

Q1

INTERIM REPORT
JANUARY–MARCH 2024

A solid start to 2024

January–March 2024 in brief

- Net sales increased to SEK 2,759 M (2,638). Net sales grew organically by 4.3%.
- Adjusted EBITDA increased 5.7% to SEK 502 M (475).
- Adjusted operating profit increased 13.2% to SEK 248 M (219).
- Profit after financial items increased to SEK 175 M (150).
- Earnings per share rose to SEK 0.48 (0.42).
- Cash flow from operations rose to SEK 256 M (250), corresponding to a cash conversion of 54.2% (54.5).
- Arjo's climate targets were approved by the Science Based Targets initiative during the quarter.

"We start the year with growth and improved profitability. Rental and service develop well globally and the positive trend in the US continues, with a gradual improvement of the market situation. Overall, a solid start to the year and I look forward to continue the work together with the team to strengthen Arjo's positions in 2024."

JOACIM LINDOFF
PRESIDENT & CEO

Financial summary

SEK M	Quarter 1 2024	Quarter 1 2023	Rolling 12 months	Full-year 2023
Net sales	2,759	2,638	11,101	10,980
Gross profit ¹⁾	1,199	1,137	4,798	4,735
Gross margin, % ¹⁾	43.5	43.1	43.2	43.1
Adjusted EBITA ^{1, 2)}	308	287	1,265	1,244
Adjusted EBITA margin, % ^{1, 2)}	11.2	10.9	11.4	11.3
Adjusted EBITDA ^{1, 2)}	502	475	2,044	2,017
Adjusted EBITDA margin, % ^{1, 2)}	18.2	18.0	18.4	18.4
Operating profit (EBIT) ¹⁾	219	200	902	884
Adjusted operating profit (EBIT) ^{1, 2)}	248	219	986	957
Profit after financial items ¹⁾	175	150	666	640
Net profit for the period ¹⁾	132	113	499	480
Number of shares, thousands	272,370	272,370	272,370	272,370
Earnings per share, SEK ¹⁾	0.48	0.42	1.83	1.76
Cash flow from operations ¹⁾	256	250	2,067	2,061
Cash conversion, % ¹⁾	54.2	54.5	105.5	105.9

1. Comparative figures for Quarters 1 – 3 2023 have been restated, refer to Note 11 Restatement of calculations of intra-Group gains on page 18 and Financial data per quarter on page 17.

2. Before exceptional items. See Alternative performance measures on page 16 and Definitions on page 20.

A stable start to the year



Continued growth

4.3%

organic sales growth in first quarter of 2024

Demand for the Group's products and offerings remains healthy and we grow 4.3% organically. In North America, we report a strong quarter with a healthy performance in Canada, while the positive trend in the US continues with a gradually improving market situation. The sales development in Global Sales was also positive in many markets and overall the Group is delivering a stable start to 2024.

Long-term profitability improvements

A favorable product mix with a positive development in patient handling equipment, and healthy volumes with maintained profitability in service contributed to the higher gross margin in the quarter. We continue to gradually improve profitability levels within our rental operations, with the potential for further improvements in the quarters ahead. The necessary price adjustments made to offset inflation-related costs generated the expected effects during the quarter.

Cost control remains good and adjusted operating profit improved 13%.

Need for change in healthcare

While there is a high need for long-term improvements in healthcare, care providers' priorities are still very much dominated by staff shortages and other short-term challenges. While we can see signs that the situation regarding staff shortages in particular will improve over time, it is still holding back customers' investments in our outcome-based patient handling and pressure injury prevention programs. We are convinced that our strategy for improved clinical and financial outcomes in healthcare is more important than ever before and we continue to develop the Group in this direction.

Strengthened positions for the future

To strengthen our ability to drive a long-term profitable business in North America, we have set a new leadership structure in the US and Canada during the quarter, which resulted in Anne Sigouin deciding to leave the Group. With a dedicated leader for each country who reports directly to me, I am convinced that we will be able to maintain sharp focus on these important markets while ensuring that decisions are made quickly and close to the customer. I spend a great deal of time with

the US team and look forward to working with them to continue to capitalize on our positive momentum and further strengthen our business.

In parallel, we continue to expand our presence in other markets with great potential. For example, during the quarter we implemented changes in Japan to gradually reach more customers through a strong distributor network.

Another part of strengthening Arjo's positions is our efforts to contribute to more sustainable healthcare and activities related to our Sustainability Framework permeate all parts of the organization. An important aspect is to reduce our climate impact, and during the quarter our climate targets were approved by the Science Based Targets initiative – a significant milestone in our sustainability work.

In summary, I can conclude that we have started the year according to plan. We remain focused on improving our long-term profitability in all parts of the Group and I look forward to continuing to create sustainable profitable growth for Arjo together with the entire organization.

JOACIM LINDOFF
PRESIDENT & CEO

Group performance

Net sales per segment

SEK M	Quarter 1 2024	Quarter 1 2023	Organic change	Rolling 12 months	Full-year 2023
Global Sales	1,548	1,502	2.4%	6,398	6,352
North America	1,105	1,009	9.9%	4,316	4,219
Other	108	132	-20.2%	400	424
Eliminations	-2	-5	-	-12	-15
Total	2,759	2,638	4.3%	11,101	10,980

Net sales and results

First quarter of 2024

Net sales for the quarter amounted to SEK 2,759 M (2,638), corresponding to an organic increase of 4.3%.

In North America, growth increased 9.9% organically, with a solid sales performance in capital goods, as well as in rental and service. Canada continued to perform well and the positive trend continued in the US, despite challenging market conditions still holding back sales of outcome-based programs for patient handling and pressure injury prevention.

Global Sales grew organically by 2.4% during the quarter. The service and rental businesses continued to perform well, while capital goods remained volatile. Western European markets such as the UK, Belgium, Italy and Ireland made a positive contribution to the performance, while Germany fell back slightly in the quarter. In the rest of the World, volumes were solid in both sales of capital goods, rental and service, with markets such as Australia, Singapore, India and New Zealand all contributing to the performance for the quarter.

