The Year-End Report 2022

permobil

Key highlights

- **Order intake** increased by 28% y/y to SEK 5 269m (4 101m)
- **Revenue** increased by 29% to SEK 5 248m (4 062m), organic growth of 14% (8%)
- **EBITDA** amounted to SEK 1 071m (782m), corresponding to a margin of 20% (19%)
- **Operating profit** at SEK 696 m (438m), corresponding to a margin of 13% (11%)

Year-end report of Instoria Sweden AB Group

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Letter from the CEO

Stockholm, March 28, 2023

Permobil was, and continues to be, exceptional in being able to tackle the challenges of recent years and yet emerge stronger as a company. Many of those challenges will continue but I am confident we will overcome them and carry on serving the people who use Permobil products.

A RECORD YEAR DESPITE THE CHALLENGING GLOBAL SITUATION

Despite facing multiple adverse macro-economic factors, our financial results for 2022 saw record breaking revenue for the year and all three of our regions delivering strong growth. The first half of the year was severely affected by labor shortages, global material shortages and COVID-related shutdowns in China, our strategy to stockpile fast moving components was highly effective and enabled us to deliver for our users. As we see those logistical challenges subside, we are adjusting again, with a reduction of held stock.

After completing the acquisition at the beginning of 2022, the process of onboarding Panthera into the Permobil family and expanding the reach of Panthera's manual wheelchair products has proceeded excellently. Panthera sales far exceeded their targets. Similarly, the integration of the 2021 acquisition Progeo continued strongly, most notably with the power assist device - Mototronik, being launched in five new European and Asia-Pacific countries.

INVESTING FOR THE FUTURE

In the coming year, we will launch an array of exciting new products. They will reaffirm us as market leaders across all the segments where we are present. Our focus on digitalization, service and innovative business models will maintain our position as thought leaders within our industry.

Last year we announced a brand new, purpose-built headquarters in northern Sweden. The new building will be the foundation for continued growth and innovation for the company as well as offering a world-class workplace to attract and retain talent. Although, Permobil is a company with a global footprint, we are proud to continue our decades-long association with Västernorrland.

Permobil remains committed to sustainability. Significant in-roads were particularly made when it comes to smarter packaging and shipping solutions to reduce carbon emissions. More can be read about this in our second annual sustainability report covering our activities in 2022.

WELL-POSITIONED TO CONTINUE THE SUCCESS IN 2023

After a challenging 2022 where we managed to still break records, I must give credit and thanks to our teams for achieving so much and delivering last year's success. I am excited and optimistic for the year ahead.

Bengt Thorsson, CEO

This is Permobil

Permobil is the global leader in innovative assistive technology for people living with disabilities, with sales in over 50 countries worldwide.

Permobil makes some of the most technically advanced wheelchairs, seating and positioning solutions available. Yet, the company's mission is to innovate individuals and to celebrate human achievements. Currently headquartered in Timrå, Sweden, Permobil is a global leader in advanced healthcare solutions, focusing on the development and manufacturing of our complementary set of product and services offerings: advanced power wheelchairs; manual wheelchairs; seating and positioning solutions; power-assist devices and software solutions.

WAY TO THE MARKET

Permobil has the most comprehensive range of advanced rehab solutions for users around the world. In Scandinavia, Permobil's products are publicly provided through functional aids centers ("Hjälpmedelscentralen"). In most other geographies the products are distributed by Durable Medical Equipment ("DME") dealers and paid by the government and/or private insurance companies. For this reason, the sales process can be complex, typically involving a therapist, dealer, and a Permobil representative to evaluate the needs of that specific user and specify the requirements of the tailor-made product offered.

OUR HISTORY

Permobil was founded in 1967 in Sweden, in the basement workshop of an inventor, entrepreneur and doctor, Per Uddén. Dr. Per Uddén, was driven by a passion to find new solutions to the problems he encountered in his work as a doctor. With a unique focus on the users, he and his team combined creativity with technology and mechanical ingenuity to write the first chapter in the Permobil story.

