

A woman with dark hair in a ponytail, wearing a white lab coat over a blue shirt, is shown in profile, looking towards the right. The background is a blurred outdoor setting with greenery and a building.

arjo

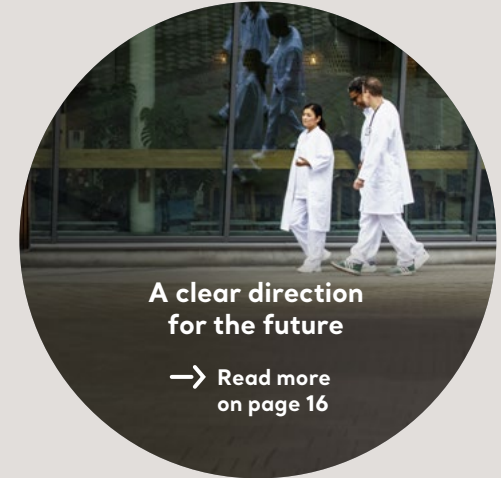
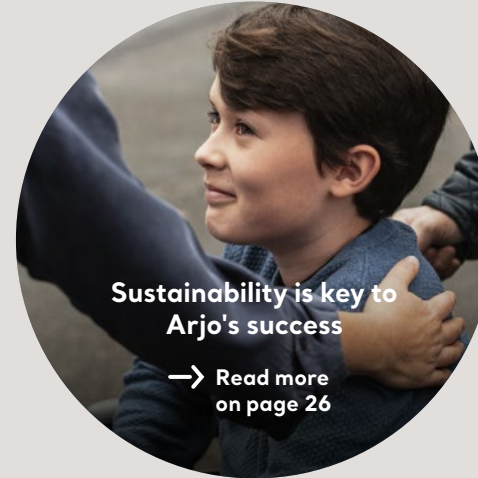
EMPOWERING MOVEMENT

We help shape the future of healthcare

ARJO 2023 ANNUAL AND SUSTAINABILITY REPORT



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1. For a detailed table of contents for the Group, see page 48.

DIRECTORS' REPORT

Arjo's Annual Report is published in Swedish and English. The Swedish version is the original. The Annual Report and consolidated financial statements for the 2023 fiscal year, as reviewed and audited by the auditors, can be found on pages 2–7, 11–15, 26–61, 65–136 and 152–153. The Directors' Report is presented on pages 2–7, 11–15, 26–61, 65–68, 110–136 and 152–153.

OTHER EXTERNAL AUDIT

The auditor has submitted an opinion regarding the statutory sustainability report in accordance with RevR 12. The sustainability report is presented on pages 26–43 and 110–136. The auditor examined the corporate governance statement, pages 49–61 and 65–67 in accordance with FAR's auditing standard RevR 16. The auditor's examination of the corporate governance statement.



Sustainable healthcare – the core of our business

Contributing to more sustainable healthcare is the core of Arjo's business model. We have seen how increased patient mobility can quickly improve both clinical and financial outcomes. As leading specialists in the field, our role is to make more highquality care available to more people. Together with our customers and partners, we are part of shaping the future of healthcare.

About Arjo

1957

founded in Eslöv
by Arne Johansson

>100

countries in which
products and
solutions are sold

>6,500

employees
globally

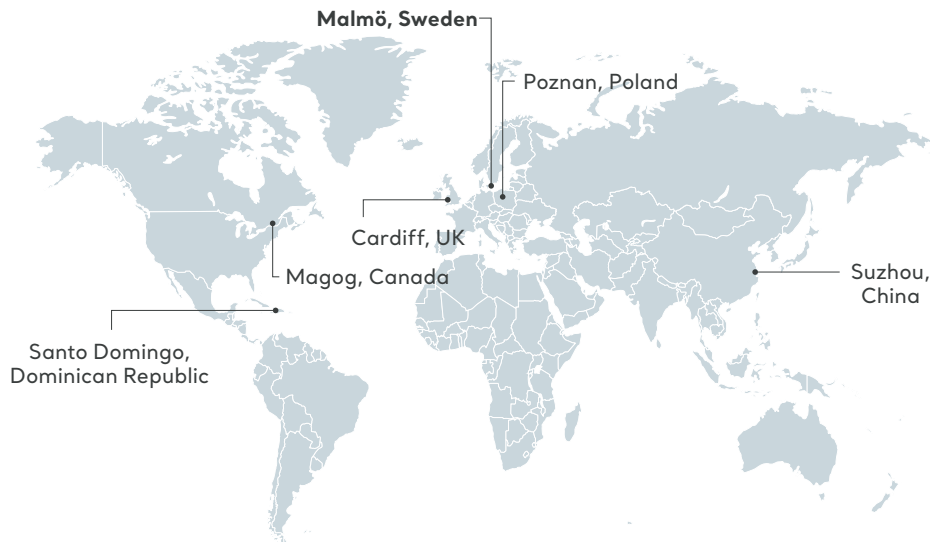
-11%



greenhouse gas emissions
from own operations
since base year 2021

A GLOBAL COMPANY

Arjo has five product development and production units worldwide. The head office, including a central R&D function, is located in Malmö, Sweden. The group conducts sales to customers in over 100 countries of which the largest markets are US, UK, France, Canada and Germany.



OUR VISION

**To be the most trusted partner
in driving healthier outcomes for
people facing mobility challenges**

KEY PERFORMANCE MEASURES

	2023	2022 ¹⁾
Net sales, SEK M	10,980	9,979
Organic growth in sales, %	4.7	-0.2
EBITDA, SEK M	1,946	1,679
EBITDA growth, %	15.9	-14.0
Adjusted EBITDA, SEK M ²⁾	2,017	1,752
Adjusted EBITDA margin, % ²⁾	18.4	17.6
Operating profit (EBIT), SEK M	884	693
Cash conversion, %	105.9	49.2
Net debt/adjusted EBITDA ^{2,3)}	2.3x	2.7x
Equity/assets ratio, %	49.1	46.5
Net profit for the period, SEK M	480	449
Earnings per share, SEK ⁴⁾	1.76	1.65
Number of shares, thousands	272,370	272,370
Dividend per share, SEK ⁵⁾	0.90	0.85

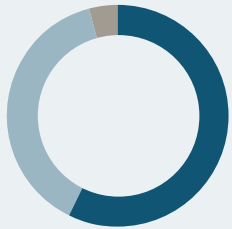
1. Comparative figures for 2022 have been restated, see Note 30 Restatement of calculations of intra-Group gains.
2. Before exceptional items.
3. Rolling 12 months.
4. Before and after dilution.
5. Dividend proposed by the Board of Directors.

NET SALES

11 billion

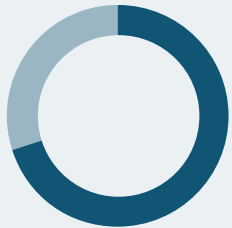
SEK

SALES



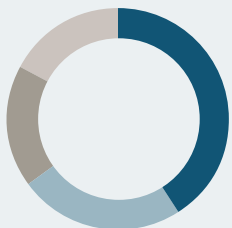
BY SEGMENT

- Global Sales, 58%
- North America, 38%
- Other, 4%



BY CUSTOMER CATEGORY

- Acute care, 69%
- Long-term care, 31%



BY TYPE OF SERVICE

- Capital goods, 42%
- Rental, 24%
- Service, 19%
- Consumables, 15%

Better and more sustainable healthcare

The global healthcare system is facing significant challenges with a growing and aging population, more lifestyle-related complications and a higher number of people living with a combination of different health conditions. At the same time, staff shortages, an uncertain economic situation and a greater focus on the climate and environmental impact of healthcare are putting health and medical care under increasing pressure.

Arjo contributes to better and more sustainable healthcare that can meet the challenges of both today and tomorrow. This is achieved through the company's products and solutions that, on a daily basis, increase safety and the

quality of life for patients, improve the work environment for healthcare professionals, add more resource-efficient work processes and reduce healthcare-related costs.