The decrease in the segment "Other" related to lower sales of the Group's diagnostic solutions due to a temporarily slower market development.

The gross margin increased to 43.5% (43.1), mainly driven by high volumes in service and patient handling. The gross margin development

was partly held back by an unfavorable performance in medical beds as well as the continued inflationary effects, mainly related to salaries. Implemented price adjustments and continued efficiency improvements in the operations partly offset the higher cost pressure in the quarter.

Operating expenses developed according to plan and cost control throughout the value chain remained good. Increases in salary costs, mainly caused by inflation, partly impacted the first quarter.

Exceptional items amounted to SEK -29 M for the quarter and mainly referred to restructuring activities related to the sales organizations in Europe, changes in North America - where the Group appointed dedicated management in the US and Canada during the quarter, who now report directly to the President & CEO - as well as to a changed go-to market strategy in Japan.

Adjusted EBITDA rose to SEK 502 M (475). The adjusted EBITDA margin was 18.2% (18.0).

Net financial items for the quarter amounted to SEK -44 M (-50). Positive currency effects in net financial items amounted to SEK 17 M (-1) for the quarter.



Currency effect

SEK M	Quarter 1 2024
Translation effect (vs 2023)	
Sales	+9
Cost of goods sold	-3
Gross profit	+6
Operating expenses	-5
Restructuring and other operating income/expenses	-0
Total translation effect, EBIT	+1
Transaction effect (vs 2023)	
Cost of goods sold	-2
Recognized remeasurement effects	
Other operating income/expenses	+8

Translation effects for the quarter amounted to SEK +1 M and transaction effects to SEK -2 M. In addition, the recognized revaluation effects of operating receivables and liabilities amounted to SEK +8 M for the quarter.

Cash flow and financial position

Cash flow from operations amounted to SEK 256 M (250) for the quarter. The improved cash flow was mainly due to an improvement of SEK 219 M (200) in operating profit and lower taxes paid of SEK -38 M (-107). These were offset by a negative effect from tied-up working capital of SEK -140 M (-17). In this effect, receivables accounted for SEK -91 M (-44) and liabilities for SEK -39 M (+21), while inventories were almost unchanged at SEK -10 M (+6). The increase in receivables was mainly due to a higher share of sales taking place at the end of the quarter. The Group's cash conversion declined marginally year-on-year and amounted to 54.2% (54.5) for the quarter.

Net investments for the quarter amounted to SEK 141 M (181), divided between tangible assets of SEK 85 M (116) and intangible assets of SEK

56 M (65). The investments in tangible assets include investments in the rental fleet of SEK 59 M (92).

The Group's cash and cash equivalents amounted to SEK 802 M (902) and interest-bearing net debt was SEK 4,402 M (5,153). Arjo has contracted unutilized credit facilities of SEK 4,975 M (3,691) available for refinancing outstanding commercial paper. The equity/assets ratio amounted to 50.7% (47.2). Net debt/adjusted EBITDA declined to 2.3% (2.8). Despite a lower cash flow compared with the fourth quarter, net debt/adjusted EBITDA is unchanged since the start of the year and efforts on reducing net debt over time continue with full focus.

Research and development

Arjo's gross research and development costs for the quarter amounted to SEK 78 M (68), of which SEK 38 M (33) was charged to operating profit. The gross costs correspond to 2.8% (2.6) of consolidated net sales.

Outlook 2024

Organic sales growth for 2024 is expected to be within the Group's target interval of 3-5%.

Other events during the quarter

Arjo's climate targets approved by Science Based Targets initiative

Arjo's climate targets were approved by the Science Based Targets initiative (SBTi) during the quarter, which is an important milestone in the Group's sustainability efforts. The Group's target is to reduce greenhouse gas (GHG) emissions from its own operations (Scope 1 and 2) by 50% by 2030, with 2021 as the base year. For the value chain (Scope 3), the target is to reduce emissions by 25% by 2030.

The SBTi is a partnership between CDP, the United Nations Global Compact, the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). The SBTi drives ambitious climate action by enabling organizations to set science-based emissions reduction targets in line with the Paris Agreement.

Other information

Risk management

Customers and healthcare reimbursement systems

A considerable share of Arjo's revenue is derived from sales of products to public sector entities. A political discussion taking place in certain countries concerns whether private healthcare providers should be able to offer publicly funded healthcare services. There is a risk that authorities in countries where Arjo operates will decide to limit or completely discontinue public funding of private healthcare, which could affect the establishment of new hospitals and other healthcare facilities and their purchasing of healthcare products, such as Arjo's emergency and long-term care products. Sales of the Group's products are also dependent on various reimbursement systems in each of Arjo's markets. In many of Arjo's markets (such as the US), it is often the patient's insurance company that – within the framework of the existing political reimbursement system – funds or subsidizes products for the patient's emergency or long-term care. Some of the success for sales of Arjo's products in these markets is dependent on whether Arjo's products have been approved for reimbursement under the various reimbursement systems. Since Arjo conducts operations in many different countries and markets, the above-named risks are limited for the Group as a whole. As part of Arjo's strategy, the Group is increasingly focusing on highlighting the clinical and financial benefits of the Group's products and solutions, something that further reduces the risks described above.

Research and development

Arjo's future growth is also dependent on the continued expansion of new product segments and new product types in existing product segments, which is dependent on the Group's ability to influence, predict, identify and respond to changing customer preferences and needs. Arjo invests in research and development in order to produce and launch new products, but there is no guarantee that any new products will achieve the same degree of success as in the past. Nor is there any certainty that Arjo will succeed in predicting or identifying trends in customer preferences and needs, or that Arjo will identify them earlier than its competitors. To maximize the return on research and development efforts, the Group has a highly structured selection and planning process to ensure that the Group prioritizes correctly when making decisions about potential projects. This process includes careful analyses of the market, technological progress, circularity, product life cycle, choice of production method and selection of subsuppliers. Development activities are conducted in a structured manner and the deliveries of every project undergo a number of fixed control points. Arjo is focused on products and solutions that will lead to more efficient care, in which more patients can be treated, which is expected to drive demand from end customers and therefore market growth. Product development that leads to a broader product range is a means for increasing organic growth in the market in which Arjo operates.

