	227.2	53.9	370.6	316.8
EBITDA	38.1	11.2	26.9	66.3	30.8	35.6	84.1	48.5
EBITDA margin	41.9%	15.4%	26.5 ppt	23.6%	13.5%	2.2 ppt	10.1 ppt	15.3%
EBITA	33.5	6.5	27.0	52.6	17.0	35.7	65.8	30.1
EBITA margin	36.8%	9.0%	27.9 ppt	18.7%	7.5%	3.3 ppt	11.3 ppt	9.5%

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, amortisation and impairment. Earnings excl. IFRS 16 are shown in Note 5.

JULY-SEPTEMBER

Net sales

The Specialty Pharma business area grew and increased its margin during the third quarter. Net sales for the third quarter increased by 25 percent to SEK 90.9 (72.5) million compared with the previous year. The growth was driven by both the registered pharmaceutical portfolio and the unlicensed pharmaceutical portfolio, which is characterised by more fluctuating volumes. Contract manufacturing (CDMO) sales also increased from the previous year's low level.

Unimedic Pharma

Sales in Unimedic Pharma's registered specialty pharmaceutical portfolio increased greatly on the previous year and accounted for 50 percent of the business area's total sales.

The portfolio of eight key pharmaceuticals grew by 34 percent during the quarter.

Unlicensed pharmaceuticals also showed strong growth, accounting for 32 percent of the business area's total sales. The unlicensed pharmaceutical business is by its nature subject to sales fluctuations.

Unimedic AB

Unimedic AB's contract manufacturing (CDMO) accounted for 18 percent of the business area's total external sales. External sales increased in the third quarter compared to last year and reached a more normal quarterly level.

Earnings

EBITDA increased by 241 percent to SEK 38.1 (11.2) million. During the third quarter, the rights were sold to the vitamin D product, which had been developed by internal resources. The sale price and the capital gain amounted to SEK 20 million. EBITDA margin amounted to 19.9% adjusted for this one-time revenue.

The business area's gross margin was lower at 50.9 (52.7) percent. The difference is due to a lower gross margin in contract manufacturing as a result of the product mix and increased

SPECIALTY PHARMA BUSINESS AREA

purchase prices. Increased electricity prices and higher prices for consumables also had a negative impact on earnings during the period.

JANUARY-SEPTEMBER

Net sales

Sales for the period January-September amounted to SEK 281.0 (227.2) million, an increase of 24% compared with the previous year. The growth was mainly driven by products

in the registered pharmaceutical portfolio and the unlicensed portfolio, but contract manufacturing also contributed.

Earnings

Specialty Pharma increased its EBITDA by 116 percent to SEK 66.3 (30.8) million, partly driven by sales growth but also benefiting from SEK 20 million from the sale of the vitamin D product.



FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

SEK MILLION	NOTE	THIRD QUARTER		JANUARY-SEPTEMBER		JAN-DEC
		2022	2021	2022	2021	2021
Net sales	1	241.5	202.3	788.5	658.4	916.3
Other operating income		22.4	13.7	27.5	17.7	23.3
		264.0	216.0	816.0	676.1	939.6
Work performed by the Company and capitalised		2.6	1.4	10.3	5.5	10.0
Raw materials and consumables		-96.9	-80.6	-318.8	-260.3	-355.8
Change in inventories		-2.7	0.4	-2.0	0.1	-1.9
Other external costs		-35.1	-25.3	-111.7	-83.0	-111.9
Personnel expenses		-61.0	-61.6	-204.1	-198.7	-272.7
Other operating expenses		-1.2	-1.0	-4.4	-3.7	-4.7
Operating profit before depreciation, amortisation and impairment (EBITDA)		69.7	49.5	185.3	136.0	202.5
Depreciation and impairment of property, plant and equipment		-11.0	-10.4	-38.3	-30.6	-42.4
Operating profit before amortisation and impairment of intangible assets (EBITA)		58.7	39.1	147.0	105.4	160.2
Amortisation and impairment of intangible assets		-10.6	-7.5	-27.1	-24.7	-33.1
Operating profit (EBIT)		48.1	31.6	119.8	80.7	127.0
Finance income		0.7	1.7	0.9	1.4	1.7
Finance costs		-3.0	-1.9	-17.6	-8.8	-11.8
Net financial items		-2.2	-0.2	-16.8	-7.4	-10.1
Profit before tax		45.9	31.4	103.1	73.3	117.0
Income tax		-9.3	-5.7	-25.7	-16.1	-18.9
Profit for the period from continuing operations		36.6	25.7	77.4	57.3	98.1
Profit from discontinued operations		-	0.6	-	0.0	-
Profit for the period		36.6	26.3	77.4	57.2	98.1