In addition, Arjo is committed to reducing its climate and environmental impact while offering circular solutions that help customers achieve their sustainability targets.

Arjo thereby contributes to better and more sustainable healthcare by creating value for patients, healthcare professionals, healthcare providers, shareholders and society as a whole.

Environment and climate

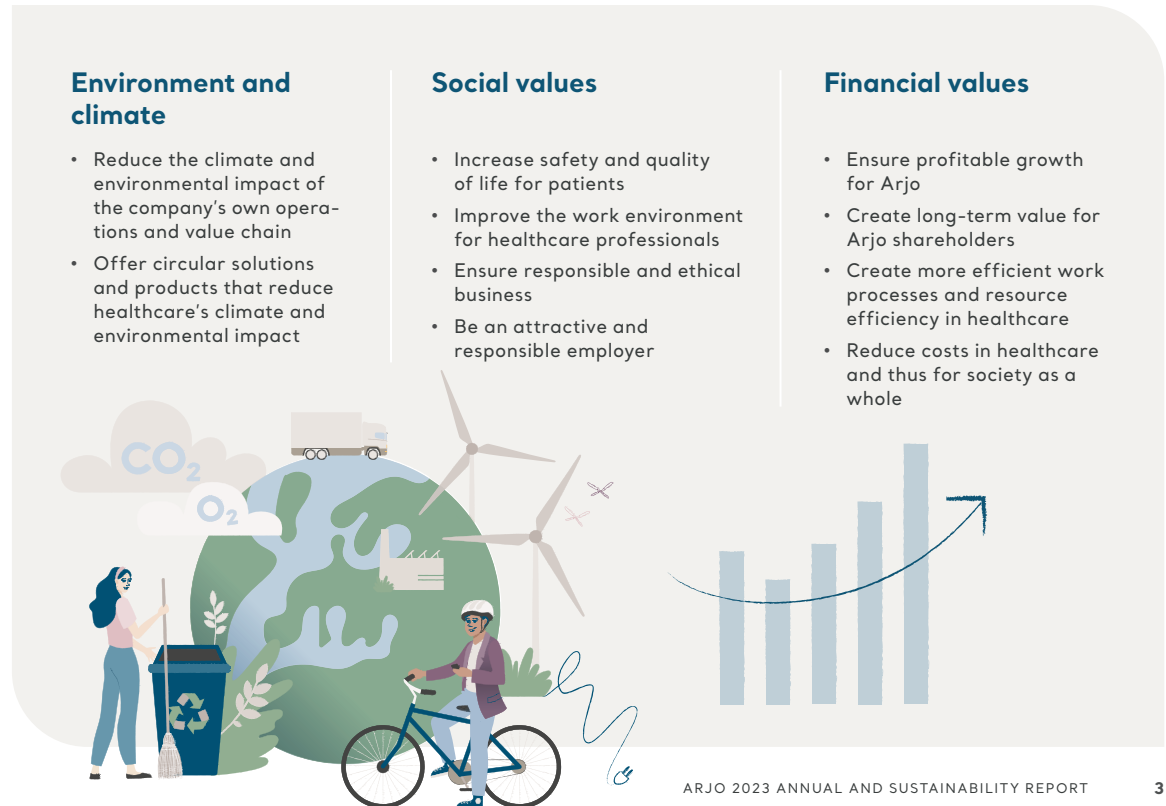
- Reduce the climate and environmental impact of the company's own operations and value chain
- Offer circular solutions and products that reduce healthcare's climate and environmental impact

Social values

- Increase safety and quality of life for patients
- Improve the work environment for healthcare professionals
- Ensure responsible and ethical business
- Be an attractive and responsible employer

Financial values

- Ensure profitable growth for Arjo
- Create long-term value for Arjo shareholders
- Create more efficient work processes and resource efficiency in healthcare
- Reduce costs in healthcare and thus for society as a whole





Experts in improving mobility in care settings

MOVE Coach
Certified by Arjo

ARJO'S OFFERING

As leading specialists in the field, Arjo helps healthcare providers to create the conditions to retain and improve patient mobility aided by the right care setting, equipment and work methods throughout the care process.

Empowering movement among patients is the key to many positive effects, such as quicker recovery, preventing complications and enabling greater independence and quality of life. The right solutions for improving patient mobility also reduce the risk of work-related injuries among caregivers and increase resource efficiency for healthcare.

Safe, high-quality products are Arjo's hallmark and the foundation of the Group's product development is an in-depth understanding of healthcare's challenges and needs. With the

help of customer-oriented research and development processes, Arjo develops products and solutions that contribute to safe and efficient healthcare. To ensure a high level of safety and user-friendliness, customers are involved all the way during development process and are also participating in the direct work during, for example, the validation process. By doing so, details are identified that truly make a difference.

In 2023, Arjo's research and development costs amounted to SEK 297 M (244), corresponding to 2.7 percent (2.4) of net sales.

Individualized care

Every patient is different and therefore needs varied solutions to provide the right support in all care situations throughout the day. By dividing patient archetypes into five groups based on level of physical mobility and independence, Arjo's Mobility Gallery® helps healthcare providers to assess the needs of their facility and provide the right care to the right patient. Variations of the Mobility Gallery have been developed for several different care settings, such as elderly care, acute care, bariatric care and care for people with special needs.

The patients in Arjo's Mobility Gallery



Albert



Barbara



Carl



Doris



Emma



Customer-adapted offering

Arjo Insight is an evidence-based analysis tool that helps healthcare providers to promote patient mobility, creates a safe work environment for healthcare professionals and increases the efficiency of work flows. The tool is used, following the mapping of a care facility, to provide a recommendation on which equipment is needed to live up to applicable standards and reduce the risk of, for example, work-related injuries or a reduction in the healthcare quality. Arjo also offers annual follow-ups, providing customers with up-to-date documentation to ensure that the equipment continues to meet the needs of the care unit in the best way possible.

~80%
increase in Arjo Insight analyses with customers in the fourth quarter of 2023 alone

ARJO'S OFFERING

Arjo's outcome-based program

Arjo's MOVE® programs, which are based on Arjo's Mobility Gallery® and international guidelines, begin with a detailed assessment of the care facility's equipment needs, followed by process analysis and design. As a care facility partner, Arjo conducts training and implements new work processes to drive a culture of change, and to measure and evaluate results against agreed and guaranteed targets.

This is Arjo MOVE®

- 1 Together with the customer, every care unit's unique requirements are mapped.
- 2 Arjo develops customized solutions that, besides the equipment itself, also safeguard the care skills and work processes.
- 3 Working together with the customer, Arjo changes care practices and measures and monitors key performance indicators.
- 4 The program guarantees improved clinical and financial outcomes leading to increased resource efficiency for healthcare.



→ Image from Arjo's MOVE program at Benevit's nursing home. Read more about the collaboration on page 25

ARJO'S OFFERING

Product offering

Arjo offers a broad range of products designed to raise the quality of care, increase patient safety, improve the work environment for healthcare professionals and promote mobility, safety and dignity in all care situations.

Patient handling
A broad range of patient handling solutions, such as ceiling lifts, standing and raising aids and slings, for safe, comfortable and dignified repositioning.

Pressure injury prevention
Solutions for preventing and treating pressure injuries, such as therapeutic surfaces and equipment for early identification of pressure injury risk.

Leg ulcer treatment and prevention
A system of pump and thigh garments for effective treatment of venous and arteriovenous leg ulcers.

Medical beds
A wide range of medical beds that offer enhanced ergonomics, comfort and safety.

VTE prevention
Compression therapy pumps and garments for efficient prevention of blood clots/deep vein thrombosis (VTE/DVT) and treating edema.

Hygiene
Bathing and showering systems for safe and efficient hygiene routines as well as a calming experience for patients.