Product liability and damage claims

As a medical device supplier, Arjo, like other healthcare industry players, may sometimes be subject to claims related to product liability and other damage claims. Such claims could involve large financial amounts, result in significant legal expenses and negatively affect the company's reputation and customer relationships. Arjo limits the risk of product liability and other damage claims related to its products and their use through the company's extensive quality and safety activities. A comprehensive insurance program is in place to cover any liability risks (including product liability) to which the Group is exposed.



Protecting and managing the infringement of intellectual property rights

Arjo invests significant financial amounts in research and development, and is continuously developing new products and technological solutions. To secure revenue from these investments, new products and technologies must be protected from unlawful use by competitors. If possible and appropriate, Arjo protects its intellectual property rights by registering patents, design and trademarks. The Group is also dependent upon know-how and trade secrets that cannot be protected under intellectual property law.

Clear instructions are in place within the Group for how to prevent, investigate and manage potential infringements. In addition, procedures are in place to ensure efficient maintenance of the existing portfolio of rights.

Changes related to general economic and political conditions

Arjo operates in several parts of the world and, like other companies, is affected by general global economic, financial and political conditions. Demand for Arjo's medical devices and solutions is influenced by various factors, including general macroeconomic trends. Uncertainty about future economic prospects, including political concerns, could adversely affect customers' decisions to buy Arjo's products and solutions, which would adversely affect Arjo's operations, financial position and results. Furthermore, changes in the political situation in a region or country, or political decisions affecting an industry or country, could also have a material adverse impact on sales of Arjo's products. Since Arjo operates in a large number of geographical markets, this risk is limited for the Group as a whole.

Since March 2, 2022, Arjo has stopped all deliveries and production of equipment destined to Russia due to the Russian invasion of Ukraine until future notice. This is in line with the sanctions imposed on Russia by other countries. Arjo is carefully monitoring market developments given the turbulent economic situation following the start of the invasion.

The Group is also monitoring developments in the Middle East due to the escalating violence in Israel and Gaza.

Arjo is also closely monitoring the global inflation trend.

Risks in the value chain

Unforeseen and sudden events could cause disruptions to production or the supply chain, which could result in higher costs, delivery delays and non-delivery to Arjo's customers. This in turn could have a negative impact on the Group's earnings.

Due to the Covid-19 pandemic, Arjo, like many other companies, has been affected by lower availability of critical components, such as electronic components. A number of measures have been implemented to mitigate this risk and to ensure availability and delivery reliability to Arjo's customers, and this matter is being managed as a high priority.

Due to the escalated conflict in the Middle East, with the Strait of Hormuz having become another area of conflict, Arjo is closely monitoring developments to avoid any negative impact in its value chain.

Sustainability-related risks

Arjo works actively to monitor and continuously evaluate sustainability-related risks and their impact on the Group's operations and earnings. This takes place in the form of, for example, a regular materiality analysis, monitoring targets and commitments and by auditing various units within the company, such as the security aspects of the Group's production facilities or random testing of regulatory compliance. The Group has established a governance structure that involves both the company management and the Board, and works continuously on improving the company's sustainability activities and minimizing associated risks.

Authorities and supervisory bodies

The healthcare market is highly regulated in all of the countries where Arjo operates. Arjo's product range is subject to legislation, including EU implementing and delegated acts regarding medical devices, and the US Food and Drug Administration's (FDA) regulations and related quality systems requirements, which also encompass comprehensive evaluation, quality assurance and product documentation.

Arjo devotes significant efforts and resources to implementing and applying guidelines to ensure regulatory compliance. Annual audits are performed by designated accreditation bodies to ensure compliance for continued CE marking of Arjo's products and international legal requirements, including the FDA, MDSAP, EU MDR and UK MDR.

All of the Group's production facilities are also certified according to ISO 13485 (Medical devices - quality management systems) and ISO 9001 (Quality management systems) from BSI.

Financial risk management

Through its operations, Arjo is exposed to a number of financial risks. Arjo's risk management is regulated by a policy established by the Board. Ultimate responsibility for managing the Group's financial risks and developing methods and policies for mitigating these risks lies with Group management and Group Finance. The Group's financial risks comprise currency risk, interest-rate risk, credit and counterparty risk, and tax risk, of which currency is the most important risk.

Risk of cyber attacks

Arjo is dependent on IT and its surrounding infrastructure and thus is exposed to the risk of cyber attacks and other forms of intrusion and data security. A defined, governing process is in place to counteract potential risks in this area, and the company works actively on risk assessments of its IT infrastructure and sensitive data as well as testing of these areas. This includes defined mitigating processes and controls, known as IT General Control (ITGC) to protect the company. The internal control environment is evaluated every year both by the company's CISO and by the external auditors. Sensitivity analyses and penetration and restoration tests are performed regularly during the year to ensure sufficient security levels for systems, processes and data. All employees undergo training in IT security and such training is part of the onboarding process for new employees.

Transactions with related parties

Transactions between Arjo and companies in Getinge Group are specified in Note 10.

Forward-looking information

This report contains forward-looking information based on the current expectations of Arjo's Management Team. Although management considers the expectations presented by such forward-looking information to be reasonable, there is no guarantee that these expectations will prove correct. Consequently, actual outcomes may vary considerably compared with what is stated in the forward-looking information, due to such factors as changed conditions regarding the economy, market and competition, changes in legal and regulatory requirements, as well as other policy measures and fluctuations in exchange rates.

This interim report is unaudited.



Assurance

The Board of Directors and CEO assure that the interim report provides a true and fair review of the Parent Company and the Group's operations, position and earnings and describes the material risks and uncertainties faced by the Parent Company and the Group.

