



# Interim report January – September 2022

## July–September 2022 in brief

- Net sales increased to SEK 2,519 M (2,247).  
Net sales rose organically by 0.3%.
- Adjusted EBITDA amounted to SEK 420 M (524).
- Adjusted operating profit amounted to SEK 147 M (280).
- Profit after financial items amounted to SEK 115 M (252).
- Earnings per share amounted to SEK 0.32 (0.69).
- Cash flow from operations amounted to SEK 280 M (390).
- The cash conversion was 67.7% (75.0).
- Changed outlook: Based on the current situation, organic net sales growth for the full year 2022 is expected to be around 0%.
- Arjo announces changes to the Arjo Management Team.
- Arjo presents updated financial targets for 2023-2025.

## January–September 2022 in brief

- Net sales increased to SEK 7,293 M (6,614).  
Net sales rose organically by 0.6%.
- Adjusted EBITDA amounted to SEK 1,340 M (1,531).
- Adjusted operating profit amounted to SEK 549 M (815).
- Profit after financial items amounted to SEK 472 M (736).
- Earnings per share amounted to SEK 1.30 (2.03).
- Cash flow from operations amounted to SEK 464 M (1,095).
- The cash conversion was 35.1% (72.3).

## Financial summary

SEK M	Quarter 3 2022	Quarter 3 2021	Jan–Sep 2022	Jan–Sep 2021	Rolling 12 months	Full-year 2021
Net sales	2,519	2,247	7,293	6,614	9,749	9,070
Gross profit	1,023	1,033	3,110	3,080	4,239	4,209
Gross margin, %	40.6%	46.0%	42.6%	46.6%	43.5%	46.4%
Adjusted EBITA <sup>1)</sup>	217	349	756	1,022	1,123	1,390
Adjusted EBITA margin, % <sup>1)</sup>	8.6%	15.5%	10.4%	15.5%	11.5%	15.3%
Adjusted EBITDA <sup>1)</sup>	420	524	1,340	1,531	1,881	2,072
Adjusted EBITDA margin, % <sup>1)</sup>	16.7%	23.3%	18.4%	23.2%	19.3%	22.8%
Operating profit (EBIT)	140	276	529	798	809	1,077
Adjusted operating profit (EBIT) <sup>1)</sup>	147	280	549	815	850	1,116
Profit after financial items	115	252	472	736	726	989
Net profit for the period	86	189	354	552	544	742
Number of shares, thousands	272,370	272,370	272,370	272,370	272,370	272,370
Earnings per share, SEK	0.32	0.69	1.30	2.03	2.00	2.72
Cash flow from operations	280	390	464	1,095	1,103	1,734
Cash conversion, %	67.7%	75.0%	35.1%	72.3%	59.9%	85.3%

1) Before exceptional items. See Alternative performance measures on page 17 and definitions on page 20.

# Solid underlying growth but challenges in the US

The Group grew organically by 0.3% in the quarter. Growth was held back by significantly lower critical care rental volumes in the US compared with the third quarter of 2021, and adjusted for this the Group grew organically by almost 5% in the quarter.

We continue to perform well in most major markets, such as France and Canada, with continued favorable demand and healthy growth. In the US, however, extensive healthcare staff shortages and an uncertain economic climate for healthcare providers have resulted in a slowdown in investments within capital goods, together with lower DVT sales and a slower implementation pace of awarded rental contracts.

Given the current uncertainty in the world, especially in the US, we are adjusting our outlook for the full year. Based on current information we estimate that organic net sales growth for the full-year 2022 will be around 0%.

## Activities to strengthen long-term profitability

The gross margin was 40.6% in the quarter. An unfavorable product mix with lower volumes in critical care rental in the US and lower DVT sales held back the gross margin, as well as higher material and logistics costs compared to the year-earlier quarter. We were also impacted by inflationary effects related to salaries, energy and fuel. Both the high materials costs and inflationary effects are expected to continue in the coming quarters. The organization is continuing to manage the global challenges related to material supply and logistics with very high priority.

As part of strengthening the Group's profitability over time, we continue the measures to adapt and enhance efficiency in the rental operations. A cost-savings program was initiated during the quarter with the purpose of improving efficiency within the critical care rental infrastructure in the US, which is expected to generate annual savings of approximately SEK 50 M starting at the end of the year. In addition, we are focusing intensely on continuing to gradually implement price adjustments. As previously communicated, the effects of these adjustments are expected to have a greater impact from the fourth quarter onwards.

To meet demand and ensure the continuity of production and deliveries, inventory levels of standard components and finished products remain on a high level. The higher inventory levels are expected to be consumed in the quarters ahead, which is expected to contribute to continuing improvements in cash conversion. Overall, the Group's financial position remains solid.

## Continued growth in the coming years

The need for healthcare globally continues to grow, despite short-term challenges in the world. Offering more people high-quality care using fewer resources has perhaps never been as important as it is now, which means that our long-term strategy is more relevant than ever.

The interest in solutions and technologies that can improve outcomes and increase efficiency within healthcare remains very high among our customers, and the SEM scanner roll-out is proceeding according to plan.

Today we present updated financial targets for 2023-2025. We expect healthy growth in the coming years and a continuing long-term improvement in profitability, although the challenges in the global business environment have pushed the profitability target forward in time and also added uncertainty in the short-term growth outlook.

To conclude, I would like to thank two of my colleagues in the Arjo Management Team: Mikael Persson, who is leaving the Group to take on new challenges, and Paul Lyon, who will retire at the end of the year after 40 years with the company. Christian Stentoft, our current Chief Strategy Officer, will succeed Paul as President Global Sales, and Jonas Cederhage, who joins us from Permobil, has been appointed Mikael's successor as new Executive Vice President, Product Development, Supply Chain & Operations. Furthermore, we have strengthened Arjo's management with a new function led by Tobias Kramer, who has been appointed Executive Vice President, Global Marketing and member of the Arjo Management Team.

We operate in a market situation that is difficult to predict, with challenges that are expected to remain in the quarters ahead. Despite this, with a strong management team and a motivated and dedicated organization, I look forward to continuing to build a strong Arjo for the future.