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT, CONT'D

SEK MILLION	NOTE	THIRD QUARTER		JANUARY-SEPTEMBER		JAN-DEC
		2022	2021	2022	2021	2021
Profit for the period attributable to						
Parent Company shareholders		36.6	26.2	77.3	55.9	96.5
Non-controlling interests		0.0	0.0	0.1	1.3	1.6
Earnings per share, calculated based on profit attributable to Parent Company shareholders:						
Basic earnings per share, SEK		2.5	1.8	5.2	3.8	6.5
Diluted earnings per share, SEK		2.5	1.8	5.2	3.8	6.5
Number of shares before dilution		14 807 353	14 807 353	14 807 353	14 799 978	14 801 837
Number of shares after dilution		14 807 353	14 807 353	14 807 353	14 799 978	14 801 837
Dilution		–	–	–	–	–

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK MILLION	NOTE	THIRD QUARTER		JANUARY-SEPTEMBER		JAN-DEC
		2022	2021	2022	2021	2021
Profit for the period		36.6	26.3	77.4	57.2	98.1
Translation differences in foreign operations		5.4	-0.1	15.1	10.7	17.5
Comprehensive income for the period		42.0	26.2	92.5	67.9	115.5
Comprehensive income attributable to:						
Parent Company shareholders		41.8	26.2	92.1	66.5	114.3
Non-controlling interests		0.1	0.1	0.4	1.3	1.2
Comprehensive income attributable to Parent Company shareholders:						
Continuing operations		41.8	25.6	92.1	66.6	114.3
Discontinued operations		-	0.6	-	0.0	-

FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK MILLION	NOTE	2022	2021	2021
		30 SEPTEMBER	30 SEPTEMBER	31 DECEMBER
ASSETS				
Non-current assets				
Goodwill		241.0	231.7	229.5
Other intangible assets		199.3	204.1	208.3
Property, plant and equipment		93.0	61.8	85.6
Right-of-use assets		155.5	176.5	168.2
Financial assets		0.2	1.0	0.3
Deferred tax asset		2.9	5.4	2.7
		691.8	680.5	694.6
Current assets				
Inventories		162.3	150.1	150.2
Current tax asset		6.5	15.3	7.7
Trade and other receivables		187.9	150.0	177.2
Cash and cash equivalents		173.0	132.5	139.7
		529.7	448.0	474.9
Assets held for sale		–	0.3	–
TOTAL ASSETS		1 221.6	1 129	1 169.5

FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION, CONT'D

SEK MILLION	NOTE	2022	2021	2021
		30 SEPTEMBER	30 SEPTEMBER	31 DECEMBER
EQUITY AND LIABILITIES				
Equity attributable to Parent Company shareholders		810.3	639.4	696.0
Equity attributable to non-controlling interests		2.1	1.8	1.7
TOTAL EQUITY		812.3	641.2	697.7
Non-current liabilities				
Liabilities to credit institutions	2.4	4.6	22.8	18.3
Other non-current liabilities	3	0.1	22.4	22.5
Liabilities related to right-of-use assets		131.9	153.8	147.1
Provisions		5.1	5.1	3.9
Deferred tax liabilities		37.3	38.6	38.1
		179.1	242.8	229.9
Current liabilities				
Liabilities to credit institutions	2.4	60.1	64.2	67.0
Liabilities related to right-of-use assets		28.2	25.7	24.5
Current tax liabilities		17.0	14.9	10.1
Trade and other payables	4	124.9	139.9	140.4
		230.2	244.7	241.9
Liabilities directly related to assets held for sale		–	0.2	–
TOTAL EQUITY AND LIABILITIES		1 221.6	1 128.8	1 169.5

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 2021	595.7	6.3	602.0
	-	-	-
Profit for the period	55.9	1.3	57.2
Other comprehensive income	10.7	-	10.7
Comprehensive income for the period	66.6	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
Equity, 1 January 2022	696.0	1.7	697.7
Profit for the period	77.3	0.1	77.4
Other comprehensive income	14.8	0.3	15.1
Comprehensive income for the period	92.1	0.4	92.5
Share swap	22.2	-	22.2
Equity, 30 September 2022	810.3	2.1	812.3