Malmö, April 18, 2024

Johan Malmquist
Chairman of the Board

Carl Bennet
Vice Chairman

Eva Elmstedt

Dan Frohm

Ulf Grunander

Kajsa Haraldsson

Carola Lemne

Sten Börjesson

Joacim Lindoff
President & CEO

Consolidated financial statements

CONSOLIDATED INCOME STATEMENT

SEK M	Note	Quarter 1 2024	Quarter 1 2023 ¹⁾	Full-year 2023
Net sales	2	2,759	2,638	10,980
Cost of goods sold ¹⁾	11	-1,560	-1,501	-6,244
Gross profit¹⁾	11	1,199	1,137	4,735
Selling expenses		-555	-534	-2,163
Administrative expenses		-367	-344	-1,462
Research and development costs	4	-38	-33	-149
Exceptional items	5	-29	-19	-73
Other operating income and expenses		12	-4	7
Income from participations in associated companies		-3	-3	-11
Operating profit (EBIT)¹⁾	3, 11	219	200	884
Net financial items		-44	-50	-243
Profit after financial items¹⁾	11	175	150	640
Taxes ¹⁾	11	-44	-37	-160
Net Profit for the period¹⁾	11	132	113	480
Attributable to:				
Parent Company shareholders ¹⁾	11	132	113	480
Number of shares, thousands		272,370	272,370	272,370
Earnings per share, SEK ^{1, 2)}	11	0.48	0.42	1.76

1. Comparative figures for Quarter 1 2023 have been restated, refer to Note 11 Restatement of calculation of intra-Group gains.

2. Before and after dilution. For definition, see page 20.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK M	Note	Quarter 1 2024	Quarter 1 2023 ¹⁾	Full-year 2023
Net profit for the period¹⁾	11	132	113	480
Other comprehensive income				
Items that cannot be restated in profit				
Actuarial gains/losses pertaining to defined-benefit pension plans		-18	-36	-32
Tax attributable to items that cannot be restated in profit		4	9	-10
Items that can later be restated in profit				
Translation differences ¹⁾	11	485	35	-63
Hedges of net investments		-73	-21	4
Tax attributable to items that can be restated in profit		-17	-1	2
Other comprehensive income for the period, net after tax¹⁾	11	381	-13	-99
Total comprehensive income for the period¹⁾	11	513	100	382
Comprehensive income attributable to:				
Parent Company shareholders ¹⁾	11	513	100	382

1. Comparative figures for Quarter 1 2023 have been restated, refer to Note 11 Restatement of calculation of intra-Group gains.

CONSOLIDATED BALANCE SHEET

SEK M	Note	Mar 31, 2024	Mar 31, 2023 ¹⁾	Dec 31, 2023
Assets				
Intangible assets		7,534	7,398	7,343
Tangible assets	11	1,753	1,736	1,669
Tangible lease assets		1,138	1,107	1,111
Financial assets	7, 11	793	761	763
Participations in associated companies		146	128	139
Inventories	11	1,368	1,508	1,301
Accounts receivables		1,789	1,729	1,632
Current financial receivables	7	17	21	14
Other current receivables		639	675	548
Cash and cash equivalents	7	802	902	923
Total assets	11	15,980	15,965	15,444
Shareholders' equity and liabilities				
Shareholders' equity	11	8,095	7,532	7,582
Non-current financial liabilities	7	2,034	3,109	2,391
Non-current lease liabilities	7	808	806	796
Provisions for pensions, interest-bearing	7	33	31	31
Other provisions	11	315	263	305
Current financial liabilities	7	2,223	2,011	1,934
Current lease liabilities	7	386	361	365
Accounts payables		678	549	612
Other non-interest-bearing liabilities		1,410	1,305	1,427
Total shareholders' equity and liabilities	11	15,980	15,965	15,444

1. Comparative figures for March 31, 2023 have been restated, refer to Note 11 Restatement of calculation of intra-Group gains.

CHANGES IN SHAREHOLDERS' EQUITY FOR THE GROUP

SEK M	Share Capital	Reserves	Retained earnings	Total shareholders' equity ¹⁾
Opening balance at January 1, 2023 (restated)²⁾	91	1,372	5,969	7,432
Total comprehensive income for the period	-	-57	438	382
Dividend	-	-	-232	-232
Closing balance at December 31, 2023	91	1,315	6,176	7,582
Opening balance at January 1, 2024	91	1,315	6,176	7,582
Total comprehensive income for the period	-	395	118	513
Closing balance at March 31, 2024	91	1,709	6,294	8,095

1. Fully attributable to Parent Company shareholders.

2. Opening balance 2023 have been restated, refer to the 2023 Annual Report.

CONSOLIDATED CASH-FLOW STATEMENT

SEK M	Note	Quarter 1 2024	Quarter 1 2023 ¹⁾	Full-year 2023
Operating activities				
Operating profit (EBIT) ¹⁾	11	219	200	884
Add-back of amortization, depreciation and write-down ¹⁾	3, 11	254	258	1,062
Other non-cash items ¹⁾	11	11	-30	-22
Expensed exceptional items ²⁾		29	17	70
Paid exceptional items		-22	-18	-60
Financial items		-57	-55	-230
Taxes paid		-38	-107	-166
Cash flow before changes to working capital¹⁾	11	397	266	1,536
Changes in working capital				
Inventories ¹⁾	11	-10	6	192
Current receivables		-91	-44	130
Current liabilities		-39	21	203
Cash flow from operations¹⁾	11	256	250	2,061
Investing activities				
Capital contributions to associated companies		-	-	-24
Acquired financial assets		-	-10	-10
Net investments ¹⁾	11	-141	-181	-604
Cash flow from investing activities¹⁾	11	-141	-190	-637
Financing activities				
Raising of loans		8,158	4,802	23,730
Repayment of financial liabilities		-8,319	-4,869	-24,618
Repayment of lease liabilities		-99	-99	-412
Change in pension assets/liabilities		-2	-2	-3
Change in interest-bearing receivables		0	2	22
Dividend		-	-	-232
Realized derivatives attributable to financing activities		17	51	86
Cash flow from financing activities		-245	-114	-1,427
Cash flow for the period		-130	-55	-4
Cash and cash equivalents at the beginning of the period		923	949	949
Translation differences		9	8	-22
Cash and cash equivalents at the end of the period		802	902	923

1. Comparative figures for Quarter 1 2023 have been restated, refer to Note 11 Restatement of calculation of intra-Group gains.