The stories behind all the companies in the Permobil family are similar. The commitment of our founders to pursue their dreams of providing a better life for the physically challenged has led to best-in class products. It now drives us to push the boundaries of design and technology in pursuit of innovations that help improve the quality of life for our users.

Permobil's headquarters is located in Sweden. Permobil has 1 805 employees in 18 countries. Production sites are located in China, Italy, the Netherlands, Sweden, UK and USA. Since 2013, the company has been wholly owned by Patricia Industries, a subsidiary of Investor.

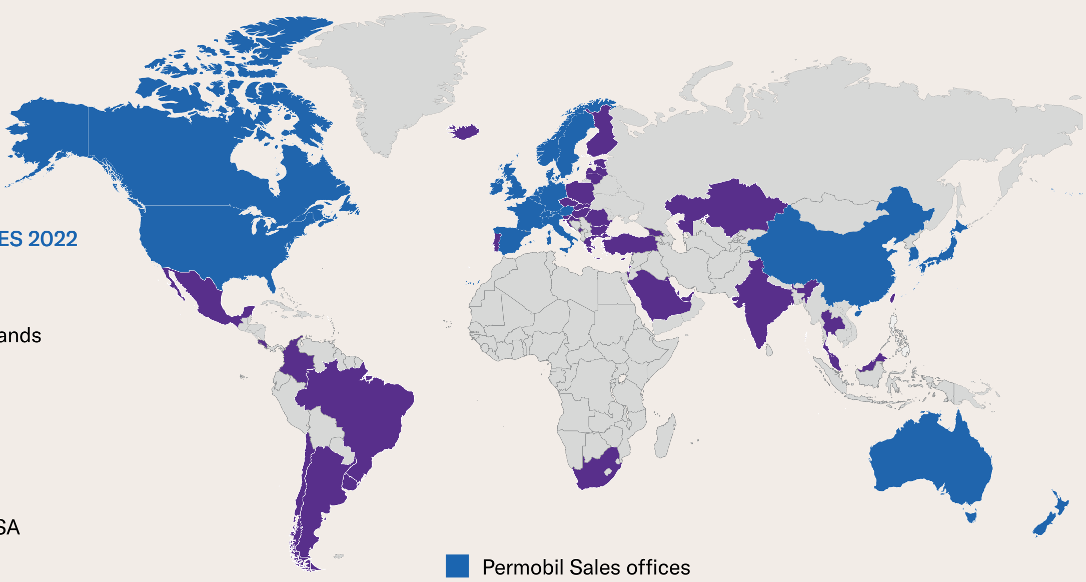
PERMOBIL'S BUSINESS STRATEGY

Permobil's strategy is built on the following tenants:

- putting the end-user at the center of everything we do
- developing the best advanced rehab technologies across all product segments
- developing the market and our relationships with the most clinically competent sales and marketing organization
- being an excellent partner to our customers, reliable and easy to deal with
- continuing to develop the competence within our company and attract new talent
- providing outstanding customer service before, during and after product sales
- advocating for the user's right to get the product he/she needs.

PRODUCTION SITES 2022

Kunshan, China
Treviso, Italy
Oisterwijk, Netherlands
Kalmar, Sweden
Spånga, Sweden
Timrå, Sweden
Bridgend, UK
Belleville, IL, USA
Milwaukee, WN, USA
Nashville, TN, USA
Pasco, WA, USA



Permobil Sales offices

Permobil products sold via distributors

Group summary

Financial details in the following summary relate to the year 2022 are compared to the financial statements for the year 2021.

ORDERS

Order intake in 2022 increased 28% (4%) to SEK 5 269m (4 101m).

REVENUES

Revenues in 2022 increased 29% (3%) to SEK 5 248m (4 062m), corresponding to an organic growth of 14% (8%).