Diagnostics
Patient and fetus monitors, as well as ultrasound equipment and doppler equipment for obstetric and cardiac diagnostics.

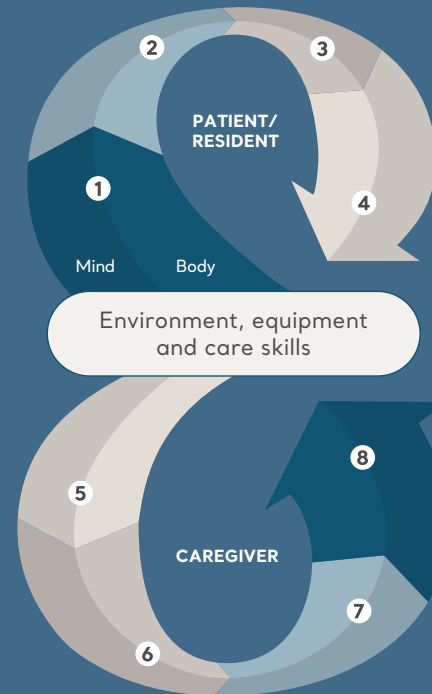
Disinfection
Flusher- and washer disinfectors and related consumables for cleaning and disinfection.

Service
Service for capital goods as well as services and solutions including consultation during purchase and education.

Rental
Arjo's rental solutions ensure that customers have access to the right equipment at the right time and offer a flexible solution to meet changing care needs.

Arjo Positive Eight® – our philosophy in practice

Arjo's fundamental philosophy is about leveraging and amplifying the positive effects that the right care setting, equipment and work methods can have throughout the care process. It all starts by stimulating or retaining patients' mobility.

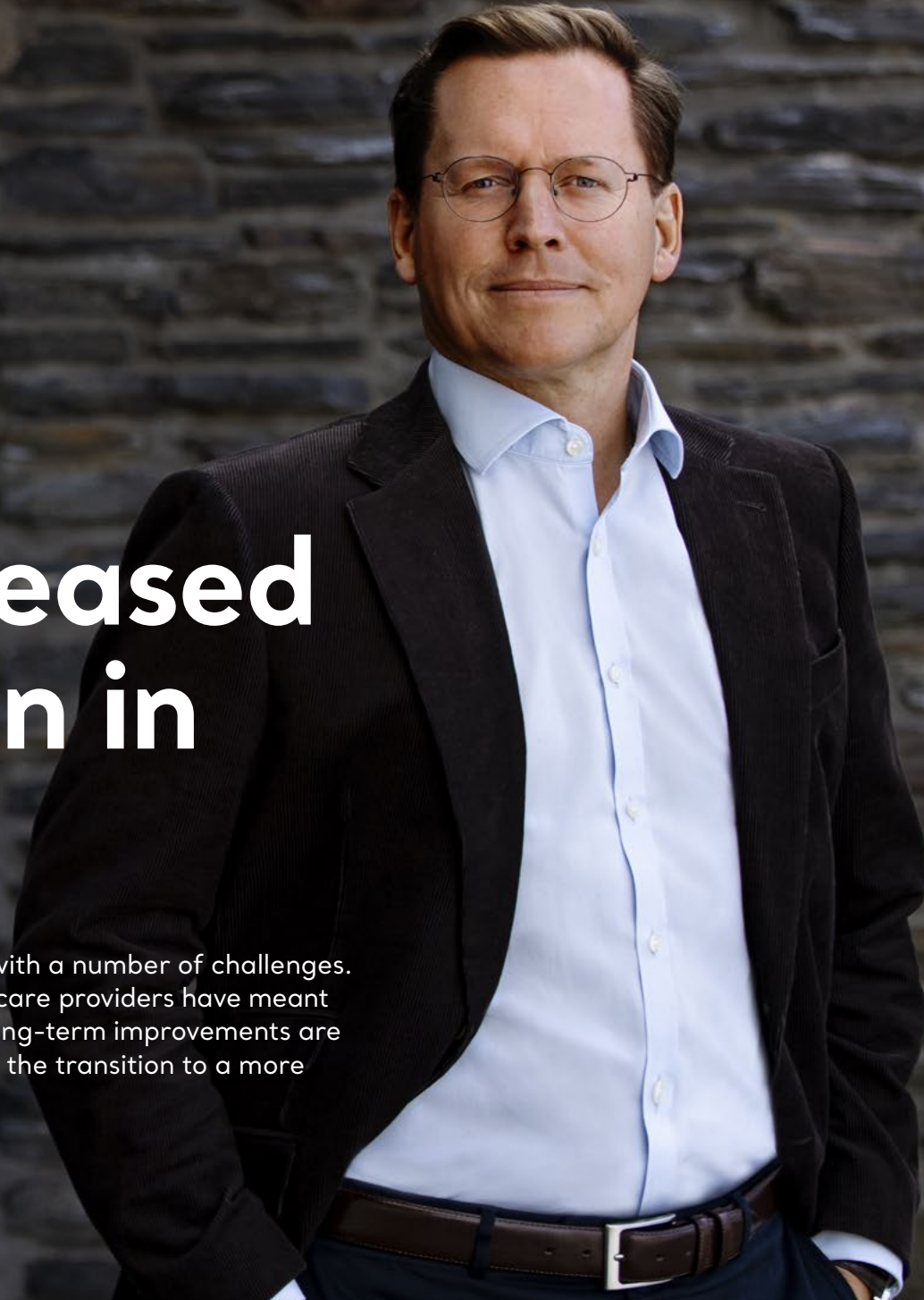


1. Improved mobility
2. Improved vital functions
3. Reduced consequences of immobility
4. Improved quality of life
5. Reduced need for support
6. Reduced injuries and improved efficiency
7. Reduced sick leave and staff turnover
8. Improved care and financial outcomes



Towards increased value creation in healthcare

In the past few years, global healthcare has been faced with a number of challenges. Staff shortages and an uncertain economic situation for care providers have meant that we need to support healthcare here and now, while long-term improvements are more important than ever. Arjo plays an important role in the transition to a more sustainable situation in healthcare.



CEO'S COMMENTS

Healthy demand and stable growth

2023 was largely characterized by stabilization and recovery following a turbulent 2022. Demand for our products and solutions was healthy in most markets, with a particularly favorable trend in service and rental. In Global Sales, we saw a continued positive trend in several major markets including France and Australia. In North America, Canada continued to perform strongly, with double-digit growth during the year. In the US, healthcare providers have been faced with significant challenges since the pandemic concerning staff shortages and an uncertain economic situation – factors that have held back investments in capital goods and outcome-based solutions. However, we saw signs of a gradual recovery in the second half of the year in this, for us, important market – something that is expected to continue moving forward.

Toward long-term improved profitability

We are continuing efforts to gradually improve the Group's profitability, with service and rental being important drivers in both the short and medium term. With many healthcare providers under financial pressure, the rental operations provides our customers with increased flexibility in terms of both finances and access to the right equipment. Service operations trended well during the year, both in terms of sales and profitability. Service remains an important part of our business and I am convinced that the potential in this area will remain high in the years to come.

Supply chains globally continued to stabilize during the year, and the Group's production efficiency is now at pre-pandemic levels. At the same time, we are seeing clear direct and indirect effects from high inflation. To compensate for inflation-related cost pressure, we continued to carry out necessary price adjustments, which takes time given that the industry is largely made up of long-term contracts. However, these measures have had the desired effect and will continue to be a high priority moving forward.

During the year, the organization worked efficiently with working capital, in particular with optimizing inventory levels built up in 2022 due to turbulence in global supply chains. The focused efforts on working capital contributed to the operating cash flow exceeding SEK 2 billion for the full-year and cash conversion was well above our target.

High interest rates led to us having significantly higher financial expenses in 2023. We continue to work actively to reduce our net debt over time, which combined with market rates that are expected to fall, means that we expect lower financial expenses going forward.