Malmö, October 28

Joacim Lindoff  
President & CEO

# Group performance

## Net sales and results

### Third quarter of 2022

Net sales increased organically by 0.3% to SEK 2,519 M (2,247). Growth was held back by lower critical care rental volumes in the US as an effect of the Covid-19 pandemic now easing, and adjusted for this, growth increased by 4.9% organically.

Growth fell 8.8% organically in North America during the quarter, mainly due to lower volumes in critical care rental in the US. In addition, extensive shortages of healthcare staff in the US resulted in a slow-down in investments in capital goods, together with lower DVT sales and a slower pace of implementation of awarded rental contracts. The underlying business continued to perform well, with solid sales volumes within service and the more long-term segment of the rental operations. Canada continued to perform well, reporting another quarter of double-digit growth.

Global Sales grew organically by 6.8%, with healthy demand in patient handling, hygiene, medical beds and rental. The UK, which is the Group's second largest market, performed well in the quarter, as did several other large markets, such as France, Germany and Australia.

The gross margin was 40.6% (46.0) in the quarter. The gross margin was held back by an unfavorable product mix with lower critical care rental in the US, lower DVT sales and higher material and logistics costs. In addition, rising inflation on salaries, energy and fuel impacted the margin. Efficiency improvements in rental and production, good cost control throughout the value chain and initial effects of price adjustments continued to contribute positively to the gross margin during the quarter.

The process of optimizing the rental operations is continuing and the Group initiated an efficiency program in the critical care rental operations in the US during the quarter. The purpose of the program is to generate a more efficient infrastructure and is expected to generate annual savings of approximately SEK 50 M starting from the end of 2022. The restructuring costs related to the program are expected to amount to approximately SEK 15 M, of which a minor portion was charged to the third quarter.

Operating expenses amounted to SEK 872 M (749) for the quarter. Adjusted EBITDA amounted to SEK 420 M (524). The adjusted EBITDA margin was 16.7% (23.3).

Net financial items for the quarter amounted to SEK -25 M (-24). Positive currency effects in net financial items amounted to SEK 1 M (-2) for the quarter.

Translation effects on operating profit for the quarter amounted to SEK -2 M and transaction effects to SEK +31 M. In addition, the recognized revaluation effects of operating receivables and liabilities after hedging amounted to SEK -5 M net for the quarter.

### January–September 2022

Net sales increased organically by 0.6% to SEK 7,293 M (6,614) for the period, with high demand in the underlying rental operations and service. Growth was held back by lower rental volumes of critical care solutions in the US and continued supply chain challenges.

Sales in North America fell 4.6% organically, mainly due to lower volumes in critical care rental in the US. Demand within long-term rental operations and service remained solid.

Global Sales grew 4.3% organically following a healthy sales development in several of region's major markets.

The gross margin was 42.6% (46.6) in the period. The lower gross margin was mainly attributable to lower critical care rental volumes in the US and higher costs for materials and transportation. Efficiency improvements made within rental operations and production, and initial effects of price adjustments, contributed to an overall positive effect on the gross margin during the period.

Operating expenses for the period amounted to SEK 2,528 M (2,252).

Adjusted EBITDA for the period amounted to SEK 1,340 M (1,531). The adjusted EBITDA margin was 18.4% (23.2).

Net financial items amounted to SEK -57 M (-62) for the period.

Positive currency effects in net financial items amounted to SEK 19 M (7) for the period.

Net sales per segment, SEK M	Quarter 3 2022	Quarter 3 2021	Organic change	Jan-Sep 2022	Jan-Sep 2021	Organic change	Rolling 12 months	Full-year 2021
Global Sales	1,445	1,273	6.8%	4,182	3,793	4.3%	5,600	5,211
North America	986	890	-8.8%	2,841	2,565	-4.6%	3,788	3,510
Other	88	84	-2.3%	270	256	-1.9%	360	350
<b>Total</b>	<b>2,519</b>	<b>2,247</b>	<b>0.3%</b>	<b>7,293</b>	<b>6,614</b>	<b>0.6%</b>	<b>9,749</b>	<b>9,070</b>

## Currency effect

SEK M	Quarter 3 2022	Jan-Sep 2022
<b>Translation effect (vs 2021)</b>		
Sales	+266	+639
Cost of goods sold	-192	-456
Gross profit	+74	+183
Operating expenses	-75	-180
Restructuring and other operating income/ expenses	-1	-1
<b>Total translation effect, EBIT</b>	<b>-2</b>	<b>+2</b>
<b>Transaction effect (vs 2021)</b>		
<b>Cost of goods sold</b>	<b>+31</b>	<b>+72</b>
<b>Recognized remeasurement effects</b>		
Other operating income/expenses	-5	-34

## Cash flow and financial position

Cash flow from operations amounted to SEK 280 M (390) for the quarter. The lower cash flow was mainly due to lower earnings and a weaker trend in working capital. The continuing build-up of inventory contributed to the weaker trend in working capital. The Group's cash conversion for the quarter was 67.7% (75.0).

Net investments for the quarter amounted to SEK 204 M (156), divided between tangible assets of SEK 154 M (95) and intangible assets of SEK 50 M (61). The investments in tangible assets include investments in the rental fleet of SEK 122 M (74).

The Group's cash and cash equivalents amounted to SEK 736 M (667) and interest-bearing net debt was SEK 5,138 M (4,837). Arjo has contracted unused credit facilities of SEK 4,104 M (6,121) available for refinancing outstanding commercial paper. The equity/assets ratio amounted to 47.4% (45.2). Net debt/adjusted EBITDA was 2.7 (2.5).

## Research and development

Arjo's gross research and development costs for the quarter amounted to SEK 57 M (48), of which SEK 30 M (20) was charged to operating profit. The gross costs correspond to 2.3% (2.1) of consolidated net sales.

## Outlook for 2022 (updated)

Based on the current situation, organic net sales growth for the full year 2022 is expected to be around 0%.

## Key events after the end of the quarter

### Updated financial targets for 2023-2025

Arjo presents updated financial targets for 2023-2025.

- Organic sales growth of 3-5% annually
- Adjusted EBITDA margin of approximately 23% from full-year 2025
- Annual cash conversion of more than 80%

In addition, the aim is for the Group's dividend to correspond to 30-60% of net profit after tax.