2. Excluding write-down of non-current assets.

1 Accounting policies

The Group's interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the applicable rules of Swedish Annual Accounts Act. The Parent Company has prepared the interim report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities.

The accounting policies applied in the preparation of this interim report apply to all periods and are consistent with the accounting policies presented in the 2023 Annual Report, published on www.arjo.com.

During quarter 4 2023, intra-Group gains in inventories and tangible assets in the rental operations were restated. This restatement took place retrospectively, which means that comparative figures for quarter 1 - 3

2023 in this report have been restated. For further information, refer to Note 11 and 2023 Annual Report.

The totals in the tables and calculations do not always add up due to rounding differences. Each subtotal corresponds with its original source, which can lead to rounding differences in the totals.

New accounting standards

No new or changed accounting standards that came into effect on January 1, 2024 had a material impact on Arjo. None of the IFRS or IFRIC interpretations that have yet to come into legal effect are expected to have any significant impact on Arjo.

2 Segment reporting

SEK M	Quarter 1 2024						Quarter 1 2023					
	Global sales	North America	Other	Group functions	Eliminations	Arjo Group	Global sales	North America	Other	Group functions	Eliminations	Arjo Group
Product sales	771	666	102	-	-2	1,537	776	602	126	-	-5	1,499
Service incl. spare parts	352	170	6	-	0	528	321	157	6	-	0	485
Rental	425	269	-	-	-	694	405	249	-	-	-	654
Total net sales	1,548	1,105	108	-	-2	2,759	1,502	1,009	132	-	-5	2,638
Operating profit/loss¹⁾	242	256	11	-290	-	219	255	200	23	-278	-	200
Net financial items						-44						-50
Profit after financial items¹⁾						175						150
Taxes ¹⁾						-44						-37
Net profit for the period¹⁾						132						113

1. Comparative figures for Quarter 1 2023 have been restated, refer to Note 11 Restatement of calculation of intra-Group gains.

SEK M	Full-year 2023					
	Global sales	North America	Other	Group functions	Eliminations	Arjo Group
Product sales	3,325	2,555	399	-	-15	6,264
Service incl. spare parts	1,361	663	25	-	0	2,048
Rental	1,667	1,001	-	-	-	2,668
Total net sales	6,352	4,219	424	-	-15	10,980
Operating profit/loss	1,143	896	50	-1,206	-	884
Net financial items						-243
Profit after financial items						640
Taxes						-160
Net profit for the period						480

Arjo monitors the operations following the segments Global Sales, North America and Other, which is where Arjo's Diagnostics operations are recognized. Arjo has significant central Group functions in the areas of Supply Chain (product supply, inventories and distribution), IT, Quality, and Research and Development. Only a certain portion of Supply Chain's expenses are allocated to each segment. The remainder of the expenses

for Group functions are recognized as Group expenses. The division of segments and the method of measuring the segments' results is conducted in a similar way in this interim report as the 2023 Annual Report. Assets and liabilities are not divided by segment since no such amounts are regularly reported to the chief operating decision maker.

3 Depreciation/amortization and write-down

SEK M	Quarter 1 2024	Quarter 1 2023	Full-year 2023
Intangible assets	-60	-68	-287
<i>Of which, attributable to acquisitions</i>	-21	-22	-88
Tangible assets ¹⁾	-93	-93	-376
Tangible lease assets	-101	-97	-399
Total¹⁾	-254	-258	-1,062
<i>Of which, write-down</i>	0	-2	-3

1. Comparative figures for Quarter 1 2023 have been restated, refer to Note 11 Restatement of calculation of intra-Group gains.

Depreciation/amortization and write-downs by function, SEK M	Quarter 1 2024	Quarter 1 2023	Full-year 2023
Cost of goods sold ¹⁾	-165	-159	-652
Selling expenses	-41	-40	-168
Administrative expenses	-46	-55	-229
Research and development costs	-2	-2	-9
Other operating expenses	0	0	-1
Exceptional items	-	-2	-2
Total¹⁾	-254	-258	-1,062
<i>Of which, write-down</i>	0	-2	-3

1. Comparative figures for Quarter 1 2023 have been restated, refer to Note 11 Restatement of calculation of intra-Group gains.

4 Capitalized development costs

SEK M	Quarter 1 2024	Quarter 1 2023	Full-year 2023
Research and development costs, gross	-78	-68	-297
Capitalized development costs	39	35	148
Research and development costs, net	-38	-33	-149

5 Exceptional items

SEK M	Quarter 1 2024	Quarter 1 2023	Full-year 2023
Acquisition expenses	0	0	-2
Restructuring costs	-29	-19	-72
Total	-29	-19	-73

Exceptional items by function, SEK M	Quarter 1 2024	Quarter 1 2023	Full-year 2023
Cost of goods sold	-10	-11	-18
Selling expenses	-7	-6	-44
Administrative expenses	-12	-2	-11
Total	-29	-19	-73

The table above presents the function under which the items would have been recognized if they had not been classified as exceptional items.

6 Financial assets and liabilities measured at fair value through profit or loss

SEK M	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
Other current receivables	76	27	6
Other financial assets	131	129	129
Total assets	206	156	135
Other non-interest-bearing liabilities	5	27	39
Total liabilities	5	27	39

The fair value of derivative instruments is established using valuation techniques, which includes observable market information. All derivatives are classified under level 2 of the fair value hierarchy and the Group has no derivatives that are used for hedging purposes. The Group has holdings in unlisted companies in level 3 of the fair value hierarchy. The carrying amount of the holdings is the same as the fair value.