Europe, Middle East and Africa

Revenue in EMEA increased by 37% (11%) to SEK 1 487m (1 083m). Double digit growth seen for Power Chairs and full recovery of the Aftermarket segment growing 17%. Positive order momentum and the year ended on a very strong note.

2022 figures include revenues from the acquired manual wheelchair company – Panthera.

Americas

Revenue in the Americas increased by 27% (3%) to SEK 3 317m (2 620m), driven by organic growth of 7%, supported by positive growth from all major product segments and all US sales channels. The SEK weakening against both the USD and CAD also had a significant impact on revenue growth.

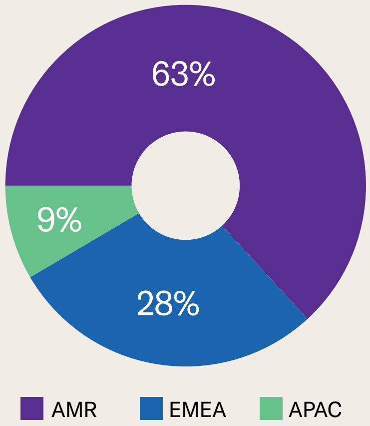
Asia Pacific

Revenues in Asia Pacific increased by 24% (-16%) to SEK 444m (359m). A strong recovery from 2021 when COVID-19 related lock-downs negatively impacted the region, notably Australia.

EARNINGS

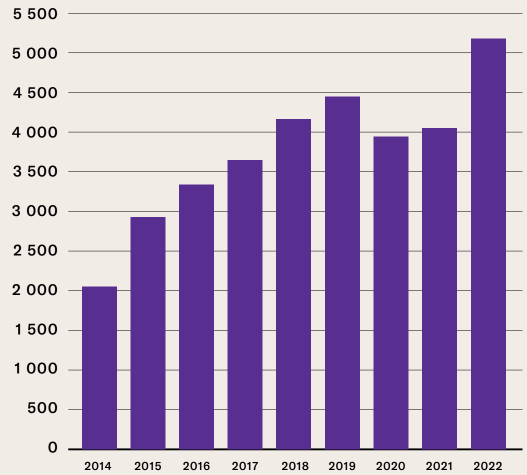
Gross profit amounted to SEK 2 859m (2 280m), corresponding to a margin of 54% (56%). Earnings before interest, tax, depreciation and amortization (EBITDA) amounted to SEK 1 071m (782m), corresponding to a margin of 20% (19%). EBITDA includes non-recurring items of SEK -33m (-63m), mainly driven by M&A costs.

Revenue by region



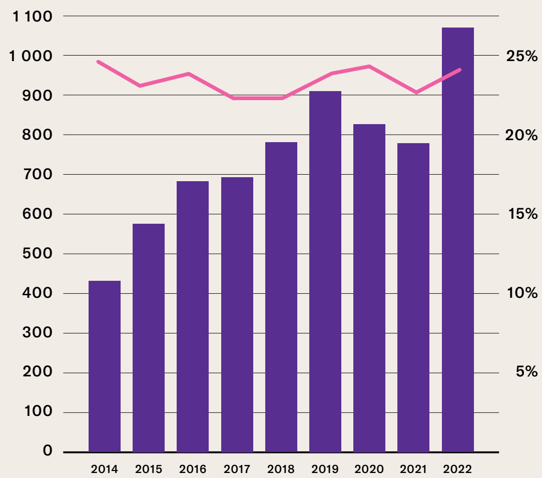
Revenue – Full year

Million SEK



EBITDA and margin – Full year

Million SEK



Comparable EBITDA adjusted for above mentioned expenses was SEK 1 104m (845m). Operating profit amounted to SEK 696m (438m), corresponding to a margin of 13% (11%). Changes in exchange rates affected the operating profit of SEK -24m (-3m). Net result for the period totaled SEK 231m (151m).

