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PRESS RELEASE

Stille has entered into an agreement to acquire Fehling Instruments

Stille AB (publ) ("Stille" or the "Company") has entered into an agreement to acquire all shares outstanding of Fehling Instruments GmbH & Co. KG and Fehling Verwaltungs GmbH (jointly "Fehling") for a consideration of EUR 36 million (approximately SEK 410 million) on a cash- and debt-free basis. The acquisition is conditional upon the Company receiving sufficient financing to carry out the acquisition and the Company's board of directors thus intends to resolve on a directed issue of shares subject to the general meeting's subsequent approval. Through the acquisition, Stille significantly broadens its product offering, global footprint and R&D capabilities. In 2022, Fehling reported sales of EUR 15.8 million, and adjusted EBITDA of approximately EUR 4.8 million. The acquisition of Fehling is expected to be completed end of January 2024, provided that all conditions have been met.

Background and acquisition of Fehling

Long history of manufacturing premium surgical instruments

Fehling is a family-owned German company, founded in 1996, that develops and sells high-quality medical instruments. Fehling has a strong market position with direct operations in Germany, Switzerland, USA, Singapore, UAE, and Malaysia. With over 30 years of industry experience, Fehling strives to provide a broad range of premium products to surgeons, with focus on demanding specialties such as open and minimally invasive cardiac, thoracic, neuro-, and spine surgery. Fehling boasts a global sales footprint combined by direct sales and distributors. The sales growth in 2022 amounted to 9 percent with a mix of sales divided between traditional instruments amounting to approximately 72 percent, micro instruments amounting to approximately 18 percent and MICS amounting to approximately 10 percent.¹

Broadened product offering and strengthened position within surgical instruments

The acquisition is aligned with Stille's strategic objectives for growth and highlights the opportunities for consolidation in the niche and fragmented market of premium surgical instruments. Through the acquisition, Stille will significantly broaden its product offering. Through Fehling's direct sales channels and existing distributor relationships, Stille will also increase its global presence and further strengthen its position in strategically important markets.

"The acquisition of Fehling means that we strengthen our offering as the most high-quality manufacturer of surgical instruments in the premium segment within selected, niche clinical segments. This brings significant value to Stille's operations. Stille's surgical product offering is now strongly complemented, and the respective companies' distribution channels provide significant opportunities for increased sales," comments Torbjörn Sköld, CEO, Stille.

¹ Please see the appendix with financial information for Fehling, which is a part of this press release.



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The combined entity²

The combined entity had for the financial year 2022 sales of approximately SEK 426 million (352) with adjusted EBITDA of approximately SEK 97 million (65). The group, post-acquisition, will have direct operations in Sweden, Germany, Switzerland, USA, Singapore, UAE, and Malaysia. Fehling will become a part of Stille's Surgical Instruments business unit. Following the acquisition, Stille's earnings per share is expected to significantly increase. Gerald Fehling, CEO of Fehling, will retain his position, and be a part of Stille's executive management team.

"I look forward with confidence to being a part of Stille's organization, integrating our operations and realizing synergies" comments Gerald Fehling, CEO, Fehling

"We have a clear strategy and growth agenda within Stille. We are delighted to have now succeeded in acquiring another business that meets our criteria in terms of focus, profitability, and growth potential. The acquisition marks an important step in Stille's ongoing journey to be a leading player in the premium segment for surgical instruments," comments Lars Kvarnhem, Chairman of the Board, Stille.

Terms of the transaction and financing

The acquisition is conditional upon the Company receiving sufficient financing to carry out the acquisition and the Company's board of directors thus intends to resolve on a directed issue of shares subject to the general meeting's subsequent approval. The consideration for Fehling constitutes a cash and debt-free value of EUR 36 million (approximately SEK 410 million) and will be funded through cash. Stille intends to conduct a directed share issue to institutional investors with deviation from the shareholders' pre-emption rights to finance the consideration. The acquisition of Fehling is expected to be completed at the end of January 2024 provided that the above condition is met. Fehling will be consolidated into Stille upon closing of the acquisition.

Stille has appointed Pareto Securities ("Pareto") as Sole Manager and Bookrunner in connection with the directed share issue to a selected group of investors (i.e., a club deal), which will be announced separately immediately after the publishing of this press release.