Our role as a mobility outcome partner to healthcare

The number of people over the age of 80 is expected to triple between 2020 and 2050. With a growing and aging population, the world is faced with a growing need for healthcare and the pressure on the system to deliver more care using fewer resources is greater than ever before. High healthcare costs mean that patients who need care over a long period of time, particularly the elderly or those with multiple health conditions, are increasingly being transferred to long-term care, where the cost per patient and per day is considerably lower. We have a strong offering for safe, dignified and efficient care for both the acute and long-term care sectors, and I am convinced that a key factor for success will be in a more outcome-based approach within healthcare.

The pressure on the healthcare sector means that the implementation of outcome-based programs, which involve new work methods and procedures, has so far been slower than we would have liked. Despite this, we have taken several important steps in the right direction during the year. In the US, we adapted the organization to effectively meet our customers' needs here and now, while further strengthening our clinical expertise to support healthcare in long-term improvement efforts. The strength of our strategy is that we can effectively

"The strength of our strategy is that we can effectively meet the current needs of healthcare at the same time as we gear up to apply a more outcome-based approach to healthcare's challenges when the market is ready."

Joacim Lindoff
President & CEO

CEO'S COMMENTS

meet the current needs of healthcare at the same time as we gear up to apply a more outcome-based approach to healthcare's challenges when the market is ready. In addition to the US, focused strategy implementation is also underway in several other countries, and overall, the strategy efforts are now progressing well after a couple of years of delays due to the pandemic.

For more sustainable healthcare

We already play an important role in society through the positive values that our products and solutions create in healthcare. At the same time, we are determined to contribute to a more sustainable future and our Sustainability Framework permeates all parts of the organization. An important aspect is to reduce our climate impact, and during the beginning of 2024 our climate targets were approved by the Science Based Target initiative - a significant milestone in our sustainability work.

We also work actively with our suppliers to create a more sustainable supply chain. As part of this, new suppliers will undergo in-depth screening from 2024 based on aspects such as fair labor, environment and climate and human rights.

To further strengthen internal governance and monitoring, we have also chosen to integrate sustainability targets into the incentive program for a larger number of senior managers within the Group. Our sustainability efforts are crucial to Arjo's success, and together we will work to contribute to a more sustainable healthcare system.

Favorable outlook

We enter 2024 with stronger positions. In 2023, we successfully navigated challenges while focusing our efforts on strengthening our operations in the long term. The underlying business is continuing to perform strongly and will be supported by a number of new product launches over the next few years.

Arjo is well positioned to meet the current needs of healthcare while taking a leading role in shaping the future of healthcare together with our customers. Together with a strong and motivated organization, I am looking forward to accelerate the roll-out of our strategy and continue to build a profitable and sustainable Arjo for the long term.

Joacim Lindoff
President & CEO



Growth and profitability drivers in the years ahead:

- Higher sales of outcome-based solutions
- Higher sales of service and rental
- Continued price adjustments to compensate for higher cost pressure
- Launch of new products
- Continued focus on acquisitions and partnerships

Group performance 2023

Arjo's targets serve as a tool for governing the long-term development of the company and generating value for all stakeholders.

In 2023, net sales increased organically by 4.7 percent to SEK 10,980 M. Adjusted EBITDA increased to SEK 2,017 M and the adjusted EBITDA margin amounted to 18.4 percent. Cash flow from operations amounted to SEK 2,061 M and cash conversion was 105.9 percent, which is above the Group's target of 80 percent. At year-end, net debt/adjusted EBITDA had declined to 2.3 (2.7).

Financial targets and results

	TARGET		OUTCOME 2023	
Sales growth	3–5%	Average annual organic sales growth of 3–5 percent.	4.7%	Organic net sales increased during the year, driven by healthy demand in rental and service and a positive development in the majority of the Group's major markets.
Adjusted EBITDA margin	~23%	Adjusted EBITDA margin of approximately 23 percent from full-year 2023.	18.4%	The adjusted EBITDA margin was strengthened by an improved gross margin, but the improvement was held back by inflation-related cost pressure.
Cash conversion	>80%	Annual cash conversion of more than 80 percent.	105.9%	The Group's successful efforts with working capital, including reduced inventory levels, contributed to strong cash conversion.
Dividend	30–60%	The Group's dividend is to correspond to 30–60 percent of net profit after tax.	51%	Arjo's Board of Directors and CEO propose a dividend for 2023 of SEK 0.90 per share, which is in line with the Group's target.

Selected sustainability targets and outcomes

	TARGET		OUTCOME 2023	
Greenhouse gas emissions	-50%	Halve greenhouse gas emissions by 2030, with 2021 as the base year.	-11%	Arjo has reduced its emissions by a total of 11 percent since the base year of 2021. The main contributing factors are lower emissions from the fleet of vehicles and the transition to renewable energy.
Gender equality	40–60%	The underrepresented gender is not to fall below 40 percent of senior positions.	37%	The total percentage of female managers in senior positions was 37 percent. The Group's management team has an even gender distribution, comprising 50 percent women and 50 percent men.
Circularity	80%	The percentage of waste that can be recycled is to be 80 percent by 2030, with 2021 as the base year.	62%	The percentage of waste that can be recycled was 62 percent, through continued local initiatives worldwide.
Code of Conduct	97%	97 percent of the Group's purchases of direct materials are to be made from suppliers who have signed Arjo's Code of Conduct for suppliers and other business partners.	91%	The percentage of purchases of direct materials from suppliers who have signed the Code of Conduct was 91 percent.

Arjo's segments

Business performance is measured and followed up on based on the two segments of Global Sales and North America. Only a small share of the cost of Arjo's central Group functions is allocated to the segments. The remaining costs are attributable to Group costs.

Global Sales

Arjo's Global Sales segment comprises all markets outside North America and includes Europe, Asia, South America, Africa and Pacific.

Market development in 2023

Global Sales posted stable growth during the year with consistently healthy demand in service and the rental operations. In markets outside Western Europe, sales of capital goods also increased.

The sales trend was solid in many of the major markets, such as Australia and France. In Western Europe, challenges such as staff shortages and an uncertain financial situation for healthcare providers have to some extent led to a greater focus on solving short-term challenges, resulting in somewhat held back investments in patient handling equipment and pressure injury prevention during the year. In other markets, the trend was generally favorable during the year.

Strategy efforts in 2023 continued in the UK and Germany, some organizational changes were made to enable a gradual increase of outcome-based sales. Strategy implementation was also initiated in the Netherlands, Belgium and Australia.

Focus and priorities for 2024

In 2024, the focus remains on driving profitable growth. The implementation of the strategy is already underway in several countries while other markets are being prepared.

North America

Arjo's North America segment comprises the US and Canada.

Market development in 2023

After a weaker 2022, North America returned to growth in 2023. The Group achieved double-digit growth in Canada, which is Arjo's fourth largest market. Canada also remains one of Arjo's most profitable markets, with a favorable split between acute and long-term care sales.

The US continued to be characterized by challenging market conditions during the year, with widespread healthcare staff shortages and an uncertain financial situation for healthcare providers. In turn, this meant that customers' focus increasingly centered on solving short-term challenges, which led to investments in long-term improvements largely being set aside. Customer investments in capital goods and outcome-based programs were also held back during the year as a result.

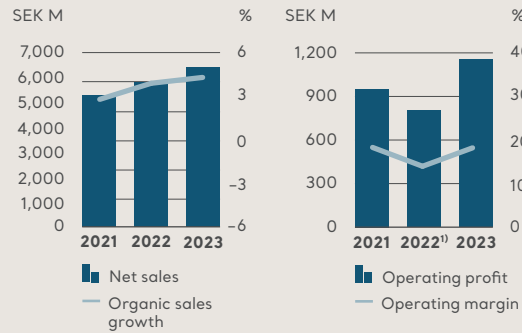
At the beginning of the year, an extensive reorganization of the sales and service operations in the US was carried out to accelerate the transformation toward a higher share of outcome-based sales as the market increasingly normalizes.