INVESTMENTS

Net investments in fixed assets amounted to SEK 136m (71m). Capitalized costs for intangible assets amounted to SEK 137m (104m) driven by investments in a new ERP system and R&D.

Depreciation of tangible and intangible assets amounted to SEK 375m (343m).

Financing structure

Net debt at the end of December amounted to SEK 3 024m (2 845m) based on the definition in the bank agreement (i.e. loans valued to average FX rates over the last twelve months). The net debt/EBITDA ratio was 3.0 (3.6).

The Group has refinanced all loans during the year with an average maturity of 5 years.

The Group's cash position at the end of December was SEK 1 077m (962m).

Employees

On December 31, the number of employees increased to 1 805 (1 661), mainly driven by the acquisition of Panthera.

Important events after the end of the period

No material events have taken place after the end of the period.

Financial summary

SEK million	Full Year Jan - Dec 2022	Jan - Dec 2021	Change (%)
Order intake	5 269	4 101	28%
Revenue	5 248	4 062	29%
Gross profit	2 859	2 280	25%
% of Revenue	*54%*	*56%*	
OPEX	-1 789	-1 498	
% of Revenue	*34%*	*37%*	
EBITDA	1 071	782	37%
% of Revenue	*20%*	*19%*	
Operating profit	696	438	59%
% of Revenue	*13%*	*11%*	
Net income	231	151	
% of Revenue	*4%*	*4%*	


MY CAPABILITY IS NOT BASED ON YOUR ASSUMPTION
LOU DEHROT
permobil

Income statement

Condensed consolidated

SEK million	2022	2021
Revenue	**5 248**	**4 062**
Operating costs		
Cost of goods sold	-2 389	-1 783
Other operating cost	-626	-540
Personnel cost	-1 162	-958
Depreciation and amortisation of intangible and tangible assets	-375	-343
Total operating costs	**-4 553**	**-3 624**
Operating profit	**696**	**438**
Profit and loss from financial items		
Financial income	66	0
Financial expenses	-394	-221
Financial net	**-328**	**-220**
Profit before tax	**368**	**218**
Taxes	-137	-67
Net income	**231**	**151**
Attributable to:		
Equity holders of the parent company	231	151
Non-controlling interests	-	-
Net income	**231**	**151**

Statement of other comprehensive income

Condensed consolidated

SEK million	2022	2021
Profit for the period	**231**	**151**
Comprehensive income that may be reclassified subsequently to profit or loss		
Exchange rate differences	106	33
Extended investment in foreign operations	0	0
Total comprehensive income that may be reclassified subsequently to profit or loss	**106**	**33**
Total comprehensive income	**337**	**184**
Attributable to:		
Equity holders of the Parent company	337	184
Non-controlling interests	0	-
Total comprehensive income	**337**	**184**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Balance sheet

Condensed consolidated

SEK million	2022	2021
Non-current assets		
Intangible non-current assets	7 707	7 199
Tangible non-current assets	670	595
Financial non-current assets	27	30
Current assets		
Inventories	920	714
Current receivables	1 277	926
Cash and cash equivalents	1 077	962
Total assets	**11 677**	**10 426**
Total equity	**1 956**	**1 367**
Non-current liabilities	8 760	8 262
Current liabilities	961	796
Total equity and liabilities	**11 677**	**10 426**

Statement of changes in equity

consolidated

SEK million	2022	2021
Attributable to equity holders of the parent company		
Opening balance	1 368	1 184
Total comprehensive income	337	184
Issue of Share capital	251	
Closing balance	**1 956**	**1 368**
Attributable to:		
Equity holders of the parent company	1 956	1 368
Non-controlling interests	-	-


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Explanatory notes

SUMMARY OF KEY ACCOUNTING PRINCIPLES

Investor AB acquired Permobil Holding AB with closing date May 14, 2013. After the acquisition, Instoria Sweden AB (556930-2606) became the new parent company for the new Group and holds 100% of the shares in Permobil Holding AB (556630-2054) with subsidiaries (the Group). Investor AB (556013-8298) is the ultimate parent and prepares full consolidated financial statements.