## Capital Markets Day on October 28, 2022

Arjo is holding a Capital Markets Day in connection with the publication of the interim report for the third quarter. The event will be held at EpiCenter in Stockholm starting at 8:30 CEST on October 28. The Capital Markets Day will be live streamed via the following link: [webcast.com/arjocmd](https://webcast.com/arjocmd). A recording and the presentations will be available on Arjo's website following the event.

## Changes to Arjo Management Team

Jonas Cederhage has been appointed the new Executive Vice President, Product Development, Supply Chain & Operations. Jonas replaces Mikael Persson, who has decided to leave Arjo after nine years to seek new challenges outside the Group. Jonas most recently served as Executive Vice President Supply Chain & Head of Sustainability for the Swedish med-tech company Permobil. Jonas will begin his role on November 1, 2022.

Christian Stentoft has been appointed the new President of Global Sales, replacing Paul Lyon who will retire at year-end after more than 40 years with the company. Christian has worked as Chief Strategy Officer since Arjo was listed in 2017 and will take office on January 1, 2023.

Tobias Kramer has been appointed Executive Vice President Global Marketing, a new function in the Arjo Management Team that aims to further strengthen the Group's commercial agenda. Tobias joined Arjo in 2018 and most recently served as Vice President Portfolio & Category Management. Tobias started his new role on October 17, 2022.

## Nomination Committee ahead of 2023 Annual General Meeting

In accordance with the resolution of Arjo's 2020 Annual General Meeting, the Nomination Committee in respect of the Annual General Meeting shall be composed of members appointed by the three largest shareholders in terms of voting rights, based on a list of owner-registered shareholders from Euroclear Sweden AB or other reliable ownership information, as of August 31 of each year, and the Chairman of the Board of Directors. In addition, if the Chairman of the Board, in consultation with the member appointed by the largest shareholder in terms of voting rights, deems it appropriate, it shall include an, in relation to the company and its major shareholders, independent representative of the minor shareholders as a member of the Nomination Committee.

Ahead of the 2023 Annual General Meeting, Arjo's Nomination Committee comprised Chairman Carl Bennet (Carl Bennet AB), Jannis Kitsakis (Fourth Swedish National Pension Fund), Marianne Nilsson (Swedbank Robur), as well as Board Chairman Johan Malmquist.

Shareholders who would like to submit proposals to Arjo's Nomination Committee ahead of the 2023 Annual General Meeting can contact the Nomination Committee by e-mail at [nominating.committee@arjo.com](mailto:nominating.committee@arjo.com) or by mail: Arjo AB, Att: Nomination Committee, Hans Michelsensgatan 10, SE-211 20 Malmö, Sweden.

## 2023 Annual General Meeting

Arjo's Annual General Meeting will be held on April 20, 2023 in Malmö, Sweden. Shareholders wishing to have a matter addressed at the Annual General Meeting on April 20, 2023 can submit their proposal to Arjo's Board Chairman by e-mail: [agm@arjo.com](mailto:agm@arjo.com), or by mail: Arjo AB, Att: Bolagsstämмоärenden, Hans Michelsensgatan 10, SE-211 20 Malmö, Sweden. To ensure inclusion in the notice and thus in the Annual General Meeting's agenda, proposals must be received by the company by March 2, 2023.



## 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 sub-suppliers. 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.

The Group has clear instructions on how to prevent, investigate and manage potential cases of infringement. 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 ongoing Russian invasion of Ukraine until future notice. This is in line with the robust sanctions imposed on Russia by other countries. In 2021, Russia accounted for 0.2% of Arjo's total revenue. According to the company's forecast, equipment worth approx. SEK 50 M was planned to be delivered to Russia in 2022, mainly during the first half of the year. Arjo is carefully monitoring market developments given the turbulent economic situation following the start of the invasion of Ukraine.

Arjo is closely following developments in global inflation.

### **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.

### **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 Directives and implementing 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 and EU MDR.

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

### **Financial risk management**

Through its operations, Arjo is exposed to a number of financial risks. Arjo's risk management is regulated by a finance 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.

### **Coronavirus (Covid-19)**

Even though the most critical Covid-19 situation has now passed in many parts of the world, there is still a risk of effects on the Group's supply chain, which could lead to delivery delays or production disruptions and impact the company's production costs. The organization is managing the situation well and is maintaining a close dialog with subsuppliers to ensure access to key components. The Group is monitoring developments and is successively making the necessary business decisions to ensure production and deliveries to the healthcare sector. To date, Arjo has not experienced any major production disruptions due to the pandemic, but like many other companies, sees an impact in the form of higher prices throughout the value chain. Arjo is otherwise following the guidelines set by the authorities in the geographical areas in which the company operates to manage the risk of exposure and ensure a safe and secure work environment.

### **Risk of cyber attacks**

Arjo is dependent on IT and the infrastructure surrounding this area and thus is exposed to the risk of cyber attacks and other forms of hacking 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 12.

### **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.

# 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, October 28, 2022**

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**Johan Malmquist**  
Chairman of the Board

