The Year-End Report 2021

permobil

Key highlights

- **Order intake** increased by 4% y/y to SEK 4 101m (3 948m)
- **Revenue** increased by 3% to SEK 4 062m (3 944m), organic growth of 8% (-9%)
- **EBITDA** amounted to SEK 782m (826m), corresponding to a margin of 19% (21%)
- **Operating profit** at SEK 438m (466m), corresponding to a margin of 11% (12%)

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The Year-End Report 2021

Table of contents

Letter from the CEO

2021 was another year faced with the challenges of varying and ever-changing government measures against COVID-19 coupled with serious global logistics challenges. Despite this backdrop, Permobil continued to deliver for its users and invest in the future.

We found innovative solutions to shortening lead times through intelligent sourcing and stock management and revisiting the design of some products to mitigate the impact of the global supply crisis.

Credit must go to all of my Permobil colleagues who continued to show their passion for the work by ensuring delivery of our products to those who need them.

We invested in the acquisition of Progeo, our first active manual wheelchair manufacturer in Europe. We also entered into agreement with another European-based manual wheelchair company – Panthera (completed in early January 2022). Alongside the TiLite range, we now have a full, strong and complementary manual chair portfolio offering in EMEA. We also entered into a partnership agreement with Karma Medical in the Asia Pacific region and with LUCI to provide smart power wheelchair technology to veterans in the United States.

The acquisition of Treviso-based Progeo also establishes a Permobil Italy country office. In addition, we opened our own sales operations in Spain together with an innovative customer experience center in Madrid, the first of its kind for Permobil.

Our world is connected, and so have Permobil power wheelchairs since 2018. In 2021 we reached 10 000 Permobil wheelchair users worldwide who have chosen to activate a live internet connection to their power chair. We launched further connected services in 2021: the new Voice Assistant on the MyPermobil app provides hands-free, real-time power wheelchair insights to our users.

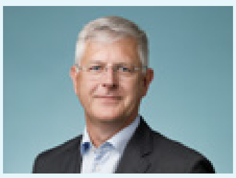
We are delighted that our innovation is recognized outside the sector as well. The Explorer Mini, our mobility device for young children, was included in TIME's top 100 innovations of 2021.

It should be noted that Permobil has no ongoing sales or sourcing from Russia nor Ukraine. Historically, Progeo had a limited number of orders to a dealer based in Russia but following their acquisition these have ceased.

In events after the reporting period, the direct impact of the Russia-Ukraine war is deemed to be low but there is a risk of indirect impact through costs on the supplier side. Currently, Permobil is supporting various disability organizations working with Ukrainian refugees in Europe. In addition, in March the Group received a shareholder contribution of SEK 251m.

In 2021, Permobil's commitment to sustainability remained undiminished despite the pandemic. We continued to develop our future strategy and sustainability KPIs and targets. Permobil has committed to reducing Scope 1 and 2 CO_2 emissions by 70% by 2030 and Scope 3 by 20%.

The time was right to define new core values for Permobil – User First, Trusted, Leading and Passionate – that reflect who we are today and who we want to be tomorrow.



Bengt Thorsson, CEO

This is Permobil

Permobil is the global leader in advanced rehabilitation technology for people with disabilities, with sales in over 70 countries worldwide.

Permobil makes some of the most technically advanced wheelchairs, seating and positioning solutions available. Yet, the company's mission is to innovate for individuals and to celebrate human achievements. 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 service 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.