Essential accounting principles applied at the preparation of the financial information included in the year-end report are stated below. The principles have been applied to all financial years presented, unless otherwise stated.

Basis for preparation

The financial information included in the year-end report comprise the condensed consolidated income statement, consolidated statement of other comprehensive income, condensed consolidated balance sheet and consolidated statement of changes in equity ("the financial information").

The Group applies International Financial Reporting Standards (IFRS), as adopted by the EU for its financial reporting. In the year-end report the Group applies the measurement and valuation principles in accordance with IFRS. The explanatory notes are included for the convenience of the reader.

Permobil's consolidated financial statements are based on historical acquisition values. All amounts are in SEK millions (SEK m), unless otherwise stated.

Consolidated financial statements

All intra-group receivables or liabilities, income and expenses, profit or losses incurred in entities encompassed by the consolidated financial statement are eliminated in their entirety.

Translation of foreign operations

A foreign operation is an operation carried out in an economic environment with a currency different from that (the functional currency) of the Group's reporting value, which is SEK. Assets, including goodwill and other surplus values in such operations, are translated to the reporting value at the balance sheet date rate. The income statements of foreign operations are translated at the weighted average of exchange rates for the year. Exchange rate differences arising from the translation are recognized in Equity via Other Comprehensive Income. In case of divesting

a foreign independent operation, the accumulated exchange difference is recognized in the income statement included in the profit or loss arising from the divestment.

Income

Income is recognized at the actual value of payment received or expected to be received for products and services sold in the ordinary course of business of the company. Income is recognized upon completion of delivery to the customer in accordance with applicable sales conditions. Income is recognized net, excluding value added tax and after discounts.

Cost of goods sold

Cost of goods sold in the consolidated financial statements relates to all production costs including change in inventory, direct personnel costs and other costs directly associated with the production facility.

Tangible and intangible non-current assets

Tangible and intangible non-current assets with limited useful life are recognized at cost less accumulated depreciation and write-downs, where appropriate. Depreciation is made on a straight-line basis over the useful life at the estimated residual value. Land is not subject to depreciation.

Intangible non-current assets with indefinite useful life are recognized at cost less any accumulated write-down. They are tested for impairment on an annual basis.

Product development

Expenditures for product development are recognized as an intangible asset only when the following criteria are met: a well-defined development project with concrete plans as to how and when the assets will be used in the operation exists, expenses can be reliably estimated, and the asset is assumed to generate future economic benefits; implementation of the project is deemed technically feasible, and the Group is assessed to have the resources required to complete the development. The acquisition value of the intangible asset includes, in addition to personnel costs and direct purchases, the share of indirect costs attributable to the asset. Other development expenses are expensed as they arise.

Inventories

Inventories are valued at the lower of acquisition cost and net realizable value. As regards manufactured products the acquisition cost is the cost of manufacturing the product. Net realizable value is the estimated sales price in the normal course of business, less expenses attributable to the sale. Acquisition cost is calculated according to the first-in, first-out method, measuring that the inventory items in stock at year-end are assumed to be those most recently purchased.