7 Consolidated interest-bearing net debt

SEK M	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
Non-current financial liabilities	2,034	3,109	2,391
Non-current lease liabilities	808	806	796
Current financial liabilities	2,223	2,011	1,934
Current lease liabilities	386	361	365
Provisions for pensions	33	31	31
Interest-bearing liabilities	5,483	6,317	5,517
Less financial receivables	-101	-85	-91
Less pension assets	-177	-176	-183
Less cash and cash equivalents	-802	-902	-923
Interest-bearing net debt	4,402	5,153	4,320

8 Key figures for the Group

SEK M	Jan - Mar 2024	Jan - Mar 2023	Full-year 2023
Sales measures			
Net sales	2,759	2,638	10,980
Net sales growth, %	4.6	11.3	10.0
Organic growth in sales, %	4.3	4.3	4.7
Expense measures			
Selling expenses as a % of net sales	20.1	20.3	19.7
Administrative expenses as a % of net sales	13.3	13.1	13.3
Research and development costs gross as a % of net sales	2.8	2.6	2.7
Earnings measures			
Operating profit (EBIT) ¹⁾	219	200	884
Adjusted operating profit (EBIT) ^{1, 2)}	248	219	957
EBITA ¹⁾	279	268	1,170
Adjusted EBITA ^{1, 2)}	308	287	1,244
EBITDA ¹⁾	473	459	1,946
EBITDA growth, % ¹⁾	3.2	0.3	15.9
Adjusted EBITDA ^{1, 2)}	502	475	2,017
Earnings per share, SEK ¹⁾	0.48	0.42	1.76
Margin measures			
Gross margin, % ^{1, 2)}	43.5	43.1	43.1
Operating margin, % ¹⁾	7.9	7.6	8.0
Adjusted Operating margin, % ^{1, 2)}	9.0	8.3	8.7
EBITA margin, % ¹⁾	10.1	10.2	10.7
Adjusted EBITA margin, % ^{1, 2)}	11.2	10.9	11.3
EBITDA margin, % ¹⁾	17.2	17.4	17.7
Adjusted EBITDA margin, % ^{1, 2)}	18.2	18.0	18.4
Cash flow and return measures			
Return on shareholders' equity, % ^{1, 3)}	6.4	5.6	6.4
Cash Conversion, % ¹⁾	54.2	54.5	105.9
Operating Capital ¹⁾	12,861	12,409	12,500
Return on operating capital, % ^{1, 3)}	7.7	6.1	7.7
Capital Structure			
Interest-bearing net debt	4,402	5,153	4,320
Interest-coverage ratio, multiple ^{1, 3)}	3.7	5.2	3.7
Net debt/equity ratio, multiple ¹⁾	0.5	0.7	0.6
Net debt/adjusted EBITA, multiple ^{1, 2, 3)}	2.3	2.8	2.3
Equity/asset ratio, % ¹⁾	50.7	47.2	49.1
Equity per share, SEK ¹⁾	29.7	27.7	27.8
Other			
Number of shares	272,369,573	272,369,573	272,369,573
Number of employees, average	6,711	6,801	6,679

1. Comparative figures for March 31, 2023 have been restated, refer to Note 11 Restatement of calculation of intra-Group gains.

2. Before exceptional items. See Alternative performance measures on page 16 and definitions on page 20.

3. Rolling 12 months.

ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measures refer to financial measures used by the company's management and investors to evaluate the Group's earnings and financial position, and that cannot be directly read or derived from the financial statements. These financial measures are intended to facilitate analysis of the Group's performance. The alternative performance measures should not be considered substitutes, but rather a supplement to, the financial statements prepared in

accordance with IFRS. The financial measures recognized in this report may differ from similar measures used by other companies. The alternative performance measures recognized below have not been calculated in accordance with IFRS but have been presented since Arjo believes that they are important in connection with investors' assessments of the Company and the Company's share.

	Quarter 1 2024	Quarter 1 2023	Full-year 2023
Adjusted EBIT/EBITA/EBITDA SEK M			
Operating profit (EBIT) ¹⁾	219	200	884
Add-back of amortization and write-down of intangible assets	60	68	287
EBITA¹⁾	279	268	1,170
Add-back of depreciation and impairment of tangible assets ¹⁾	194	190	775
EBITDA¹⁾	473	459	1,946
Exceptional items ²⁾	29	19	73
Add-back of write-down of exceptional items	-	-2	-2
Adjusted operating profit (EBIT)¹⁾	248	219	957
Adjusted EBITA¹⁾	308	287	1,244
Adjusted EBITDA¹⁾	502	475	2,017

	Quarter 1 2024	Quarter 1 2023	Full-year 2023
Cash conversion			
Cash flow from operations, SEK M¹⁾	256	250	2,061
Operating profit (EBIT), SEK M ¹⁾	219	200	884
Add-back of amortization and write-down of intangible assets and tangible assets, SEK M ¹⁾	254	258	1,062
EBITDA, SEK M¹⁾	473	459	1,946
Cash conversion, %¹⁾	54.2	54.5	105.9

	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
Net debt/equity ratio			
Interest-bearing net debt, SEK M	4,402	5,153	4,320
Shareholder's equity, SEK M ¹⁾	8,095	7,532	7,582
Net debt/equity ratio, multiple¹⁾	0.5	0.7	0.6

	Jan - Mar 2024	Jan - Mar 2023	Full-year 2023
Calculation of return on operating capital			
Total assets opening balance, SEK M ¹⁾	15,965	15,045	15,966
Total assets closing balance, SEK M ¹⁾	15,980	15,965	15,444
Average total assets, SEK M¹⁾	15,973	15,505	15,705
Average total assets, SEK M ¹⁾	15,973	15,505	15,705
Excluding average cash and cash equivalents, SEK M	-852	-944	-936
Excluding average and other provisions, SEK M ¹⁾	-289	-292	-312
Excluding average other non-interest-bearing liabilities, SEK M	-1,971	-1,861	-1,956
Average operating capital, SEK M¹⁾	12,861	12,409	12,500
Operating profit (EBIT), SEK M ^{1, 3)}	902	670	884
Add-back of exceptional items, SEK M ³⁾	84	87	73
EBIT after add-back of exceptional items, SEK M ¹⁾	986	757	957
Return on operation capital, %¹⁾	7.7	6.1	7.7

1. Comparative figures for Quarter 1 2023 have been restated, refer to Note 11 Restatement of calculation of intra-Group gains.