Focus and priorities for 2024

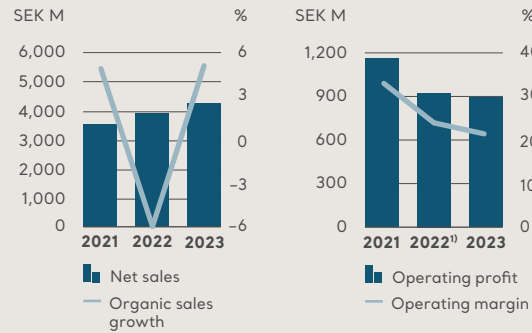
Focus for the year will be on increasing the share of outcome-based sales in the US, while the Group continues to further enhance the profitable operations in Canada.

ARJO'S SEGMENTS

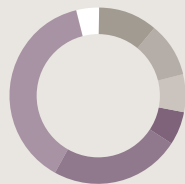
GLOBAL SALES 2023



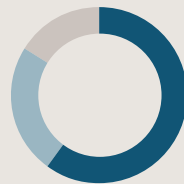
NORTH AMERICA 2023



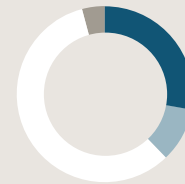
- Capital goods 52%
- Rental 26%
- Service 22%



- France 11%
- United Kingdom 10%
- Germany 7%
- Australia 6%
- Remaining Global Sales 24%
- North America 38%
- Other 4%



- Capital goods 60%
- Rental 24%
- Service 16%



- USA 28%
- Canada 10%
- Global sales 58%
- Other 4%

1. Comparative figures for 2022 have been restated, see Note 30 Restatement of calculations of intra-Group gains.



"In 2023, we laid the foundation for continued profitable growth in many markets. The strategy implementation continues and is creating new business opportunities for us in both the short- and long term."

Christian Stentoft
President Global Sales & Service

Key events 2023



Arjo's sustainability efforts are advancing

In 2023, efforts continued to achieve the company's sustainability targets. In line with Arjo's sustainability agenda, the incentive programs for managers reporting directly to the Arjo Management Team have expanded with targets for reducing greenhouse gas emissions.

Arjo works continuously to reduce its exposure to sustainability risks throughout the value chain. During the year, the company conducted a program to develop internal processes and policies on various sustainability topics. These efforts resulted in a clear improvement in Arjo's ESG risk rating from the analyst firm Sustainalytics.

→ Read more on pages 28–29

Arjo contributes to development within the pressure injury prevention area

Early detection and effective prevention are crucial in pressure injury prevention. With comprehensive expertise in the area, Arjo takes an active role in bringing insight that can generate new progress and knowledge.

During the year, Arjo actively participated at two of the primary conferences in the field, one in Europe and one in the US, where several hundred nurses, physicians, physiotherapists, occupational therapists and scientists were able to access Arjo's presentations and ideas generating a positive response.



>60%

of all long-term care residents are affected by dementia



New dementia-friendly bed for long-term care residents

In the autumn, Arjo launched the Evenda bed, which can be adapted to the individual needs and challenges of patients and healthcare providers. The bed is designed for people living with dementia, which is a condition estimated to affect more than 60 percent of long-term care residents.

Thanks to its innovative design, Evenda has been awarded the best possible accreditation rating by the Dementia Services Development Centre (DSDC) at the University of Stirling in Scotland.

The launch further strengthens Arjo's offering in the important long-term care segment.

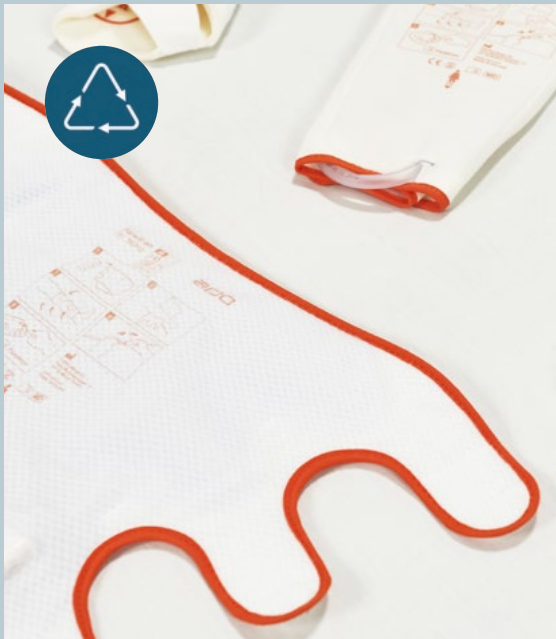
→ Read more about Arjo's offering on page 4-7

Comprehensive rental tender

During the year, Arjo won the tender for a comprehensive rental tender from UGAP in France. Arjo is the incumbent tender provider – a position held by the company over the last ten years. The renewed tender comprises over 900 customers, representing a total value of approximately EUR 25 M per year over five years, starting in 2024.

In addition to being a strong driving force for Arjo's rental operations in France, it is also expected to provide opportunities for further sales of pressure injury prevention solutions.

→ Read more about Arjo's offering on page 4-7



Expansion of ReNu – a circular business model for reusing consumables

The reuse of medical consumables is becoming increasingly common in healthcare and Arjo opened a new ReNu facility in Australia during the year. US company ReNu, which Arjo acquired in 2018, enables the reuse of single-use medical devices such as garments for the treatment of deep vein thrombosis.

In 2023, about 3.4 million medical consumables were processed by ReNu, of which about 1 million were garments. A life cycle assessment was completed during the year that demonstrated that the ReNu process for reprocessing of garments reduces climate impact by 54–64 percent compared with single use.

→ Read more about Arjo's work with ReNu on page 36

MDR and UKCA certification

In December 2023, Arjo received its Medical Device Regulation (MDR) and United Kingdom Conformity Assessed (UKCA) certificates for the EU and the UK respectively. This is well within the set deadline and is in line with Arjo's promise to provide safe and high-quality products in all aspects.

These certificates replace the current Medical Device Directive (MDD) and ensure that Arjo's products can continue to be sold to European and UK customers with a valid CE or UKCA mark.



"Offering safe and high quality products permeates everything we do and has a clear connection to both customer value and business performance. The new certification proves our strong position in the area and provides us with a head start in the markets in which the certification is a requirement."

Katarzyna Bobrow

EVP Quality & Regulatory Compliance

Continued progress for Provizio® SEM scanner

During the year, the implementation of the SEM scanner continued with favorable results and positive feedback from customers. In several of the major hospitals in the US where the scanner was implemented, the number of pressure injuries was reduced by as much as 77–100 percent. Substantial progress was also made for further strengthening the implementation moving forward. Among other things, the Provizio® SEM Scanner has received continued endorsements by the U.S. Food and Drug Administration (FDA).





A clear direction for the future

Over the years, Arjo has built up extensive expertise and developed market-leading solutions that contribute to increased safety and quality of life for patients, improved work environment for care staff and better resource efficiency for care providers. With global healthcare under pressure, Arjo is well-positioned to contribute to long-term sustainable care together with our customers.

Increased care needs

A growing and aging population and more people living with lifestyle-related illnesses has resulted in the rising care needs globally. Faced with limited resources, the healthcare industry must become more efficient.

→ [Read more on page 17](#)

Improved mobility for healthier outcomes

Hospital-acquired conditions are often caused by insufficient patient mobility, and thus can be prevented. This creates room for providing higher quality care to more people with better resource efficiency.

→ [Read more on page 18](#)

A strategy for increased value creation

Arjo offers extensive knowledge and market-leading solutions to improve patient mobility in healthcare, and is well-positioned to help solve some of healthcare's biggest challenges.