**Carl Bennet**  
Vice Chairman

**Eva Elmstedt**

**Dan Frohm**

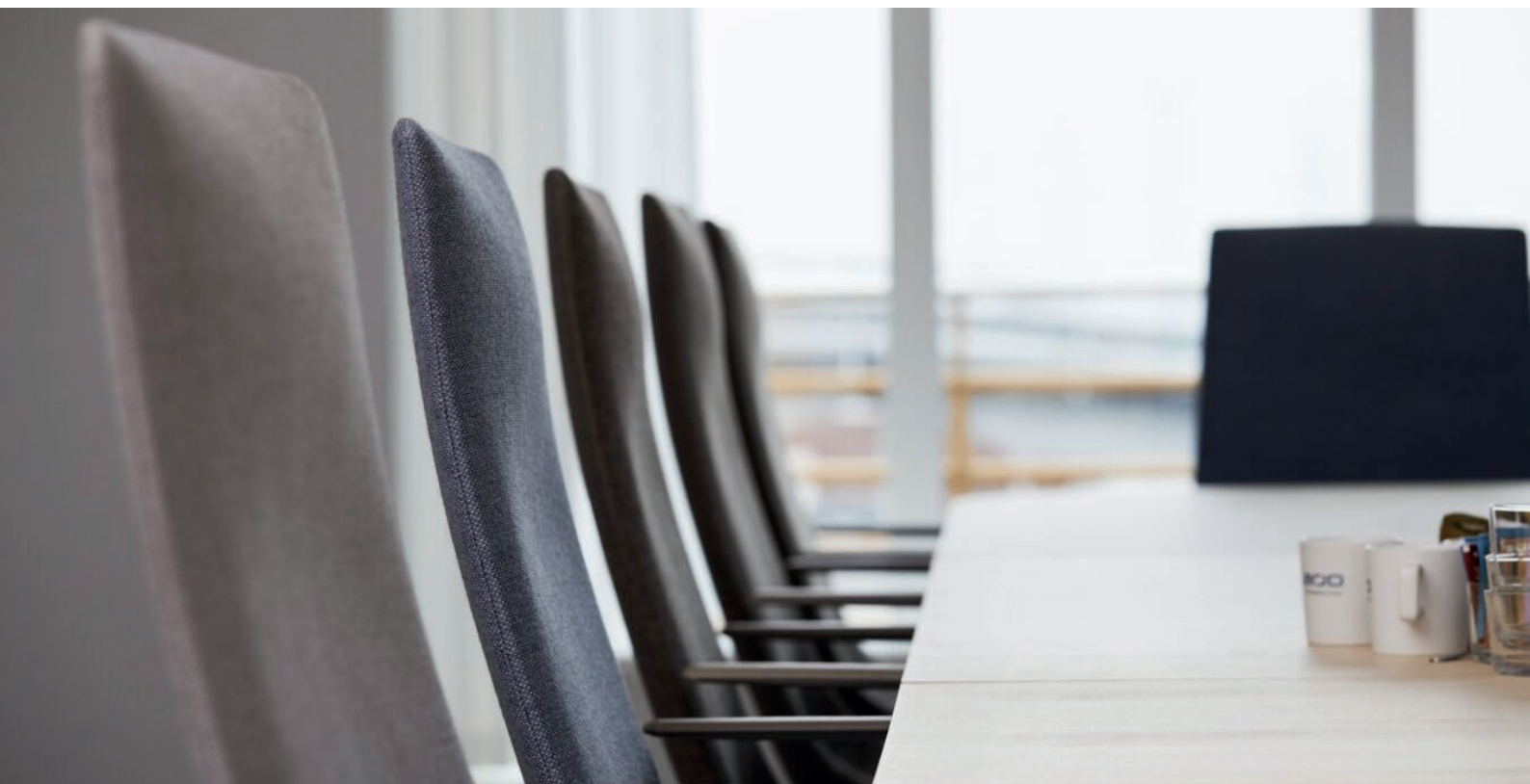
**Ulf Grunander**

**Kajsa Haraldsson**

**Carola Lemne**

**Eva Sandling Gralén**

**Joacim Lindoff**  
President & CEO



# Auditor's report

Arjo AB (publ), Corp. Reg. No. 559092-8064

## Introduction

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

## Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review 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, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Malmö, October 28, 2022

Öhrlings PricewaterhouseCoopers AB

Cecilia Andrén Dorselius  
Authorized Public Accountant  
Auditor in Charge

Vicky Johansson  
Authorized Public Accountant



# Consolidated financial statements

## Consolidated income statement

SEK M	Note	Quarter 3 2022	Quarter 3 2021	Jan-Sep 2022	Jan-Sep 2021	Full-year 2021
Net sales	2, 3	2,519	2,247	7,293	6,614	9,070
Cost of goods sold		-1,496	-1,215	-4,183	-3,534	-4,861
<b>Gross profit</b>		<b>1,023</b>	<b>1,033</b>	<b>3,110</b>	<b>3,080</b>	<b>4,209</b>
Selling expenses		-507	-432	-1,455	-1,287	-1,753
Administrative expenses		-336	-297	-982	-897	-1,222
Research and development costs	5	-30	-20	-91	-68	-100
Exceptional items	6	-7	-4	-20	-17	-39
Other operating income and expenses	9	0	0	-26	-5	-9
Income from participations in associated companies		-3	-3	-7	-8	-9
<b>Operating profit (EBIT)</b>	4	<b>140</b>	<b>276</b>	<b>529</b>	<b>798</b>	<b>1,077</b>
Net financial items		-25	-24	-57	-62	-88
<b>Profit after financial items</b>		<b>115</b>	<b>252</b>	<b>472</b>	<b>736</b>	<b>989</b>
Taxes		-29	-63	-118	-184	-247
<b>Net profit for the period</b>		<b>86</b>	<b>189</b>	<b>354</b>	<b>552</b>	<b>742</b>
<b>Attributable to:</b>						
Parent Company shareholders		86	189	354	552	742
Number of shares, thousands		272,370	272,370	272,370	272,370	272,370
Earnings per share, SEK <sup>1)</sup>		0.32	0.69	1.30	2.03	2.72

1) Before and after dilution. For definition, see page 20.

## Consolidated statement of comprehensive income

SEK M	Quarter 3 2022	Quarter 3 2021	Jan-Sep 2022	Jan-Sep 2021	Full-year 2021
<b>Net profit for the period</b>	<b>86</b>	<b>189</b>	<b>354</b>	<b>552</b>	<b>742</b>
<b>Other comprehensive income</b>					
<b>Items that cannot be restated in profit</b>					
Actuarial gains/losses pertaining to defined-benefit pension plans	-38	5	-19	116	205
Tax attributable to items that cannot be restated in profit	10	-1	5	-22	-54
<b>Items that can later be restated in profit</b>					
Translation differences	326	110	933	432	636
Hedges of net investments	-24	-9	-83	-19	-22
Tax attributable to items that can be restated in profit	-18	-4	-35	-14	-21
<b>Other comprehensive income for the period, net after tax</b>	<b>256</b>	<b>100</b>	<b>802</b>	<b>493</b>	<b>745</b>
<b>Total comprehensive income for the period</b>	<b>343</b>	<b>290</b>	<b>1,156</b>	<b>1,045</b>	<b>1,486</b>
<b>Comprehensive income attributable to:</b>					
Parent Company shareholders	343	290	1,156	1,045	1,486