Advisers

Evli Corporate Finance AB has acted as financial adviser to Stille in regard to the acquisition.

Torshälla, Sweden, 29 November 2023
Stille AB (publ)

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This is information that Stille AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons above, on 29 November 2023 at 01:20 CET.

² EUR/SEK of 11.43.



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About Stille AB (publ)

Stille AB (publ) develops, manufactures and markets medical devices for surgeons across the world. Stille was founded in 1841 and is one of the world's oldest medical device companies. Stille's main business areas are surgical instruments and c-arm tables. Stille's surgical instruments are mostly used during different kinds of open surgery. During minimal invasive procedures, the c-arm tables imagiQ2 and Medstone are key products. The company has a strong brand and products of a renowned high-quality. The share is listed on First North Growth Market under the acronym "STIL" with Eminova AB as Certified Adviser, Eminova Fondkommission AB, + 46 8 684 211 10, adviser@eminova.se. For more information, visit <http://www.stille.se>

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Appendix

Stille reports in accordance with IFRS and Fehling in accordance with German GAAP. The following information is a combination of each company's reported financial information without adjustments for differences between the accounting standards applied. Consolidated financial information reported by Stille after completion of the acquisition may differ materially from the combined financial information contained herein.

Fehling's financial overview – Consolidated P&L for FY 2019-2022, H1 2023, and LTM (06/2023)¹

(EUR million)	2019 ²	2020 ²	2021	2022	H1 2023	LTM (06/2023)
Revenue	13.36	13.73	14.46	15.75	8.57	17.21
Gross profit	7.44	7.45	8.31	10.32	5.43	10.90
<i>Gross Margin</i>	55.7%	54.3%	57.5%	65.5%	63.4%	63.3%
OPEX	(5.03)	(4.95)	(5.10)	(5.65)	(2.80)	(5.75)
EBITDA (adjusted)¹	2.51	2.52	3.31	4.80	2.69	5.27
<i>EBITDA Margin</i>	18.8%	18.4%	22.9%	30.5%	31.4%	30.6%
EBIT (adjusted)	2.46	2.47	3.20	4.73	2.66	5.20
<i>EBIT Margin</i>	18.4%	18.0%	22.1%	30.0%	31.0%	30.2%
Net result³	-	-	2.25	4.12	2.25	4.21

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Combined Income Statements – FY 2021, FY 2022, and LTM (06/2023)

(SEK million)	Stille ⁴			Fehling ^{5,6}			Combined		
	<i>Audited</i>	<i>Audited</i>							
	FY 2021	FY 2022	LTM (06/2023)	FY 2021	FY 2022	LTM (06/2023)	FY 2021	FY 2022	LTM (06/2023)
Total revenue	187.1	246.3	268.9	165.3	180.0	196.8	352.4	426.3	465.7
Gross profit	83.5	111.6	117.5	95.0	118.0	124.6	178.5	229.6	242.1
<i>Gross Margin</i>	44.6%	45.3%	43.7%	57.5%	65.5%	63.3%	50.7%	53.9%	52.0%
OPEX	(63.4)	(79.2)	(82.4)	(58.5)	(64.0)	(65.2)	(121.9)	(143.2)	(147.6)
EBITDA (adjusted)	26.8	42.1	47.2	37.8	54.9	60.2	64.6	97.0	107.4
<i>EBITDA Margin</i>	14.3%	17.1%	17.6%	22.9%	30.5%	30.6%	18.3%	22.7%	23.1%
EBIT (adjusted)	20.1	32.4	35.1	36.5	54.0	59.4	56.6	86.4	94.5
<i>EBIT Margin</i>	10.7%	13.2%	13.1%	22.1%	30.0%	30.2%	16.1%	20.3%	20.3%

Note 1) Adjusted for non-recurring items.

Note 2) Financial information for 2019 and 2020 was not part of the financial due diligence, actual numbers may vary.

Note 3) Due to the corporate structure within the Fehling group, which includes a limited partnership where the owners of the limited partnership pay taxes, the historic net result may not be representative as the results going forward will be effected by a different tax rate when integrated with Stille

Note 4) Audited financial information.

Note 5) Fehling's simplified profit and loss statement.

Note 6) EUR/SEK of 11.43.