→ [Read more on page 20](#)

Growing care needs

Higher value creation

The importance of mobility

GROWING CARE NEEDS

The world is facing rapidly increasing care needs

Several global trends are causing a sharp increase in care needs. Demographic changes such as a growing and aging population, more lifestyle-related complications and a higher number of people living with dementia are putting the healthcare industry under an increasing pressure.

Global trends impacting Arjo

A growing and aging population

According to the World Health Organization (WHO), one in six people in the world will be 60 years old or older by 2030, and the number of people over the age of 80 is expected to triple between 2020 and 2050. The world is facing major challenges in ensuring that the health and medical care services can handle this demographic shift.

Increasing transition to long-term care

Since acute care costs more than long-term care, it is becoming more common for patients who require care over a longer period to be moved to long-term care facilities or home care.

More patients with multiple illnesses

As more people live longer, they are more often affected by a combination of illnesses and health problems, requiring an increasing amount of care resources.

Higher rate of obesity

Despite medical progress, obesity is a growing problem that requires caregivers to be able to provide safe and dignified care for those affected.

Shortage of healthcare professionals

Healthcare systems are experiencing rising staff shortages, mainly due to an aging workforce and the profession's decreasing attractiveness.

More digital solutions

Healthcare is making greater use of digital tools and platforms, leading to changing prerequisites and behaviors.

Greater focus on sustainability

Higher expectations are being placed on healthcare, suppliers and partners to actively contribute to sustainable development so that the world can meet established sustainability targets.



According to the WHO, the number of people over the age of 80 is expected to triple between 2020 and 2050.

See Source 1 on page 151

 THE IMPORTANCE OF MOBILITY

Improved mobility in healthcare – a benefit to society as a whole

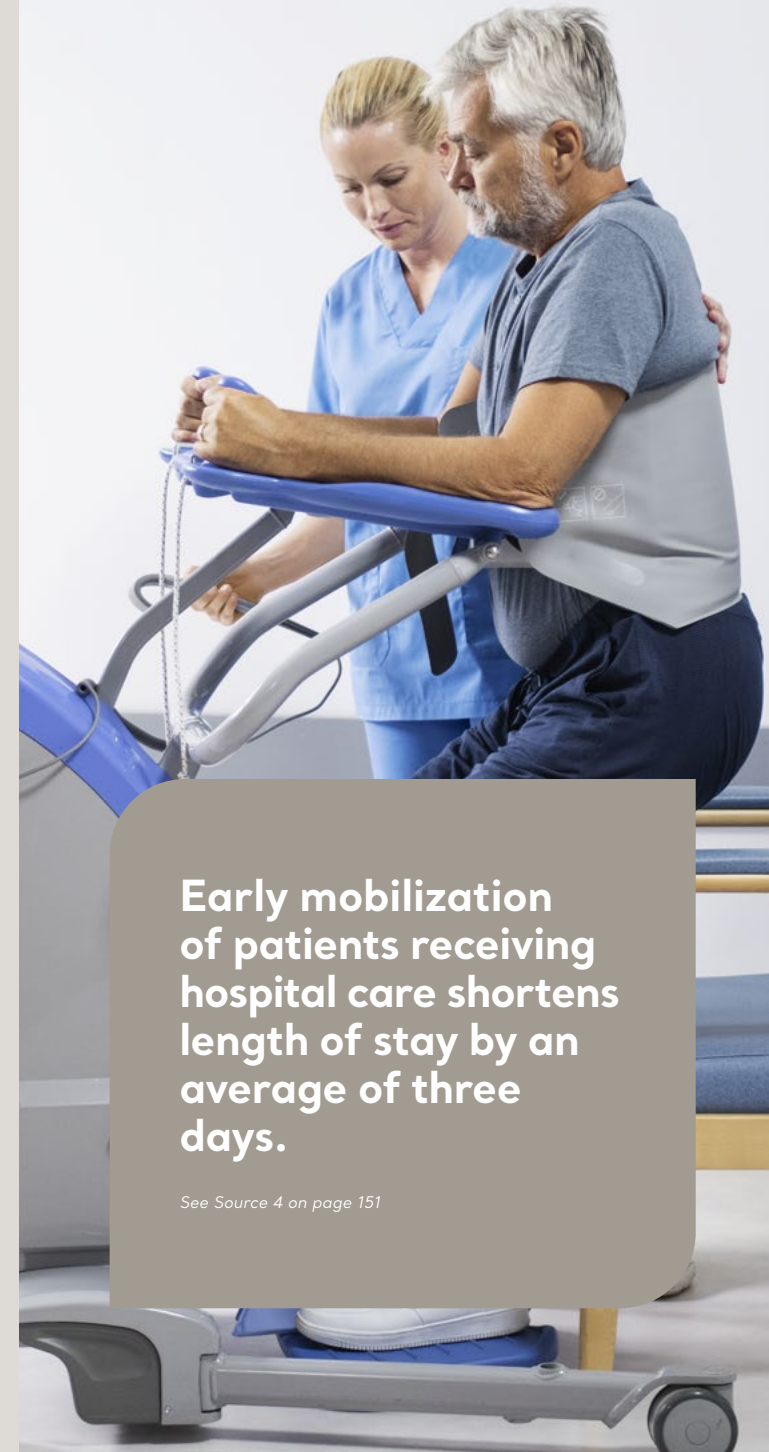
Arjo's solutions create opportunities for improved patient mobility throughout the care process, which helps to prevent complications, shorten the length of stay, and minimize the number of work-related injuries among caregivers. This benefits the patient, increases the attractiveness of care professions, and contributes to improved resource efficiency and a more sustainable situation in the healthcare sector.

Patients with reduced mobility are at risk for a wide range of complications leading to a greater and longer need for care. With the right equipment and knowledge, a patient's mobility can be better maintained or improved and complications and injuries can be prevented. This benefits the patient while saving resources for the healthcare sector. Stimulating or maintaining patient mobility is a key factor, and with Arjo's Positive Eight philosophy, we are leveraging and amplifying the positive effects that the right care setting, equipment and work methods can have throughout the care process.

Effects of enhanced patient mobility

- Stimulates blood circulation, the function of heart and lungs, and bone and muscle structures
- Minimizes the risk of hospital-acquired conditions, both physical and mental
- Helps to improve self confidence and independence
- Shortens illness and injury recovery times
- Improves quality of life and well-being

See Source 2 and 3 on page 151



Early mobilization of patients receiving hospital care shortens length of stay by an average of three days.

See Source 4 on page 151

THE IMPORTANCE OF MOBILITY

Prevent venous blood clots

Every year, more than 10 million patients suffer from venous thromboembolism (VTE). This makes it one of the most common preventable causes of healthcare-related deaths. The condition often occurs as a complication of hospitalization and can cause great suffering and, in the worst case, death. With preventive efforts, complications can often be entirely avoided. In this area, Arjo can contribute with products, solutions and clinical expertise.

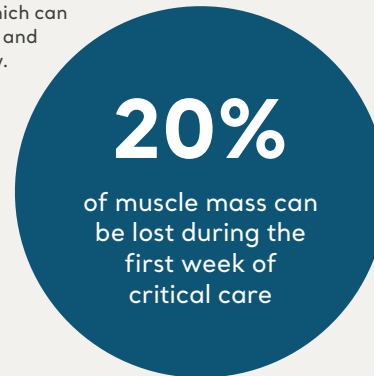
Up to 60 percent of all venous blood clots occur during or immediately after hospitalization.

See Source 5 on page 151

Avoid loss of muscle strength

Reduced mobility in conjunction with critical care accelerates muscular dystrophy, which can lead to a strenuous and prolonged recovery. Arjo's products and solutions are designed to help promote safe and early mobility of patients, in part through utilizing and encouraging the patient's existing mobility.