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS

SEK MILLION	THIRD QUARTER		JANUARY-SEPTEMBER		JAN-DEC
	2022	2021	2022	2021	2021
Cash flow from operating activities					
Operating profit before financial items	48.1	31.6	119.8	80.7	127.0
Profit from discontinued operations	–	0.6	–	0.0	–
Operating profit before financial items including discontinued operations	48.1	32.2	119.8	80.7	127.0
Depreciation, amortisation and impairment	21.5	17.9	65.5	55.3	75.5
Other non-cash items	0.7	-15.3	-0.9	-7.9	1.0
Interest received	0.0	0.0	0.2	0.1	0.1
Interest paid	-1.0	-1.0	-1.5	-3.9	-7.7
Income tax paid	-3.7	-5.0	-21.0	-26.8	-24.2
Cash flow from operating activities before changes in working capital	65.7	28.8	162.1	97.5	171.7
Increase/decrease in inventories	-8.6	-7.4	-9.9	-14.6	-16.0
Increase/decrease in operating receivables	22.7	7.8	-10.5	-9.0	-36.5
Increase/decrease in operating liabilities	-36.0	-6.0	-17.1	-0.2	-2.9
Cash flow from operating activities	43.8	23.2	124.5	73.7	116.3
	–	–	–	–	–
Cash flow from investing activities					
Acquisition of subsidiaries	–	–	-11.9	-10.3	-4.6
Purchase of property, plant and equipment	-4.6	-5.7	-22.9	-19.0	-45.3
Purchase of intangible assets	-2.7	-2.6	-10.9	-8.8	-15.6
Increase/decrease in current financial assets	–	–	–	–	0.7
Cash flow from investing activities	-7.4	-8.4	-45.6	-38.0	-64.8
Cash flow from financing activities					
Repayments	-12.6	-18.0	-42.7	-52.6	-66.0
New share issue	–	–	–	1.1	1.1
Share swap	–	–	-7.4	–	–
Option premiums	–	–	5.7	–	–
Increase/decrease in short-term credit	3.4	-0.8	-4.5	-0.5	0.9
Cash flow from financing activities	-9.2	-18.8	-48.9	-52.0	-64.1
Decrease/increase in cash and cash equivalents	27.2	-3.9	30.0	-16.3	-12.5
Cash and cash equivalents at beginning of period	144.4	137.9	139.7	146.5	146.5
Cash from discontinued operations	–	-0.1	–	0.1	0.0
Exchange difference in cash and cash equivalents	1.3	-1.3	3.3	2.2	5.7
Cash and cash equivalents at end of period	173.0	132.5	173.0	132.5	139.7

FINANCIAL STATEMENTS

PARENT COMPANY INCOME STATEMENT

SEK MILLION	THIRD QUARTER		JANUARY-SEPTEMBER		JAN-DEC
	2022	2021	2022	2021	2021
Net sales	3.0	3.8	7.6	11.3	15.1
Other income	1.2	1.1	1.2	1.1	1.1
Total	4.3	4.9	8.8	12.5	16.3
Other external costs	-2.8	-2.6	-6.0	-6.0	-7.3
Personnel expenses	-3.5	-3.2	-10.7	-14.4	-20.8
Depreciation/amortisation	-0.1	0.0	-0.2	-0.1	-0.2
Operating profit	-2.1	-0.9	-8.1	-8.0	-12.0
Profit/loss from investments in Group companies	-	0.0	20.0	0.0	0.0
Interest and similar income	5.0	3.6	12.8	10.8	14.4
Interest and similar expenses	-0.8	-0.7	-9.0	-3.4	-4.2
Profit before appropriations and tax	2.1	2.0	15.7	-0.6	-1.8
Group contributions	-	-	-	-	31.0
Profit for the period	2.1	2.0	15.7	-0.6	29.2

The Parent Company's net sales consist of invoiced management fees. Of the profit before appropriations and tax for the period January-September, SEK 20.0 (-) million is dividends from Group companies, SEK 11.6 (10.6) million is internal interest and SEK -7.4 million is the cost of early termination of a share swap arrangement.