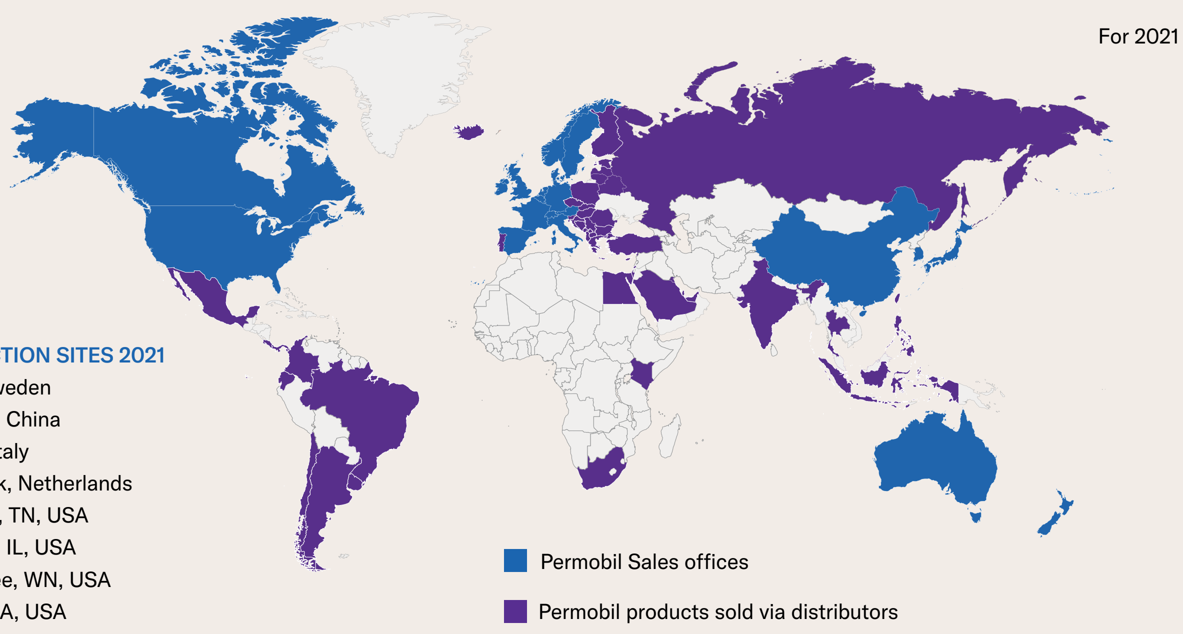
The stories behind all the companies in the Permobil family are similar. The commitment of our founders to pursue their dreams of providing a better life for the physically challenged has led to best-in-class products. It now drives us to push the boundaries of design and technology in pursuit of innovations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

Permobil's headquarters is located in Sweden. Permobil has 1 661 employees in 18 countries. Production sites are located in China, Italy, the Netherlands, Sweden 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 tenets:

- 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 2021

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

Group summary

Financial details in the following summary relate to the year 2021 are compared to the financial statements for the year 2020.

ORDERS

Order intake in 2021 increased 4% (-11%) to SEK 4 101m (3 948m).

REVENUES

Revenues in 2021 increased 3% (-11%) to SEK 4 062m (3 944m), corresponding to an organic growth of 8% (-9%).

Europe, Middle East and Africa

Revenue in EMEA increased by 11% to SEK 1 083m (973m) indicating a recovery from 2020 when all segments except for the services business were impacted by the COVID-19 pandemic. 2021 figures include revenues from Progeo - an acquired product company in the manual wheelchair segment in Italy.

Americas

Revenue in the Americas increased by 3% to SEK 2 620m (2 544m), indicating a recovery from 2020 when the market was impacted by the COVID-19 pandemic.

Asia Pacific

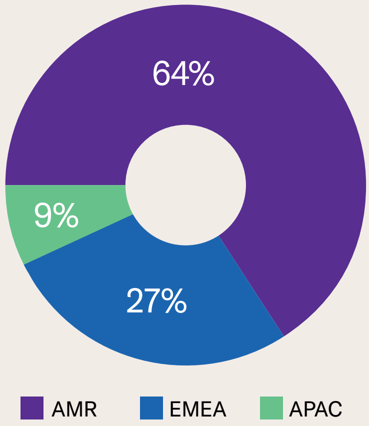
Revenues in Asia Pacific decreased by -16% to SEK 359m (426m) driven primarily by negative growth in relation to the power and manual segment. The main reason being lock-down in Australia due to the COVID-19 pandemic.