See Source 6 on page 151

**Improving the quality of care and life**

A growing elderly population with complex medical conditions is putting pressure on the healthcare sector. For elderly care, the high proportion of patients with dementia requires safety and recognition. Arjo's solutions provide caregivers with the possibility of giving customized care, which reduces the risk of complications and improves clinical outcomes. At the same time, staff are empowered to work independently, supporting the opportunity for a more personal encounter with the patient.

Almost 10 million people are affected by dementia every year, corresponding to one new case of dementia every three seconds.

See Source 7 on page 151



"Our broad clinical experiences contribute to increased mobility for patients and a better working environment for care staff"

Over a hundred experienced nurses work within Arjo. With their clinical expertise, they assist customers in finding solutions to improve healthcare, both by enhancing patient mobility and creating a healthier work environment for care staff.

Mary Muir has been with Arjo for 20 years. Part of Arjo's mobility outcome team in the United Kingdom, she is deeply involved in customer collaborations aimed at improved clinical outcomes, workflow efficiencies, and optimized financial resources.

"It is valuable for our customers that we understand their daily challenges. Our own experiences from healthcare also enhance our ability to develop solutions that have positive effects for patients, residents, caregivers, and society at large," she says.



Mary Muir
National Clinical Consulting Manager, Arjo UK

HIGHER VALUE CREATION

A strategy for increased value creation in healthcare

Arjo's strategy has been designed to offer solutions that help healthcare tackle its main overall challenge – offering more people high-quality care with fewer resources.

Arjo's core business today is the sale and rental of equipment with related consumables and services. In 2023, capital goods accounted for about 42 percent of the Group's sales. The remainder was recurring sales such as rental, consumables and service, and the aim is to increase the share of recurring sales moving forward.

Arjo's strategy has been designed to continuously develop the core business while gradually driving a shift towards offering more value-adding, complete outcome-based solutions for the specific needs of customers. The outcome can be measured, for example, in shortened length of stay and reduced complications for the patient, fewer sick leaves among care staff and increased resource efficiency for the care provider.

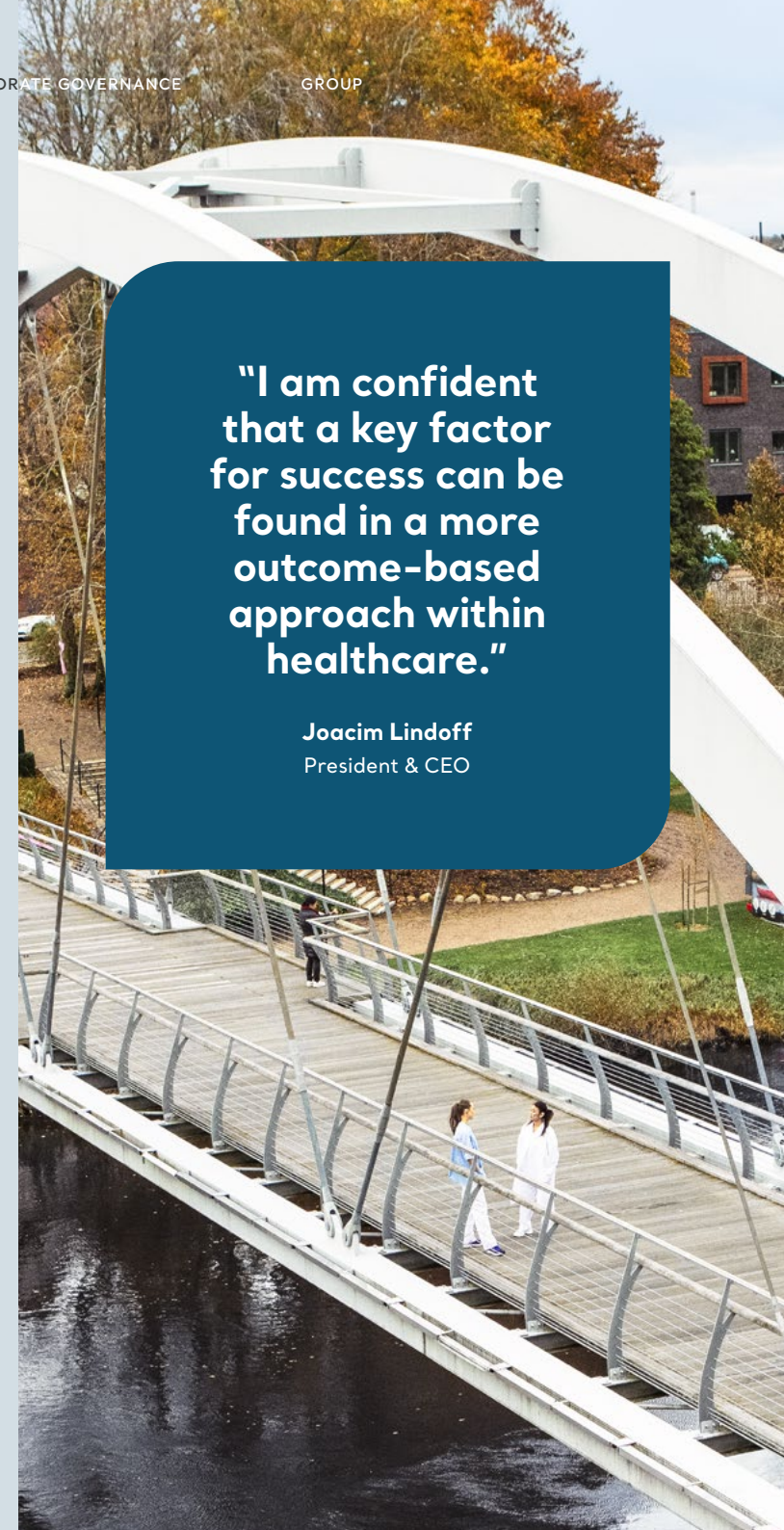
The offering provides Arjo with a unique position as a mobility outcome partner to the healthcare sector, with the opportunity to address a larger and more rapidly growing market than the one served by the Group today.

Insights for value creation

Arjo's role as a mobility outcome partner to healthcare providers is built on the long-term improvement of customer results. With the understanding and knowledge of the daily challenges in healthcare, combined with vast clinical expertise and the evidence-based tool Arjo Insight, Arjo can offer customers insights on what equipment they need to follow guidelines and minimize risks – all based on each healthcare unit's unique situation.

"I am confident that a key factor for success can be found in a more outcome-based approach within healthcare."

Joacim Lindoff
President & CEO



HIGHER VALUE CREATION

Complete solutions with guaranteed results

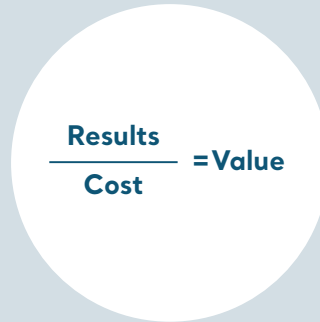
Every product of Arjo's portfolio solve individual problems related to patient mobility in care settings. However, to create more long-term improvements, Arjo also offers outcome-based programs and solutions where clinical expertise and equipment work together optimally - with focus on promoting mobility.

In a MOVE program, Arjo collaborates with the customer to evaluate how the right equipment and changes in work processes can optimize clinical and financial performance of the unique care facility.

A partnership with Arjo on outcome-based solutions therefore involves sharing risk, whereby Arjo guarantees an agreed result in an outcome-based business model, and the customer can feel confident that the investment generates the desired value.

Today, there are two Arjo MOVE programs, one to prevent the occurrence of pressure injuries and one to prevent work-related injuries among healthcare professionals. Going forward, Arjo sees opportunities to develop new programs in additional areas such as treatment of venous leg ulcers, incontinence and patient falls.

→ Read more about Arjo's MOVE program on page 6



By estimating a healthcare unit's total cost associated with a specific problem, Arjo can show how an outcome-based solution improves clinical and financial results. The return on investment comes in the form of reduced costs, increased resource efficiency, improved quality of care, increased staff satisfaction and reduced patient suffering - values that far exceed the cost of the investment.