Financial liabilities

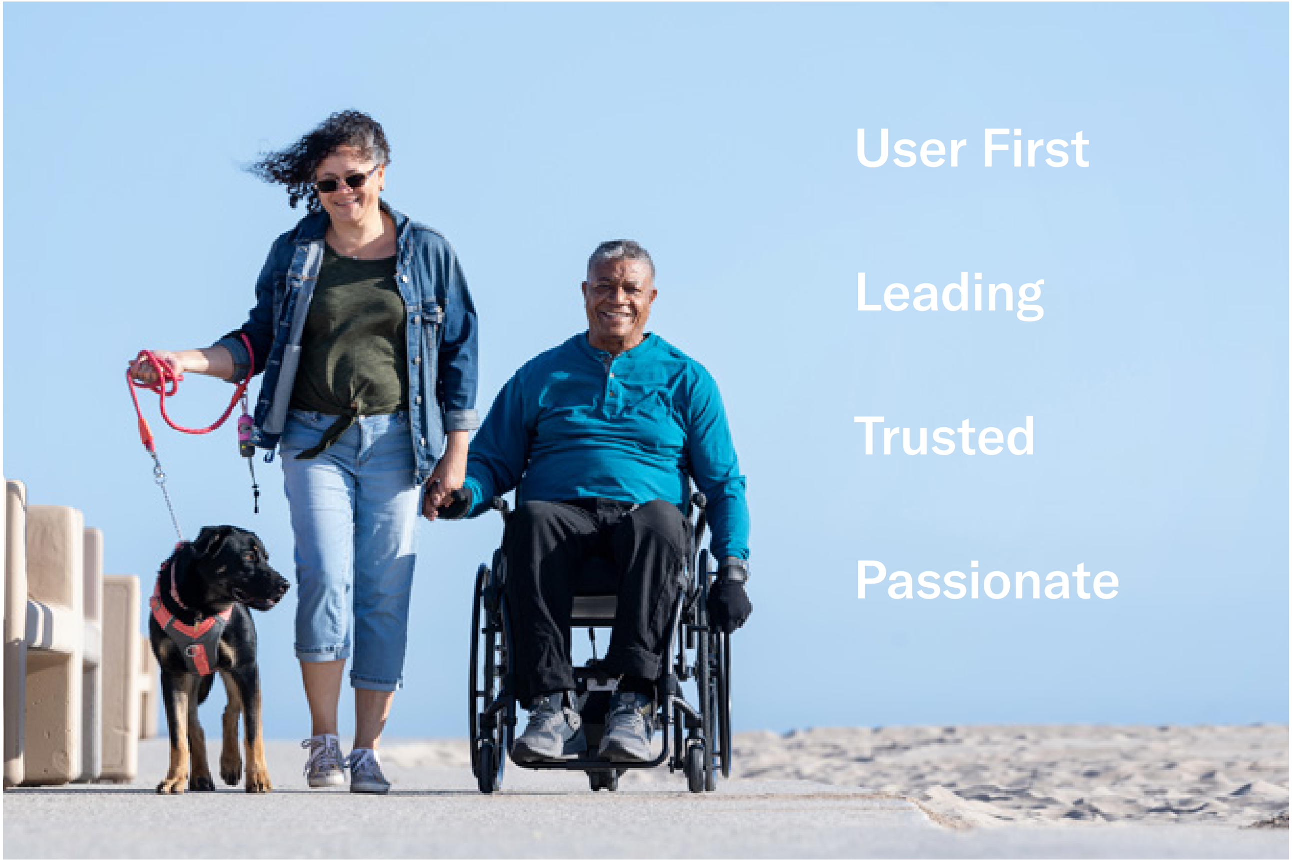
Interest-bearing and non-interest-bearing financial liabilities not held for trade are recognized as Other financial liabilities. The basis of valuation is the accrued acquisition value. The maturity date of long-term liabilities is more than one year, whereas liabilities with shorter maturity dates are recognized as current liabilities. The expected maturity date of trade liabilities is short, and they are therefore valued at their nominal amounts, without discount.

Borrowing costs

Expenses associated with raising of loans are recognized as a deduction in loan liabilities. Expenses are released over the term of the loan and are classified as interest expenses in the income statement.

Income tax

Income tax comprises current tax and deferred tax. Income tax is recognized in the income statement when it relates to items in the income statement, and



in other comprehensive income, or directly in equity, when the underlying transaction is recognized in other comprehensive income or directly in equity.