EARNINGS

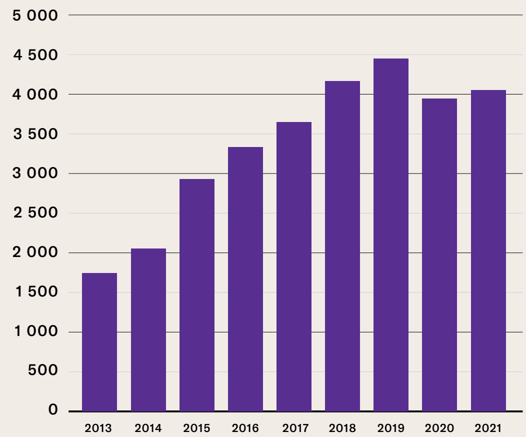
Gross profit amounted to SEK 2 280m (2 282m), corresponding to a margin of 56% (58%).

Earnings before interest, tax, depreciation and amortization (EBITDA) amounted to SEK 782m (826m), corresponding to a margin of 19% (21%). EBITDA includes non-recurring items of SEK -63m mainly driven M&A costs (-59m). Comparable EBITDA adjusted for above mentioned expenses was SEK 845m (885m).

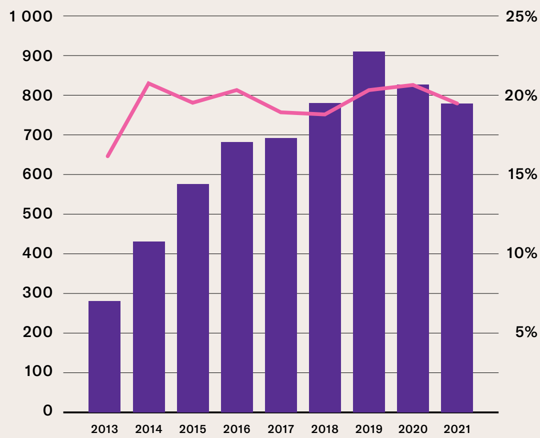
Revenue by region



Revenue – Full year
Million SEK



EBITDA and margin – Full year
Million SEK



Operating profit amounted to SEK 438m (466m), corresponding to a margin of 11% (12%). Changes in exchange rates affected the operating profit of SEK -3m (-6m).

Net result for the period totaled SEK 151m (236m), the result was positively impacted by tax cost for previous years with SEK 23m (49m) due to a tax dispute in Sweden related to a shareholder loan with related parties, where a final verdict was announced in Permobil's favor.

INVESTMENTS

Net investments in fixed assets amounted to SEK 71m (69m). Capitalized costs for intangible assets amounted to SEK 104m (50m) driven by investments in a new ERP system.

Depreciation of tangible and intangible assets amounted to SEK 343m (363m).

Financing structure

Net debt at the end of December amounted to SEK 2 845m (2 859m) 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 3.6 (3.5).

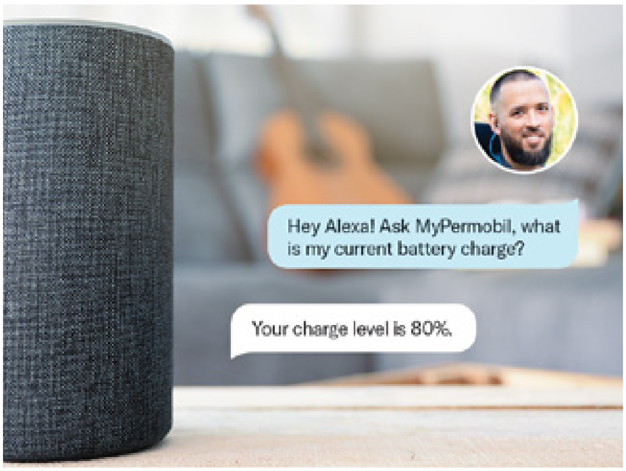
The Group's cash position at end of December was SEK 962m (1 021m).

Employees

On December 31, the number of employees was 1 661 (1 571).

Important events after the end of the period

In January 2022 Permobil closed the acquisition of Panthera. No other material subsequent events have taken place after the end of the period.