## Consolidated balance sheet

SEK M	Note	Sep 30, 2022	Sep 30, 2021	Dec 31, 2021
<b>Assets</b>				
Intangible assets		7,478	6,983	7,099
Tangible assets		1,782	1,422	1,454
Tangible lease assets		1,143	1,096	1,101
Financial assets	8	756	601	660
Participations in associated companies		143	121	123
Inventories		1,900	1,338	1,369
Accounts receivable		1,655	1,484	1,542
Current financial receivables	8	23	16	25
Other current receivables		703	534	481
Cash and cash equivalents	8	736	667	757
<b>Total assets</b>		<b>16,318</b>	<b>14,263</b>	<b>14,612</b>
<b>Shareholders' equity and liabilities</b>				
Shareholders' equity		7,727	6,443	6,885
Non-current financial liabilities	8	2,704	98	118
Non-current lease liabilities	8	843	825	830
Provisions for pensions, interest-bearing	8	34	39	32
Other provisions		312	222	316
Current financial liabilities	8	2,300	4,497	4,177
Current lease liabilities	8	362	325	328
Accounts payable		733	509	614
Other non-interest-bearing liabilities		1,303	1,305	1,314
<b>Total shareholders' equity and liabilities</b>		<b>16,318</b>	<b>14,263</b>	<b>14,612</b>

## Changes in shareholders' equity for the Group

SEK M	Share capital	Reserves	Retained earnings	Total share- holders' equity <sup>1)</sup>
<b>Opening balance at January 1, 2021</b>	<b>91</b>	<b>172</b>	<b>5,367</b>	<b>5,630</b>
Total comprehensive income for the period	-	593	893	1,486
Dividend	-	-	-232	-232
<b>Closing balance at December 31, 2021</b>	<b>91</b>	<b>766</b>	<b>6,028</b>	<b>6,885</b>
<b>Opening balance at January 1, 2022</b>	<b>91</b>	<b>766</b>	<b>6,028</b>	<b>6,885</b>
Total comprehensive income for the period	-	816	340	1,156
Dividend	-	-	-313	-313
<b>Closing balance at September 30, 2022</b>	<b>91</b>	<b>1,582</b>	<b>6,055</b>	<b>7,727</b>

1) Fully attributable to Parent Company shareholders

## Consolidated cash-flow statement

SEK M	Note	Quarter 3 2022	Quarter 3 2021	Jan-Sep 2022	Jan-Sep 2021	Full-year 2021
<b>Operating activities</b>						
Operating profit (EBIT)		140	276	529	798	1,077
Add-back of amortization, depreciation and write-down	4	274	243	792	716	956
Other non-cash items		1	-25	17	-1	-2
Expensed exceptional items <sup>1)</sup>		7	4	18	17	38
Paid exceptional items		-9	-5	-24	-25	-38
Financial items		0	-23	-33	-67	-89
Taxes paid		-30	-26	-204	-104	-132
<b>Cash flow before changes to working capital</b>		<b>383</b>	<b>445</b>	<b>1,095</b>	<b>1,334</b>	<b>1,810</b>
<b>Changes in working capital</b>						
Inventories		-104	-54	-357	-232	-232
Current receivables		-78	-59	-115	110	135
Current liabilities		79	58	-160	-118	21
<b>Cash flow from operations</b>		<b>280</b>	<b>390</b>	<b>464</b>	<b>1,095</b>	<b>1,734</b>
<b>Investing activities</b>						
Acquired operations	9	-	0	-	-19	-19
Acquired financial assets		-	-	-21	-	-
Net investments		-204	-156	-622	-477	-675
<b>Cash flow from investing activities</b>		<b>-204</b>	<b>-156</b>	<b>-643</b>	<b>-496</b>	<b>-695</b>
<b>Financing activities</b>						
Raising of loans		6,141	2,671	17,742	7,610	9,942
Repayment of interest-bearing liabilities		-6,947	-2,802	-17,234	-8,143	-10,808
Repayment of lease liabilities		-97	-84	-280	-248	-330
Change in pension assets/liabilities		-7	0	-6	0	3
Change in interest-bearing receivables		-8	3	-7	26	27
Dividend		-	-	-313	-232	-232
Realized derivatives attributable to financing activities		66	0	171	75	121
<b>Cash flow from financing activities</b>		<b>-851</b>	<b>-210</b>	<b>74</b>	<b>-912</b>	<b>-1,277</b>
<b>Cash flow for the period</b>		<b>-775</b>	<b>23</b>	<b>-105</b>	<b>-313</b>	<b>-237</b>
Cash and cash equivalents at the beginning of the period		1,475	634	757	972	972
Translation differences		35	9	84	8	22
<b>Cash and cash equivalents at the end of the period</b>		<b>736</b>	<b>667</b>	<b>736</b>	<b>667</b>	<b>757</b>

1) Excluding write-down of non-current assets

## Note 1 Accounting policies

The Group's interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the applicable rules of the 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 Note 1 Accounting policies in the 2021 Annual Report, published on [www.arjo.com](http://www.arjo.com).

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, 2022 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.

## Note 2 Net sales by type of revenue

SEK M	Quarter 3 2022	Quarter 3 2021	Jan-Sep 2022	Jan-Sep 2021	Full-year 2021
Product sales	1,470	1,257	4,242	3,759	5,209
Service incl. spare parts	445	377	1,267	1,101	1,504
Rental	604	613	1,783	1,753	2,357
<b>Total</b>	<b>2,519</b>	<b>2,247</b>	<b>7,293</b>	<b>6,614</b>	<b>9,070</b>

## Note 3 Segment reporting

SEK M	Quarter 3 2022				Quarter 3 2021			
	Global Sales	North America	Other <sup>1)</sup>	Arjo Group	Global Sales	North America	Other <sup>1)</sup>	Arjo Group
Net sales, external	1,445	986	88	2,519	1,273	890	84	2,247
<b>Operating profit/loss</b>	<b>189</b>	<b>208</b>	<b>-256</b>	<b>140</b>	<b>216</b>	<b>301</b>	<b>-240</b>	<b>276</b>
Net financial items				-25				-24
<b>Profit after financial items</b>				<b>115</b>				<b>252</b>
Taxes				-29				-63
<b>Net profit for the period</b>				<b>86</b>				<b>189</b>