2. Refer to Note 5 Exceptional items on page 13.

3. Rolling 12 months.

9 Financial data per quarter

SEK M	Quarter 1 2023	Quarter 2 2023	Quarter 3 2023	Quarter 4 2023	Quarter 1 2024
Net sales	2,638	2,686	2,777	2,879	2,759
Cost of goods sold ¹⁾	-1,501	-1,540	-1,629	-1,575	-1,560
Gross profit¹⁾	1,137	1,146	1,149	1,304	1,199
Operating expenses	-912	-951	-971	-940	-960
Exceptional items	-19	-21	-9	-25	-29
Other operating income, operating expenses and income from participations in associated companies	-6	15	8	-22	9
Operating profit (EBIT)¹⁾	200	189	177	317	219
Net financial items	-50	-50	-68	-74	-44
Profit after financial items	150	139	109	242	175
Taxes ¹⁾	-37	-35	-28	-61	-44
Net Profit for the period¹⁾	113	104	81	181	132
EBIT after recalculation ¹⁾	200	189	177	317	219
EBIT before recalculation ¹⁾	176	186	199	306	
Adjusted EBITDA after recalculation ^{1, 2)}	475	471	457	614	502
Adjusted EBITDA before recalculation ^{1, 2)}	474	490	504	630	
Adjusted EBITDA margin after recalculation, % ^{1, 2)}	18.0	17.5	16.4	21.3	18.2
Adjusted EBITDA margin before recalculation, % ^{1, 2)}	18.0	18.3	18.1	21.9	

1. Comparative figures for Quarter 1 - 3 2023 have been restated, refer to Note 11 Restatement of calculation of intra-Group gains.

2. EBITDA before exceptional items. Refer to Note 5 Exceptional items on page 13, Alternative performance measures on page 16 and definitions on page 20.

10 Transactions with related parties

SEK M	Quarter 1 2024	Quarter 1 2023	Full-year 2023
Sales	5	9	32
Purchases of goods	-2	-2	-14
Accounts receivable	3	4	2
Accounts payable	2	2	1

Transactions between Arjo and companies in Getinge Group are specified in the table above. In addition to the above, there were no other material transactions with related parties. Arjo uses Getinge as a distributor in certain markets. Business terms and conditions as well as market-regulated pricing apply for delivery of products and services between the Groups.

11 Restatement of calculation of intra-Group gains

During quarter 4 2023, eliminations of intra-Group gains in inventories and tangible assets in the rental operations were restated. This restatement took place retrospectively, which means that comparative figures including opening balances for 2022 and quarter 1 - 3 2023 have

been restated, refer to 2023 Annual Report. All affected items that have been restated retrospectively quarter 1 2023 are presented below. For quarter 2 and 3, refer to Note 9 Financial data per quarter.

Balance sheet (excerpt), SEK M	Mar 31, 2023	Increase/ decrease	Mar 31, 2023 after restatement
Tangible assets	1,824	-89	1,736
Financial assets ¹⁾	706	54	761
Inventories	1,655	-147	1,508
Total assets	16,147	-181	15,965
Shareholders' equity	7,704	-172	7,532
Other provisions ¹⁾	272	-9	263
Total Shareholders' equity and liabilities	16,147	-181	15,965

1. The restatement refers to deferred tax.

Income statement (excerpt), SEK M	Quarter 1 2023	Increase/ decrease	Quarter 1 2023 after restatement
Cost of goods sold ¹⁾	-1,524	24	-1,501
Gross profit/loss	1,113	24	1,137
Operating profit (EBIT)	176	24	200
Profit/loss after financial items	126	24	150
Taxes	-32	-5	-37
Net profit for the period	95	19	113
1. Of which depreciation		23	
Net profit for the period attributable to:			
Parent Company shareholders	95	19	113
Earnings per share, SEK (before and after dilution)	0.35	0.07	0.42

Statement of comprehensive income (excerpt), SEK M	Quarter 1 2023	Increase/ decrease	Quarter 1 2023 after restatement
Net profit for the period	95	19	113
Items that can later be restated in profit			
Translation differences	33	2	35
Other comprehensive income for the period, net after tax	-15	2	-13
Total comprehensive income for the period	80	20	100
Comprehensive income attributable to:			
Parent company shareholders	80	20	100

Cash flow statement (excerpt), SEK M	Quarter 1 2023	Increase/ decrease	Quarter 1 2023 after restatement
Operating profit (EBIT)	176	24	200
Add-back of amortization, depreciation and write-down	281	-23	258
Other non-cash items	-18	-12	-30
Cash flow before changes to working capital	277	-10	266
Inventories	16	-11	6
Cash flow from operations	271	-21	250
Net investments	-202	21	-181
Cash flow from investing activities	-211	21	-190
Cash flow for the period	-55	-	-55

Parent Company financial statements

PARENT COMPANY INCOME STATEMENT

SEK M	Quarter 1 2024	Quarter 1 2023	Full-year 2023
Administrative expenses	-49	-52	-205
Exceptional items ¹⁾	0	0	-5
Other operating income and expenses	-1	0	120
Operating profit/loss (EBIT)	-50	-52	-91
Income from participations in Group companies	86	144	449
Net financial items ²⁾	-25	-18	-87
Profit after financial items	10	73	271
Taxes	16	12	6
Net Profit for the period	26	85	277

1. Exceptional items refers to acquisition expenses SEK 0 M (0), and for the full year 2023 acquisition expenses (-1) and restructuring costs (-4).

2. Net financial items contain interest income, interest expenses, other financial expenses and exchange-rate gains and losses attributable to the translation of financial receivables and liabilities in foreign currencies measured at the closing day rate.