FINANCIAL STATEMENTS

CONDENSED PARENT COMPANY BALANCE SHEET

SEK MILLION	NOTE	2022	2021	2021
		30 SEPTEMBER	30 SEPTEMBER	31 DECEMBER
ASSETS				
Non-current assets				
Intangible assets		0.7	0.9	0.9
Financial assets		467.1	411.3	458.9
		467.8	412.2	459.8
Current assets				
Trade and other receivables		3.0	2.5	2.1
Receivables from Group companies		26.5	35.7	19.8
Cash pool receivables from Group companies		86.8	103.4	105.2
Cash and cash equivalents		131.2	88.1	108.2
		247.5	229.8	235.3
TOTAL ASSETS		715.2	642.0	695.1
EQUITY AND LIABILITIES				
Restricted equity				
Unrestricted equity		40.0	40.0	40.0
TOTAL EQUITY		606.0	535.1	568.2
Provisions				
		–	0.5	–
Non-current liabilities				
Liabilities to Group companies		1.3	4.9	1.3
Non-current financial liabilities	4	–	22.4	22.5
		1.3	27.3	23.8
Current liabilities				
Cash pool liabilities to Group companies		100.8	58.3	78.4
Liabilities to Group companies		–	–	–
Current tax liabilities		–	–	–
Trade and other payables	4	7.1	20.7	24.8
		107.9	79.0	103.2
TOTAL EQUITY AND LIABILITIES		715.2	642.0	695.1

The Parent Company's investments in intangible assets and property, plant and equipment amounted to SEK - (0.2) million.

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, 28 October 2022

MedCap AB (publ)

Karl Tobieson

Chairman of the Board

Anders Hansen

Board member

David Jern

Board member

Lena Söderström

Board member

Anna Törner

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 below for publication at 06:30 CET on 28 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

Anders Dahlberg, CEO, +46 704 269 262

MedCap AB (publ) Corp ID 556617-1459

Engelbretsgatan 9-11, SE-114 32 Stockholm +46 8 34 71 10

www.medcap.se

FINANCIAL CALENDAR

Year-end report 2022, 10 February 2023

Interim Report 1 2023, 3 May 2023

Interim Report 2 2023, 28 July 2023

Interim Report 3 2023, 27 October 2023

AUDITOR'S REVIEW REPORT



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) for MedCap AB (publ) as of 30 September 2022 and the nine-month period then ended. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Focus and scope of the review

We conducted our review in accordance with the 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 has a different focus and is substantially smaller in scope than an audit conducted in accordance with ISA 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 in accordance with the Annual Accounts Act.

Stockholm, 28 October 2022

KPMG AB

Fredrik Sjölander

Authorised 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 2022 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	
	2022	2021	2022	2021	2022	2021	2022	2021
THIRD QUARTER								
Segment net sales	150.7	129.8	90.9	72.5	–	–	241.5	202.3
EBITDA, adjusted	36.6	32.3	38.1	11.2	-5.0	6.0	69.7	49.5
Depreciation/amortisation of property, plant and equipment and intangible assets	-13.1	-10.2	-7.3	-7.1	-1.1	-0.6	-21.5	-17.9
Operating profit	23.4	22.1	30.7	4.1	-6.0	5.4	48.1	31.6
Finance income and costs	-4.0	-3.1	-2.4	-0.1	4.2	3.0	-2.2	-0.2
Profit before tax	19.4	19.1	28.3	4.0	-1.8	8.4	45.9	31.4

SEK MILLION	MEDTECH		SPECIALTY PHARMA		OTHER AND ELIM.		TOTAL	
	2022	2021	2022	2021	2022	2021	2022	2021
JANUARY-SEPTEMBER								
Segment net sales	507.4	431.2	281.0	227.2	–	–	788.5	658.4
EBITDA, adjusted	133.6	115.8	66.3	30.8	-14.6	-10.5	185.3	136.0
Depreciation/amortisation of property, plant and equipment and intangible assets	-40.5	-31.0	-21.8	-22.0	-3.1	-2.3	-65.5	-55.3
Operating profit	93.1	84.8	44.5	8.8	-17.8	-12.9	119.8	80.7
Finance income and costs	-13.6	-9.8	-6.9	-5.0	3.7	7.4	-16.8	-7.4
Profit before tax	79.6	75.0	37.6	3.8	-14.1	-5.5	103.1	73.3