1) Group functions and Other incl. eliminations

SEK M	Jan-Sep 2022				Jan-Sep 2021				Full-year 2021			
	Global Sales	North America	Other <sup>1)</sup>	Arjo Group	Global Sales	North America	Other <sup>1)</sup>	Arjo Group	Global Sales	North America	Other <sup>1)</sup>	Arjo Group
Net sales, external	4,182	2,841	270	7,293	3,793	2,565	256	6,614	5,211	3,510	350	9,070
<b>Operating profit/loss</b>	<b>615</b>	<b>682</b>	<b>-768</b>	<b>529</b>	<b>678</b>	<b>855</b>	<b>-735</b>	<b>798</b>	<b>941</b>	<b>1,149</b>	<b>-1,012</b>	<b>1,077</b>
Net financial items				-57				-62				-88
<b>Profit after financial items</b>				<b>472</b>				<b>736</b>				<b>989</b>
Taxes				-118				-184				-247
<b>Net profit for the period</b>				<b>354</b>				<b>552</b>				<b>742</b>

1) Group functions and Other incl. eliminations

Arjo monitors the operations following the segments Global Sales and North America. 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. Arjo's diagnostics

operations are included in other items that are recognized together with 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 2021 Annual Report. Assets and liabilities are not divided by segment since no such amounts are regularly reported to the chief operating decision maker.



## Note 4 Depreciation/amortization and write-down

SEK M	Quarter 3 2022	Quarter 3 2021	Jan-Sep 2022	Jan-Sep 2021	Full-year 2021
Intangible assets	-70	-69	-207	-207	-274
<i>Of which, attributable to acquisitions</i>	-22	-22	-64	-66	-87
Tangible assets	-109	-92	-310	-266	-355
Tangible lease assets	-94	-83	-274	-243	-327
<b>Total</b>	<b>-274</b>	<b>-243</b>	<b>-792</b>	<b>-716</b>	<b>-956</b>
<i>Of which, write-down</i>	-	-	-	-	-

SEK M	Quarter 3 2022	Quarter 3 2021	Jan-Sep 2022	Jan-Sep 2021	Full-year 2021
Cost of goods sold	-177	-154	-507	-448	-597
Selling expenses	-38	-37	-111	-110	-145
Administrative expenses	-57	-51	-167	-154	-208
Research and development costs	-2	-2	-5	-5	-6
<b>Total</b>	<b>-274</b>	<b>-243</b>	<b>-792</b>	<b>-716</b>	<b>-956</b>
<i>Of which, write-down</i>	-	-	-	-	-

## Note 5 Capitalized development costs

SEK M	Quarter 3 2022	Quarter 3 2021	Jan-Sep 2022	Jan-Sep 2021	Full-year 2021
Research and development costs, gross	-57	-48	-179	-155	-220
Capitalized development costs	28	28	89	87	120
<b>Research and development costs, net</b>	<b>-30</b>	<b>-20</b>	<b>-91</b>	<b>-68</b>	<b>-100</b>

## Note 6 Exceptional items

SEK M	Quarter 3 2022	Quarter 3 2021	Jan-Sep 2022	Jan-Sep 2021	Full-year 2021
Acquisition expenses	0	-	-1	0	-1
Damage claims and disputes	-5	-	-10	-	-
Restructuring costs	-2	-4	-3	-17	-38
Other <sup>1)</sup>	0	-	-5	-	-
<b>Total</b>	<b>-7</b>	<b>-4</b>	<b>-20</b>	<b>-17</b>	<b>-39</b>

1) Pertains to support to Ukraine.

## Note 7 Financial assets and liabilities measured at fair value through profit or loss

SEK M	Sep 30, 2022	Sep 30, 2021	Dec 31, 2021
Other current receivables	32	19	26
Other financial assets	124	115	117
<b>Total assets</b>	<b>156</b>	<b>134</b>	<b>142</b>
Other non-interest-bearing liabilities	17	17	16
Additional purchase consideration	46	71	73
<b>Total liabilities</b>	<b>63</b>	<b>88</b>	<b>89</b>

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. The Group has a liability for additional purchase considerations related to acquisitions, which is at level 3 of the fair value hierarchy.

## Note 8 Consolidated interest-bearing net debt

SEK M	Sep 30, 2022	Sep 30, 2021	Dec 31, 2021
Non-current financial liabilities	2,704	28	45
Non-current lease liabilities	843	825	830
Current financial liabilities	2,254	4,497	4,177
Current lease liabilities	362	325	328
Provisions for pensions	34	39	32
<b>Interest-bearing liabilities</b>	<b>6,198</b>	<b>5,713</b>	<b>5,412</b>
Less financial receivables	-95	-57	-76
Less pension assets	-229	-152	-238
Less cash and cash equivalents	-736	-667	-757
<b>Interest-bearing net debt</b>	<b>5,138</b>	<b>4,837</b>	<b>4,341</b>

## Note 9 Acquisitions and divestments

### Acquisitions in 2021

#### Acquisition of PAC Rentals

In the second quarter of 2021, Arjo acquired the South African company PAC Rentals, which offers rentals of specialized and therapeutic mattresses. The purchase price amounted to SEK 19 M. The acquisition took place as a transfer of assets and liabilities and has been integrated into Arjo's existing operations in South Africa. The acquired operations generate sales of approximately SEK 10 M annually.