Current tax is a tax liability or a tax asset for the current year, with tax rates which are presently applicable or expected to become applicable at the balance sheet date. Where appropriate, adjustments of current tax relating to previous periods are also included.

Deferred tax is recognized using the balance sheet method, entailing that deferred tax is estimated on all identified temporary differences on the balance sheet date, i.e. the fiscal value of the assets or liabilities on the one hand, and their recognized values on the other hand. Deferred tax assets are recognized in the balance sheet, including non-utilized loss carry-forwards.

However, deferred tax liability on temporary differences concerning goodwill is not recognized in the balance sheet; neither is deferred tax recognized where the temporary difference is associated with investments in subsidiaries and associated companies, where the Group has a controlling influence as to when reversal of the temporary difference shall be made, and there is a probability that the temporary difference will not be reversed in the foreseeable future.

Deferred tax assets are recognized only to the extent that there is a probability that future taxable profits will arise, against which temporary differences or unutilized loss carryforwards will be offset. The value of deferred tax assets is tested for impairment on each balance sheet date, and a reduction is made in the event that it is no longer probable that a sufficient amount of taxable profit is available to utilize all or a portion of deferred tax assets.

Deferred tax assets and liabilities are estimated using the tax rates expected to be applied for the period in which assets are utilized or liabilities settled, based on the tax rates (and tax legislation) applicable or expected to be applicable on the balance sheet date. Deferred tax assets and liabilities are recognized net in the balance sheet, provided that payment of tax will be made in the net amount.

CRITICAL ESTIMATES AND ASSUMPTIONS

The Group makes estimates and assumptions concerning the future. The estimates made for accounting purposes may deviate from actual outcome. Estimates and assumptions that may constitute a risk of essential adjustments of recognized values appear from the following.

Estimation of value and useful life for intangible fixed assets

The intangible assets in Permobil include goodwill, trademarks, concessions, patents and capitalized expenditures for research and development. The estimation of remaining useful life is done on a yearly basis. Impairment testing is done if indications of a change in value or remaining useful life occur.

Impairment testing of intangible fixed assets with indefinite useful life

The Group is testing intangible assets with indefinite useful life for impairment annually in accordance with the accounting principle described above. Several estimations need to be done in the testing process, primarily related to:

- Forecasts, including operating margins and sales growth
- Discount rates
- Growth rates used to extrapolate cash flow beyond the forecast period

Capitalization of expenditures for research and development

The Group invests significant amounts in research and development, of which some are reported as intangible fixed assets. The reporting of development expenditures as asset requires estimations that the product will be useful, technical and commercial, and that future financial benefits are likely. Amortization of capitalized development expenditures is done over an estimated remaining useful life of maximal 6 years. The estimated sales volume and remaining useful life can be revaluated which can lead to a need for write-down.

Inventory

The Group is performing physical stocktaking of inventory in the production units at a minimum of four times per year in connection with the quarterly closings. At the stocktaking, estimations of obsolescence are done based on revised sales forecasts and product lifecycles..

Warranty provisions

The Group is making provisions for warranty costs expecting to occur after balance sheet date and relating to products sold before the balance sheet date. Existing commitments and current warranty costs are parameters affecting the calculated warranty provision.

RISK AND RISK MANAGEMENT

Currency rate risk

The Group is exposed to currency risks through its operations in foreign subsidiaries and the structure of its loan financing. Primary risks are associated with the following currencies; EUR, USD, NOK, AUD and CAD.

Group's hedging policy states that the Group shall not enter forward currency contracts. The Groups opinion

is that currency exposures are minimized through an evener distribution of production (outflow) and sales (inflow) in the, for the Group, material currencies SEK, USD, EUR, CAD, AUD and NOK.

Interest rate risk

The interest risk of the Group is associated with short- and long-term borrowing. Borrowings at floating interest rates constitute a risk in cash flow. This risk is partly mitigated by cash funds at floating interest rates. Borrowings at fixed interest rates constitute a fair value risk.