Financial summary

SEK million	Full Year Jan - Dec 2021	Jan - Dec 2020	Change (%)
Order intake	4 101	3 948	4%
Revenue	4 062	3 944	3%
Gross profit	2 280	2 282	0%
% of Revenue	*56%*	*58%*	
OPEX	-1 498	-1 456	
% of Revenue	*37%*	*37%*	
EBITDA	782	826	-5%
% of Revenue	*19%*	*21%*	
Operating profit	438	466	-6%
% of Revenue	*11%*	*12%*	
Net income	151	236	
% of Revenue	*4%*	6%	


THINK
SAFETY
TIME
BEST
INVENTIONS
2021

Income statement

Condensed consolidated

SEK million	2021	2020
Revenue		
Revenue	4 062	3 944
Revenue	**4 062**	**3 944**
Operating costs		
Cost of goods sold	-1 783	-1 662
Other operating cost	-540	-522
Personnel cost	-958	-935
Depreciation and amortisation of intangible and tangible assets	-343	-360
Total operating costs	**-3 624**	**-3 478**
Operating profit	**438**	**466**
Profit and loss from financial items		
Financial income	0	59
Financial expenses	-221	-275
Financial net	**-220**	**-216**
Profit before tax	**218**	**250**
Taxes	**-67**	-14
Net income	**151**	**236**
Attributable to:		
Equity holders of the parent company	151	236
Non-controlling interests	-	-
Net income	**151**	**236**

Statement of other comprehensive income

Condensed consolidated

SEK million	2021	2020
Profit for the period	**151**	**236**
Comprehensive income that may be reclassified subsequently to profit or loss		
Exchange rate differences	33	-26
Extended investment in foreign operations	0	0
Total comprehensive income that may be reclassified subsequently to profit or loss	**33**	**-26**
Total comprehensive income	**184**	**210**
Attributable to:		
Equity holders of the Parent company	184	210
Non-controlling interests	-	-
Total comprehensive income	**184**	**210**

Lilmix.Para is an e-sports team made up of five young men who all happen to use Permobil power chairs.

Balance sheet

Condensed consolidated

SEK million	2021	2020
Non-current assets		
Intangible non-current assets	7 199	6 846
Tangible non-current assets	595	510
Financial non-current assets	30	44
Current assets		
Inventories	714	437
Current receivables	926	653
Cash and cash equivalents	962	1 021
Total assets	**10 426**	**9 512**
Total equity	**1 368**	**1 184**
Non-current liabilities	8 262	7 561
Current liabilities	796	767
Total equity and liabilities	**10 426**	**9 512**

Statement of changes in equity

consolidated

SEK million	2021	2020
Attributable to equity holders of the parent company		
Opening balance	1 184	974
Total comprehensive income	184	210
Closing balance	**1 368**	**1 184**
Attributable to:		
Equity holders of the parent company	1 368	1 184
Non-controlling interests	-	-

Steve Gleason, together with his wife Michel, founded Team Gleason, an advocacy group for ALS in the US.

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.