## Note 10 Key figures for the Group

SEK M	Quarter 3 2022	Quarter 3 2021	Jan-Sep 2022	Jan-Sep 2021	Full-year 2021
<b>Sales measures</b>					
Net sales	2,519	2,247	7,293	6,614	9,070
Net sales growth, %	12.1%	4.8%	10.3%	-1.0%	-0.1%
Organic growth in sales, %	0.3%	5.1%	0.6%	4.4%	3.5%
<b>Expense measures</b>					
Selling expenses as a % of net sales	20.1%	19.2%	20.0%	19.5%	19.3%
Administrative expenses as a % of net sales	13.3%	13.2%	13.5%	13.6%	13.5%
Research and development costs gross as a % of net sales	2.3%	2.1%	2.5%	2.3%	2.4%
<b>Earnings measures</b>					
Operating profit (EBIT)	140	276	529	798	1,077
Adjusted operating profit (EBIT) <sup>2)</sup>	147	280	549	815	1,116
EBITA	211	345	736	1,005	1,351
Adjusted EBITA <sup>2)</sup>	217	349	756	1,022	1,390
EBITDA	414	519	1,321	1,514	2,033
EBITDA growth, %	-20.3%	15.8%	-12.7%	13.7%	10.6%
Adjusted EBITDA <sup>2)</sup>	420	524	1,340	1,531	2,072
Earnings per share, SEK	0.32	0.69	1.30	2.03	2.72
<b>Margin measures</b>					
Gross margin, %	40.6%	46.0%	42.6%	46.6%	46.4%
Operating margin, %	5.6%	12.3%	7.3%	12.1%	11.9%
Adjusted operating margin, % <sup>2)</sup>	5.8%	12.5%	7.5%	12.3%	12.3%
EBITA margin, %	8.4%	15.3%	10.1%	15.2%	14.9%
Adjusted EBITA margin, % <sup>2)</sup>	8.6%	15.5%	10.4%	15.5%	15.3%
EBITDA margin, %	16.4%	23.1%	18.1%	22.9%	22.4%
Adjusted EBITDA margin, % <sup>2)</sup>	16.7%	23.3%	18.4%	23.2%	22.8%
<b>Cash flow and return measures</b>					
Return on shareholders' equity, % <sup>1)</sup>			7.7%	11.9%	11.9%
Cash conversion, %	67.7%	75.0%	35.1%	72.3%	85.3%
Operating capital			12,397	11,517	11,236
Return on operating capital, % <sup>1)</sup>			6.9%	9.6%	9.9%
<b>Capital structure</b>					
Interest-bearing net debt			5,138	4,837	4,341
Interest-coverage ratio, multiple <sup>1)</sup>			9.0x	11.7x	12.8x
Net debt/equity ratio, multiple			0.7x	0.8x	0.6x
Net debt / adjusted EBITDA, multiple <sup>1, 2)</sup>			2.7x	2.5x	2.3x
Equity/assets ratio, %			47.4%	45.2%	47.1%
Equity per share, SEK			28.4	23.7	25.3
<b>Other</b>					
No. of shares			272,369,573	272,369,573	272,369,573
Number of employees, average			6,687	6,283	6,350

1) Rolling 12 months.

2) Before exceptional items. See Alternative performance measures on page 17 and definitions on page 20.

## 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.

Adjusted EBIT/EBITA/EBITDA SEK M	Quarter 3 2022	Quarter 3 2021	Jan-Sep 2022	Jan-Sep 2021	Full-year 2021
Operating profit (EBIT)	140	276	529	798	1,077
Add-back of amortization and write-down of intangible assets	70	69	207	207	274
<b>EBITA</b>	<b>211</b>	<b>345</b>	<b>736</b>	<b>1,005</b>	<b>1,351</b>
Add-back of depreciation and impairment of tangible assets	203	175	584	509	682
<b>EBITDA</b>	<b>414</b>	<b>519</b>	<b>1,321</b>	<b>1,514</b>	<b>2,033</b>
Exceptional items <sup>1)</sup>	7	4	20	17	39
<b>Adjusted operating profit (EBIT)</b>	<b>147</b>	<b>280</b>	<b>549</b>	<b>815</b>	<b>1,116</b>
<b>Adjusted EBITA</b>	<b>217</b>	<b>349</b>	<b>756</b>	<b>1,022</b>	<b>1,390</b>
<b>Adjusted EBITDA</b>	<b>420</b>	<b>524</b>	<b>1,340</b>	<b>1,531</b>	<b>2,072</b>

1) Refer to Note 6 Exceptional items on page 14.

Cash conversion	Quarter 3 2022	Quarter 3 2021	Jan-Sep 2022	Jan-Sep 2021	Full-year 2021
<b>Cash flow from operations, SEK M</b>	<b>280</b>	<b>390</b>	<b>464</b>	<b>1,095</b>	<b>1,734</b>
Operating profit (EBIT), SEK M	140	276	529	798	1,077
Add-back of amortization, depreciation and write-down of intangible and tangible assets, SEK M	274	243	792	716	956
<b>EBITDA, SEK M</b>	<b>414</b>	<b>519</b>	<b>1,321</b>	<b>1,514</b>	<b>2,033</b>
<b>Cash conversion, %</b>	<b>67.7%</b>	<b>75.0%</b>	<b>35.1%</b>	<b>72.3%</b>	<b>85.3%</b>

Net debt/equity ratio	Sep 30, 2022	Sep 30, 2021	Dec 31, 2021
Interest-bearing net debt, SEK M	5,138	4,837	4,341
Shareholders' equity, SEK M	7,727	6,443	6,885
<b>Net debt/equity ratio, multiple</b>	<b>0.7x</b>	<b>0.8x</b>	<b>0.6x</b>

Calculation of return on operating capital	Jan-Sep 2022	Jan-Sep 2021	Full-year 2021
Total assets opening balance, SEK M	14,263	14,288	13,858
Total assets closing balance, SEK M	16,318	14,263	14,612
<b>Average total assets, SEK M</b>	<b>15,290</b>	<b>14,275</b>	<b>14,235</b>
Average total assets, SEK M	15,290	14,275	14,235
Excluding average cash and cash equivalents, SEK M	-701	-770	-865
Excluding average other provisions, SEK M	-267	-240	-274
Excluding average other non-interest-bearing liabilities, SEK M	-1,925	-1,749	-1,860
<b>Average operating capital, SEK M</b>	<b>12,397</b>	<b>11,517</b>	<b>11,236</b>
Operating profit (EBIT), SEK M <sup>1)</sup>	809	1,063	1,077
Add-back of exceptional items, SEK M <sup>1)</sup>	41	40	39
EBIT after add-back of exceptional items, SEK M	850	1,103	1,116
<b>Return on operating capital, %</b>	<b>6.9%</b>	<b>9.6%</b>	<b>9.9%</b>

1) Rolling 12 months.