NOTES

Note 1 Operating segments, cont'd

Net sales by product category

SEK MILLION THIRD QUARTER	MEDTECH		SPECIALTY PHARMA		TOTAL	
	2022	2021	2022	2021	2022	2021
Pharmaceuticals	4.0	4.2	87.5	69.8	91.6	74.0
Assistive technology	53.8	45.1	–	–	53.8	45.1
Medical devices	54.5	50.7	–	–	54.5	50.7
Food	32.7	24.2	2.8	1.5	35.5	25.7
Other	5.6	5.7	0.5	1.2	6.1	6.8
	150.7	129.8	90.9	72.5	241.5	202.3

SEK MILLION JANUARY-SEPTEMBER	MEDTECH		SPECIALTY PHARMA		TOTAL	
	2022	2021	2022	2021	2022	2021
Pharmaceuticals	18.5	14.1	269.7	217.5	288.2	231.6
Assistive technology	186.9	168.9	–	–	186.9	168.9
Medical devices	169.4	145.9	–	–	169.4	145.9
Food	111.8	79.0	9.3	7.7	121.1	86.7
Other	20.8	23.2	2.0	2.1	22.8	25.3
	507.4	431.2	281.0	227.2	788.5	658.4

Net sales by geographical region

SEK MILLION THIRD QUARTER	MEDTECH		SPECIALTY PHARMA		TOTAL	
	2022	2021	2022	2021	2022	2021
Sweden	56.2	45.9	68.0	55.4	124.2	101.3
Nordic (excl. Sweden)	38.7	31.4	17.7	13.6	56.4	45.0
Europe (excl. Nordic)	39.2	37.2	5.0	3.4	44.2	40.6
Rest of the world	16.6	15.4	0.1	–	16.7	15.4
	150.7	129.8	90.9	72.5	241.5	202.3

SEK MILLION JANUARY-SEPTEMBER	MEDTECH		SPECIALTY PHARMA		TOTAL	
	2022	2021	2022	2021	2022	2021
Sweden	200.4	173.9	210.0	174.0	410.3	347.8
Nordic (excl. Sweden)	132.9	101.2	54.3	38.8	187.2	140.0
Europe (excl. Nordic)	134.0	126.8	16.7	14.1	150.6	140.9
Rest of the world	40.2	29.3	0.1	0.3	40.3	29.7
	507.4	431.2	281.0	227.2	788.5	658.4

NOTES

Note 2 Pledged assets and contingent liabilities

SEK MILLION	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
PLEGDED ASSETS	30 SEPTEMBER	30 SEPTEMBER	30 SEPTEMBER	30 SEPTEMBER
Floating charges	71.6	71.6	-	-
Pledged inventory	3.1	1.4	-	-
Shares in subsidiaries	337.6	272.5	154.9	153.9
Blocked funds	0.6	0.5	-	-
Pledged trade receivables	81.1	67.9	-	-
Other	0.1	0.0	-	-
Total pledged assets	494.0	413.8	154.9	153.9

CONTINGENT LIABILITIES	2022	2021	2022	2021
	30 SEPTEMBER	30 SEPTEMBER	30 SEPTEMBER	30 SEPTEMBER
	General guarantee	General guarantee	General guarantee	General guarantee

Guarantees between MedCap AB and all its subsidiaries apart from Multi-Ply are in place for all borrowings through Danske Bank. MedCap AB has a guarantee commitment to the lessor of premises to the subsidiary Inpac. The lease will run for 15 years from 1 October 2023. Estimated annual rent is approximately SEK 10 million.

NOTES

Note 3 Business acquisitions

On 31 May 2022, Abilia AS signed an agreement for the acquisition of Cognita AS. The transaction was finalised on 1 June 2022. Information about the acquisition is provided below. For Abilia, which has a leading position in assistive technology in the Nordic region, the transaction is of key value as it strengthens and broadens the position in digital assistive products. Cognita has long established itself as a leading supplier of assistive technology in Norway. The company's sales in 2021 were NOK 15 million.

SEK million	Cognita AS
Date of acquisition	2022-06-01
Acquired share	100%
Cost	
Of which cash payment	12.4
Of which remaining consideration	0.0
Total cost	12.4
Identifiable assets acquired	
Customer relationships	2.8
Property, plant and equipment	1.3
Inventory	2.9
Trade receivables	1.8
Other assets	0.2
Cash and cash equivalents	0.2
Deferred tax	-0.8
Liabilities to credit institutions	-0.1
Trade payables	-0.9
Other current liabilities	-1.8
Net identifiable assets acquired	5.4
Goodwill	6.9
Net assets acquired	12.4
Cash consideration paid	12.4
Acquired cash	-0.2
Effect on cash flow	12.2

Total acquisition expenses amounted to SEK 201,000.