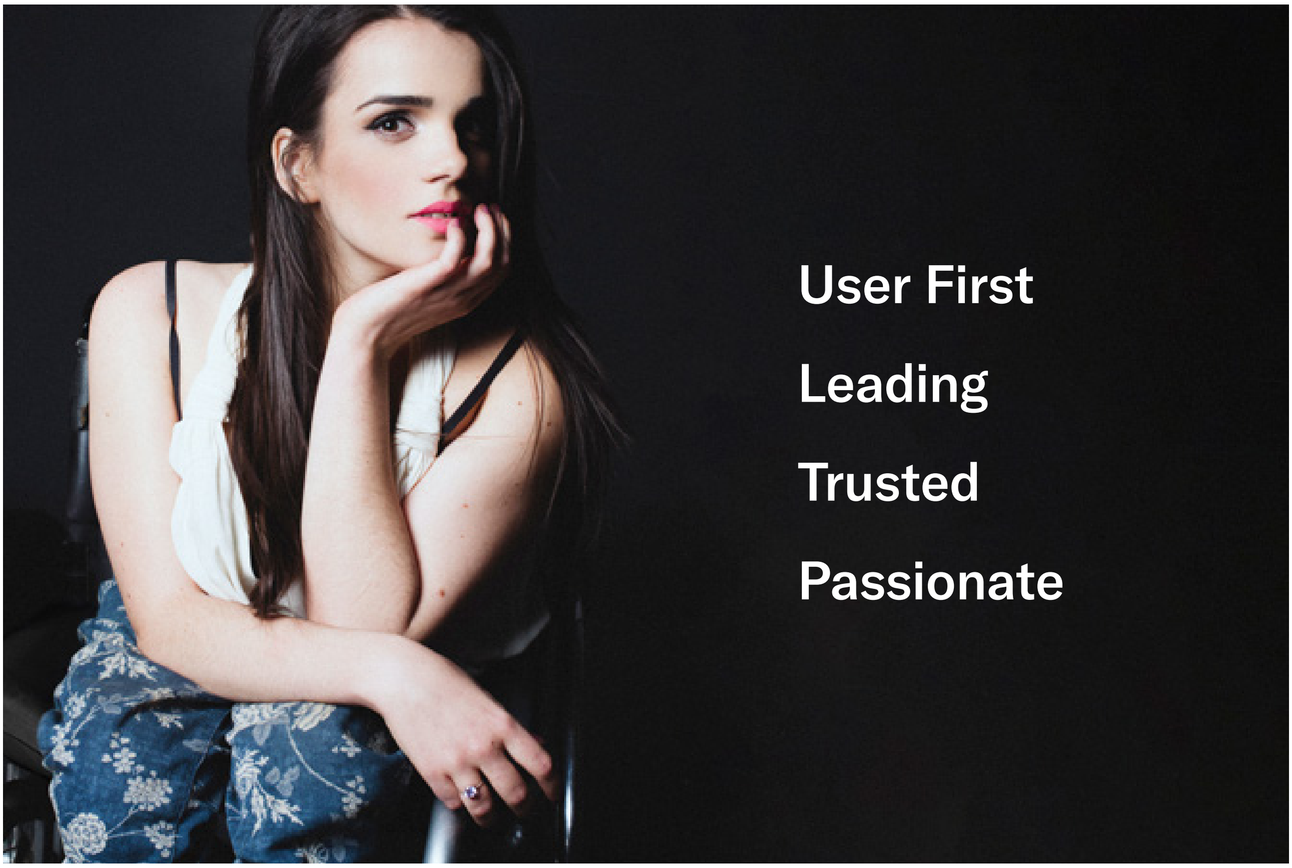
The maturity date of long-term liabilities is more than one year, whereas liabilities with shorter maturity dates are recognized as current liabilities. The expected maturity date of trade liabilities is short, and they are therefore valued at their nominal amounts, without discount.

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.

The Group's hedging policy states that the Group shall no longer enter forward currency contracts.

The Group's opinion is that currency exposures are minimized through an even distribution of production (outflow) and sales (inflow) in the, for the Group, material currencies SEK, USD, EUR, CAD 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	8,58
SEK / EUR	10,14
SEK / CAD	6,85
SEK / AUD	6,44
SEK / NOK	1,00

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	2 110	2 345	2 579
Euro zone	426	474	521
Australia	179	199	219
Canada	268	298	328
Norway	171	189	209
Group	**3 712**	**4 062**	**4 413**

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 0 m (1) revenue from related parties in 2021. Expenses to related parties' totals to SEK 106 m (159m) for the year.

The Group had per the balance sheet date SEK 3 059 m (2 956m) of non-current liabilities and SEK 63 m (61m) of current liabilities to related parties.

SEK million	Note	2021	2020
Net working capital			
Inventory		714	437
Accounts receivable		750	580
Accounts payable		-325	-252
Total net working capital		**1 139**	**766**
% of net Sales		28%	19%
Cash conversion cycle			
Days of inventory held	(1)	188	149
Days of sales outstanding	(2)	60	64
Days of payables outstanding	(3)	-94	-90
Conversion cycle		**153**	**123**

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

Anders Andrae inspired a group of wheelchair users to make a 90 km off-road journey (Den långa vandringen) in northern Sweden.

For further information, please contact:

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