Liquidity risk

The Group is exposed to liquidity risks, defined as the risk of not having sufficient liquid funds at a given point in time to meet its commitments, or not being able to pursue operations in the most effective manner. Permobil is managing that risk through follow-ups of liquidity, forecasts, and currently retaining sufficient liquid funds to meet the requirements of the current operations, in the short term as in the long term.

Credit risk

The Group's credit risk relates to the risk for a counterpart not being able to fulfill its obligations towards the Group, which could result in recognition of a loss from bad debt. The credit risk varies between markets, due to different local market conditions and sales channels. Each subsidiary is responsible for analyzing and follow-up on the credit risk for each customer, and if necessary, take action.

Financing risk

The Group is financing its operations partially with bank loans. Some loan agreements contain financial undertakings including generally accepted restrictions (covenants). This debt result in certain risk exposure, for instance in case of heavily changed market conditions, the Group could have difficulties in entering new bank loan agreements and be required to use a larger part of its cash flow for interest and debt repayment.

EXCHANGE RATE EXPOSURE

The average year rates for the major currencies were as follows:

Currencies	**Rate**
SEK / USD	10,12
SEK / EUR	10,63
SEK / CAD	7,77
SEK / AUD	7,01
SEK / NOK	1,05

The majority of Permobil's revenue is in US Dollar and Euro. Significant shifts in the SEK/USD and SEK/EUR rates will therefore have a substantial impact on revenue for the Group. The table below shows the impact on revenue from a +/- 10% change in the SEK against the major currencies based on the last twelve months' trading.

SEK million	-10%	Actual	+10%
US	2 679	2 976	3 274
Euro zone	637	707	778
Australia	230	256	281
Canada	319	354	390
Norway	228	253	279
Group	**4 757**	**5 248**	**5 739**

RELATED PARTY TRANSACTIONS

Related parties are Instoria Holding AB (556919-2783), Stiftelsen Permobil MSPV (802478-3907), Instoria MSPV 2018 AB (559163-0818), Instoria 2019 AB (559183-9153), Instoria 2020 AB (559226-7669), Instoria 2021 AB (559248-2193), and Stiftelsen Permobil MSPV II (802480-8555). Related party transactions refer to interest expense, long-term loan and accrued interest expense with Instoria Holding AB.

The Group had SEK 0m (0m) revenue from related parties in 2022. Expenses to related parties' totals to SEK 128m (106m) for the year.

The Group had per the balance sheet date SEK 3 266m (3 059m) of non-current liabilities and SEK 82m (63m) of current liabilities to related parties.

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Net Working Capital and Cash Conversion

SEK million	Note	2022	2021
Net working capital			
Inventory		920	714
Accounts receivable		1 149	750
Accounts payable		-374	-325
Total net working capital		**1 695**	**1 139**
% of net Sales		32%	28%
Cash conversion cycle			
Days of inventory held	(1)	203	188
Days of sales outstanding	(2)	66	60
Days of payables outstanding	(3)	-87	-94
Conversion cycle		**182**	**153**

1. DIH represents Inventory (average balance LTM) divided by Direct Material (LTM) x 365
2. DSO represents account receivables (average balance LTM) divided by External revenue (LTM) x 365
3. DPO represents account payables (average balance LTM) divided by Direct Material (LTM) x 365

Stockholm

Bengt Thorsson

CEO

Building starts on our new headquarters in Västernorrland, Sweden.

Report on review of financial information

To Instoria Sweden AB, corporate identity number 556930-2606

We have reviewed the accompanying condensed balance sheet of Instoria Sweden AB as of December 31, 2022 and the related condensed statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this financial information in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our responsibility is to express a conclusion on this financial information based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of 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 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 accompanying financial information does not present fairly, in all material respects, the financial position of the entity as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act.

Stockholm

Deloitte AB

Daniel Wassberg

Authorized Public Accountant

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