PARENT COMPANY BALANCE SHEET

SEK M	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
Assets			
Intangible assets	328	314	335
Tangible assets	0	1	1
Financial assets	6,062	5,914	5,911
Other current receivables, Group companies	174	92	170
Current receivables	20	19	29
Total assets	6,585	6,341	6,446
Shareholders' equity and liabilities			
Shareholders' equity	3,999	4,013	3,973
Provisions	4	2	5
Current financial liabilities	2,208	1,937	1,902
Current financial liabilities, Group companies	343	366	484
Other current liabilities, Group companies	6	1	47
Other non-interest-bearing liabilities	24	22	34
Total shareholders' equity and liabilities	6,585	6,341	6,446

At the end of the period, the carrying amount of shares and participations in subsidiaries amounted to SEK 5,940 M (5,807). The change for the period is SEK 133 M and comprise shareholder contribution. The Parent Company's commercial paper program has a framework amount of SEK 5,000 M (5,000). The total amount issued at the end of the period amounted to SEK 2,226 M (1,950). Intangible assets comprise software.

Definitions

FINANCIAL TERMS

Adjusted EBIT/Operating profit

Operating profit with add-back of exceptional items.

Adjusted EBITA

EBITA with add-back of exceptional items.

Adjusted EBITA margin

Adjusted EBITA in relation to net sales.

Adjusted EBITDA

EBITDA with add-back of exceptional items.

Adjusted EBITDA margin

Adjusted EBITDA in relation to net sales.

Cash conversion

Cash flow from operations in relation to EBITDA.

Earnings per share

Profit for the period attributable to Parent Company shareholders in relation to average number of shares. The following data was used to calculate earnings per share:

Profit for the period attributable to Parent Company shareholders	SEK 132 M
Number of shares, thousands	272,370
Earnings per share	SEK 0.48

EBIT

Operating profit.

EBITA

Operating profit before amortization and write-down of intangible assets.

EBITA margin

EBITA in relation to net sales.

EBITDA

Operating profit before amortization, depreciation and write-down.

EBITDA margin

EBITDA in relation to net sales.

Equity/assets ratio

Shareholders' equity in relation to total assets.

Exceptional items

Total of acquisition and restructuring costs as well as major non-recurring items.

Interest-coverage ratio

Profit after financial items plus interest expenses and add-back of exceptional items in relation to interest expenses. Calculated based on rolling twelve-month data.

Net debt/adjusted EBITDA, multiple

Average net debt in relation to rolling 12 months' adjusted EBITDA.

Net debt/equity ratio

Interest-bearing net debt in relation to shareholders' equity.

Operating capital

Average total assets less cash and cash equivalents, other provisions, accounts payable and other non-interest-bearing liabilities.

Operating expenses

Selling expenses, administrative expenses and research and development costs.

Operating margin

Operating profit in relation to net sales.

Organic change

A financial change adjusted for currency fluctuations, acquisitions and divestments.

Return on operating capital

Rolling 12 months' operating profit with add-back of exceptional items in relation to operating capital.

Return on shareholders' equity

Rolling 12 months' profit after tax in relation to average shareholders' equity.

MEDICAL AND OTHER TERMS

Compression therapy

Treatment technique which means that one uses outer pressure with a certain frequency and for a certain period of time to treat and prevent venous leg ulcers.

DVT (deep vein thrombosis)

Formation of a blood clot in a deep leg vein.

Edema

Swelling due to accumulation of fluid in tissues.

Ergonomics

A science concerned with designing the job to fit the worker to prevent illness and accidents.

ESG

An abbreviation that stands for environmental, social and governance, which are the non-financial factors in corporate reporting.

EU Medical Device Regulation (MDR)

Regulations created by the EU to ensure better protection for the public health and patient safety by establishing modernized and more robust EU legislation. All medical device manufacturers and distributors must comply with these new regulations.

IPC (intermittent pneumatic compression)

An established method for treating venous leg ulcers, for example. Actively compressing the calf muscles, for example, imitates the pumping mechanism that normally occurs when moving, which increases blood flow to the leg.

Prevention

Preventive activity/treatment.

Pressure injuries

Sores that occur when blood flow to the skin is reduced by external pressure. Most common in patients with reduced mobility.

SEM scanner (sub-epidermal moisture)

A hand-held and wireless device that measures sub-epidermal moisture, which allows early detection of pressure injury risk.

Sequential VTE prevention

A treatment that aims to enhance the circulation of blood in the deep veins of the legs, which helps reduce deep vein thrombosis (blood clot in the deep veins of the legs).

US Food and Drug Administration (FDA)

The US authority responsible for protecting the public health by carrying out regular inspections of, among other things, medical devices.

VTE (venous thromboembolism)

The abbreviation VTE stands for venous thromboembolism - a blood clot in the veins, similar to DVT (above).

TELECONFERENCE

Fund managers, analysts and the media are invited to a teleconference on April 18 at 15:00 CEST.

A presentation will be held during the telephone conference. Watch the teleconference via the following link:

<https://ir.financialhearings.com/arjo-q1-report-2024>

Participants who wish to ask verbal questions at the teleconference must register using the link below. Once registered, participants will receive a telephone number and ID number to use to log in to the conference.

Registration link:

<https://conference.financialhearings.com/teleconference/?id=50048573>

Alternatively, use the following link to download the presentation:

<https://www.arjo.com/int/about-us/investors/reports--presentations/2024/>

A recording of the teleconference will be available for three years via the following link:

<https://ir.financialhearings.com/arjo-q1-report-2024>

FINANCIAL INFORMATION

Updated information on, for example, the Arjo share and corporate governance is available on Arjo's website www.arjo.com. The Annual Report, year-end report and interim reports are published in Swedish and English and are available for download at www.arjo.com

The following financial statements will be published in 2024:

April 18, 2024	2024 Annual General Meeting
July 12, 2024	Interim report Jan-Jun 2024
October 17, 2024	Interim report Jan-Sep 2024



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This information is information that Arjo AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, on April 18, 2024 at 14:00 CEST.

At Arjo, we believe that empowering movement within healthcare environments is essential to quality care. Our products and solutions for patient transfers, hygiene, disinfection, diagnostics, treating leg ulcers, prevention of pressure injuries and deep vein thrombosis, and our medical beds are all designed to promote mobility, safety and dignity in all care situations. With over 6,500 people worldwide and 65 years caring for patients and healthcare professionals, we are committed to driving healthier outcomes for people facing mobility challenges.

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