## Note 11 Financial data per quarter

SEK M	Quarter 1 2021	Quarter 2 2021	Quarter 3 2021	Quarter 4 2021	Quarter 1 2022	Quarter 2 2022	Quarter 3 2022
Net sales	2,168	2,199	2,247	2,456	2,370	2,404	2,519
Cost of goods sold	-1,154	-1,166	-1,215	-1,327	-1,315	-1,372	-1,496
<b>Gross profit</b>	<b>1,014</b>	<b>1,033</b>	<b>1,033</b>	<b>1,129</b>	<b>1,055</b>	<b>1,032</b>	<b>1,023</b>
Operating expenses	-750	-752	-749	-823	-807	-849	-872
Exceptional items	-8	-5	-4	-21	-6	-7	-7
Other operating income, operating expenses and income from participations in associated companies	-4	-6	-3	-5	-11	-19	-3
<b>Operating profit (EBIT)</b>	<b>252</b>	<b>270</b>	<b>276</b>	<b>280</b>	<b>231</b>	<b>158</b>	<b>140</b>
Net financial items	-21	-17	-24	-26	-13	-20	-25
<b>Profit after financial items</b>	<b>231</b>	<b>253</b>	<b>252</b>	<b>254</b>	<b>218</b>	<b>139</b>	<b>115</b>
Taxes	-58	-63	-63	-63	-55	-35	-29
<b>Net profit for the period</b>	<b>173</b>	<b>189</b>	<b>189</b>	<b>190</b>	<b>164</b>	<b>104</b>	<b>86</b>
Adjusted EBITDA <sup>1)</sup>	495	513	524	541	490	430	420
Adjusted EBITDA margin, % <sup>1)</sup>	22.8%	23.3%	23.3%	22.0%	20.7%	17.9%	16.7%

1) EBITDA before exceptional items. Refer to Note 6 Exceptional items on page 14, Alternative performance measures on page 17 and definitions on page 20.

## Note 12 Transactions with related parties

SEK M	Quarter 3 2022	Quarter 3 2021	Jan-Sep 2022	Jan-Sep 2021	Full-year 2021
Sales	9	6	19	22	31
Purchases of goods	-2	-1	-4	-1	-4
Accounts receivable			2	4	4
Other current receivables			-	2	-
Accounts payable			1	0	0

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.



# Parent Company financial statements

## Parent Company income statement

SEK M	Quarter 3 2022	Quarter 3 2021	Jan-Sep 2022	Jan-Sep 2021	Full-year 2021
Administrative expenses	-45	-41	-144	-128	-175
Other operating income and expenses	0	0	0	0	150
<b>Operating loss (EBIT)</b>	<b>-45</b>	<b>-41</b>	<b>-144</b>	<b>-128</b>	<b>-25</b>
Income from participations in Group companies	54	55	81	136	88
Net financial items <sup>1)</sup>	-8	-18	-34	-57	-74
<b>Profit/loss after financial items</b>	<b>1</b>	<b>-4</b>	<b>-98</b>	<b>-49</b>	<b>-11</b>
Taxes	10	11	34	34	-1
<b>Net profit/loss for the period</b>	<b>11</b>	<b>7</b>	<b>-64</b>	<b>-14</b>	<b>-13</b>

1) 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	Sep 30, 2022	Sep 30, 2021	Dec 31, 2021
<b>Assets</b>			
Intangible assets	343	341	355
Tangible assets	1	0	0
Financial assets	5,960	5,978	5,909
Current financial receivables, Group companies	-	2,401	2,128
Other current receivables, Group companies	20	4	27
Current receivables	24	22	17
<b>Total assets</b>	<b>6,348</b>	<b>8,746</b>	<b>8,436</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	3,851	4,227	4,228
Provisions	2	1	1
Current financial liabilities	2,243	4,490	4,165
Current financial liabilities, Group companies	211	-	-
Other current liabilities, Group companies	10	9	11
Other non-interest-bearing liabilities	31	19	31
<b>Total shareholders' equity and liabilities</b>	<b>6,348</b>	<b>8,746</b>	<b>8,436</b>

At the end of the period, the carrying amount of shares and participations in subsidiaries amounted to SEK 5,832 M (5,862). No change occurred during the period. 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 2,253 M (4,495). Intangible assets comprise software.

# Definitions

## Financial terms

### Operating capital

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

### 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.

### Cash conversion

Cash flow from operations in relation to EBITDA.

### EBIT

Operating profit.

### Adjusted EBIT/Operating profit

Operating profit with add-back of exceptional items.

### EBITA

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

### Adjusted EBITA

EBITA with add-back of exceptional items.

### EBITA margin

EBITA in relation to net sales.

### Adjusted EBITA margin

Adjusted EBITA in relation to net sales.

### EBITDA

Operating profit before amortization, depreciation and write-down.

### Adjusted EBITDA

EBITDA with add-back of exceptional items.

### EBITDA margin

EBITDA in relation to net sales.

### Adjusted EBITDA margin

Adjusted EBITDA in relation to net sales.

### Exceptional items

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

### Net debt/equity ratio

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

### Net debt/adjusted EBITDA, multiple

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

### Organic change

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

### 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 354 M
Number of shares, thousands .....	272,370
Earnings per share .....	SEK 1.30

### 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.

### Operating expenses

Selling expenses, administrative expenses and research and development costs.

### Operating margin

Operating profit in relation to net sales.

### Equity/assets ratio

Shareholders' equity in relation to total assets.

## Medical and other terms

### Deep vein thrombosis (DVT)

Formation of a blood clot in a deep leg vein.

### Ergonomics

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

### 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.

### 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.

### 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.

### 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.

### Prevention

Preventive activity/treatment.

### 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).

### SEM scanner (sub epidermal moisture)

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

### Pressure injuries

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

### VTE

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

### Edema

Swelling due to accumulation of fluid in tissues.

## Presentation of the interim report

A presentation of the interim report will take place in connection with Arjo's Capital Markets Day that will be held on October 28 at EpiCenter in Stockholm starting at 8:30 a.m. CEST. The event will be live streamed.

Watch the event via the following link:

<https://live.twebcast.com/participant/arjocmd>

Alternatively, use the following link to download the presentation:

<https://www.arjo.com/int/about-us/investors/reports--presentations/2022/>

A recording of the event and the presentations and will be available on Arjo's website after the end of the event:

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

## Financial information

Updated information on, for example, the Arjo share and corporate governance is available on Arjo's website [www.arjo.com](http://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](http://www.arjo.com).

The following financial statements will be published in 2022/2023:



October 28, 2022:	Capital Markets Day 2022
January 25, 2023	Year-End Report 2022
April 20, 2023	Interim report January-March
April 20, 2023	2023 Annual General Meeting
March 2023	2022 Annual Report

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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 October 28, 2022 at 07:00 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 approximately 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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