NOTES

The acquisition of Cognita has affected the Group's financial statements as follows: net sales SEK 5.0 million, EBITDA SEK -0.6 million, operating profit SEK -1.1 million and profit after tax for the period SEK -1 million. If the acquisition had been completed on 1 January 2022, the estimated effect would have been as follows: net sales SEK 12.6 million, EBITDA SEK 0.0 million, operating profit SEK -0.6 million and profit after tax for the year SEK -0.5 million. Earnings were adversely affected by an acquisition-date inventory value adjustment of SEK -1.0 million.

Note 4 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.

SEK MILLION	2022		2021		2021	
	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	16.6	16.6	36.5	36.5	36.5	36.5
Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Settlement during the year	-17.5	-17.5	0.0	0.0	-	-
Adjustment of purchase price allocation	-	-	-14.8	-14.8	-14.8	-14.8
Remeasurements	0.5	0.5	-10.3	-10.3	-7.8	-7.8
Exchange difference	0.3	0.3	2.1	2.1	2.7	2.7
Closing balance	-	-	13.5	13.5	16.6	16.6

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	
	2022	2021	2022	2021	2022	2021	2022	2021
THIRD QUARTER								
Operating profit	23.4	22.1	30.7	4.1	-6.0	5.4	48.1	31.6
Depreciation/amortisation	13.1	10.2	7.3	7.1	1.1	0.6	21.5	17.9
Adjusted EBITDA, incl. IFRS 16	36.6	32.3	38.1	11.2	-5.0	6.0	69.7	49.5
IFRS 16 effect on EBITDA	-3.5	-3.9	-3.6	-3.8	-0.1	-	-7.1	-7.7
Adjusted EBITDA, excl. IFRS 16	33.1	28.4	34.5	7.3	-5.1	6.0	62.5	41.7

SEK MILLION	MEDTECH		SPECIALTY PHARMA		OTHER AND ELIM.		TOTAL	
	2022	2021	2022	2021	2022	2021	2022	2021
JANUARY-SEPTEMBER								
Operating profit	93.1	84.8	44.5	8.8	-17.8	-12.9	119.8	80.7
Depreciation/amortisation	40.5	31.0	21.8	22.0	3.1	2.3	65.5	55.3
Adjusted EBITDA, incl. IFRS 16	133.6	115.8	66.3	30.8	-14.6	-10.5	185.3	136.0
IFRS 16 effect on EBITDA	-12.2	-11.1	-10.7	-10.6	-0.3	-	-23.1	-21.7
Adjusted EBITDA, excl. IFRS 16	121.4	104.7	55.7	20.1	-14.9	-10.5	162.2	114.3

Working capital, SEK million

SEK MILLION	MEDTECH		SPECIALTY PHARMA		OTHER AND ELIM.		TOTAL	
	2022	2021	2022	2021	2022	2021	2022	2021
30 SEPTEMBER								
Inventory	88.4	75.1	74.0	75.0	-	-	162.3	150.1
Trade receivables	80.1	70.1	64.7	47.4	-0.1	-0.1	144.8	117.4
Trade payables	-23.5	-23.4	-27.0	-28.0	-0.4	-0.2	-50.9	-51.6
Working capital	145.0	121.8	111.7	94.4	-0.5	-0.3	256.2	215.9

KEY PERFORMANCE MEASURES AND DEFINITIONS

KEY PERFORMANCE MEASURES

SEK MILLION	THIRD QUARTER		JANUARY-SEPTEMBER		JAN-DEC
	2022	2021	2022	2021	2021
Return on equity, %	4.6	4.2	10.3	9.0	14.9
Basic equity per share, SEK	54.7	43.2	54.7	43.2	47.0
Diluted equity per share, SEK	54.7	43.2	54.7	43.2	47.0
Earnings per share, SEK	2.5	1.8	5.2	3.8	6.5
Equity/assets ratio, %	66	57	66	57	60
Number of shares	14 807 353	14 807 353	14 807 353	14 807 353	14 807 353
Average number of shares	14 807 353	14 807 353	14 807 353	14 799 978	14 801 837
Number of shares after dilution	14 807 353	14 807 353	14 807 353	14 799 978	14 801 837

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 to be a substitute for measures defined under IFRS.