The total cost of health care for:

WORK-RELATED INJURIES FOR CAREGIVERS

>SEK 75 billion

per year in the US alone

See Source 8 on page 151

PRESSURE INJURIES

>SEK 500 billion

per year, globally

See Source 9 on page 151

Complete elimination of pressure injuries and significant savings

With the aim of reducing the incidence of pressure injuries by 70 percent, UK-based care provider Highland Home Carers approached Arjo to collaborate after hearing about Arjo's approach and prevention efforts.

The dialogue led to a project involving 28 patients identified as being at high risk of developing pressure injuries. 30 percent of the patients had previously suffered from pressure injuries.

At the evaluation following the project, none of the residents had developed pressure injuries, which also meant significantly fewer visits by the district nurse and no hospitalizations.


"The results emphasize that Arjo's approach to pressure injury prevention is a key factor for patients, residents and caregivers. Considering the cost of treating pressure injuries, the financial benefits of this are also far reaching," says Carolanne Mainland, Director of Operations, Highland Home Carers Ltd.

For every pressure injury avoided, the Scottish health service saves between 1,200 and 14,000 GBP.



Carolanne Mainland

Director of Operations,
Highland Home Carers Ltd

 HIGHER VALUE CREATION

Strategy implementation gaining momentum

Arjo's strategy is based on working together with customers to optimize the care process from a patient, caregiver and resource perspective. Several steps were taken in 2023 to roll out the strategy in some of the Group's key markets.

The global market for Arjo's products and solutions is highly diversified, with significant differences in both structure and maturity of outcome-based approaches to healthcare challenges. Therefore, Arjo's strategy implementation is done gradually and is very much customized to local conditions.

In the US, Arjo has been working for several years with outcome-based programs to reduce work-related injuries among healthcare professionals. The US also represents the market that the Group considers to have the highest degree of maturity for accelerating the outcome-based business. In 2023, a major reorganization of the US sales and service organization was carried out to enable efficient implementation of strategic initiatives and better meet customer needs, thereby strengthening the Group's ability to drive long-term profitable business in this important market.

During 2023, strategy implementation also began in several other major markets such as the UK, Germany, the Netherlands and Australia - which together with the US, account for approximately 60 percent of Arjo's sales.

Innovative agreements paving the way

Germany is one of the countries in which Arjo initiated strategy implementation during the year to gradually increase the share of outcome-based sales.

"The global strategy of providing more and better healthcare with fewer resources is highly relevant regardless of market, but we see that in Germany we need a different approach to achieve this compared to, for example, the US," says Andreas Aerni, Managing Director of Arjo in Germany, Austria and Switzerland.

An example of how the outcome-based business model has been rolled out in Germany is a three-year MOVE program focusing on minimizing work-related injuries among healthcare professionals, which was implemented in autumn 2023 with a well-established customer. The program is combined with a flexible rental agreement and is expected to pave the way for similar partnerships both in Germany and in other markets.

"With Arjo Insight as a starting point, we have reached a MOVE agreement based on cost per patient which, based on the rental model, provides the customer with maximum flexibility. This ensures the right equipment and knowledge - regardless of how a patient's situation and needs change over time," says Andreas Aerni.

"I see this as excellent proof that we can be a trusted partner to healthcare. It is now up to us to explore similar partnerships with more customers."



Andreas Aerni
Managing Director,
Arjo Germany, Austria & Switzerland

HIGHER VALUE CREATION

Arjo's strategic priorities in the coming years are:

Increase efficiency in operations

- Ensuring an agile and strong organization where decisions are made close to the customer
- Optimizing the Group's resources in terms of efficiency and sustainability, such as marketing, transportation, logistics and purchasing
- Capturing additional market shares in established markets and increasing footprint in markets with high growth potential
- Optimizing the product portfolio and strengthening the offering through product development, acquisitions and partnerships

Strengthen the unique position as a mobility outcome partner to healthcare

- Investing in new technologies that support an outcome-based business model
- Offering new outcome-based programs for healthcare's major challenges
- Ensuring an intense customer-focus when actively implementing the strategy
- Ensuring the right expertise, focusing on both clinical and digital competences, among the Group's employees to drive more outcome-based business



Fundamental enablers

Strong core values combined with the right skills, an increased focus on digital solutions and a robust sustainability agenda are the fundamental prerequisites for Arjo to deliver on the company's strategy.

Arjo's Guiding Principles serve as the company's core values and apply to the entire organization. In addition to being a cultural compass, the principles encourage a customer-focused work process where employees work together to improve outcomes in healthcare. In order to gradually increase sales of outcome-based solutions, Arjo is focusing on attracting, retaining and developing the right competences.

Digital tools and platforms, and for some areas, artificial intelligence (AI), currently play an important role in healthcare.

For Arjo, this concerns both optimizing internal operations and creating unique customer value. Efforts to evaluate how AI can increase Group productivity and contribute to increased value for the customer are ongoing.

Sustainability is crucial for Arjo's future. In addition to contributing positively in society by helping the healthcare sector optimize its operations, work is ongoing to cover all aspects of the Group's sustainability framework.

HIGHER VALUE CREATION

Value-adding solutions for delivering our strategy

Effectively prevent pressure injuries

Pressure injuries are a devastating and common complication that often comes from reduced mobility. The painful wounds often lead to longer hospitalization and greater care needs, requiring increased resources for treatment and patient care.

Prevention is less costly than treatment. With Arjo's solutions, pressure injuries can be prevented effectively, reducing patient suffering and lowering healthcare costs.

It is clinically proven that early detection reduces the likelihood of pressure injuries in hospital environments by 90 percent. With the Provizio SEM scanner, which measures sub-epidermal moisture levels, healthcare providers can identify patients with increased risk of developing pressure injuries at an early stage. Compared with a

visual assessment of skin redness, which is the current practice for identifying elevated risk, the scanner also significantly improves equality in healthcare. This since all patients receive an objective assessment, regardless of the skin tone.

Arjo also offers therapeutic mattresses and equipment for transferring, repositioning and early mobilization of bedridden patients.

Outcome-based programs from Arjo enable care facilities to ensure that procedures, work processes and equipment are in line with clinical expertise and current standards, and in doing so, achieve significant improvements in clinical and financial results.

See Source 10 on page 151.



Reduce work-related injuries

50–60 percent of healthcare professionals worldwide have suffered from work-related injuries. This makes it a widespread problem that can be painful and lead to sick leave, ultimately resulting in staff shortages and elevated healthcare costs.

The primary moments of risk are patient transfers and repositioning. Arjo's customizable beds and equipment for patient handling and hygiene are developed with the safety and work environment of healthcare professionals in mind.

When the right equipment is combined with training and efficient work methods, such as in Arjo's MOVE programs, work-related injuries can be drastically reduced, in some cases by as much as 90 percent.

See Source 12 on page 151.

59 percent of work-related injuries among healthcare professionals occur in such incidents as when patients are repositioned, transferred or prevented from falling.

See Source 13 on page 151.

HIGHER VALUE CREATION



*empowered
outcomes
proud*

"Arjo's MOVE program has been indispensable for our staff"

For the 350 employees at Benevit's seven nursing homes in Austria, the Arjo MOVE program has resulted in a range of positive physical and psychological benefits.

"Our significant reduction in long-term sick leave is undoubtedly a result of ergonomic training and an increased use of the right equipment. Following the program, we asked the entire team how they were feeling and the results were very positive. In addition to the reduction of physical burden by 45–50 percent, psychological stress, complaints and sleep deprivation declined by 40–45 percent" says Carmen Helbok-Föger, Managing Director Care and Organizational Development at Benevit.

The improved work environment also makes Benevit a more attractive employer. As patient handling equipment increase the ability to work independently, time is freed up to focus more on the mobility of residents. This has resulted in a considerable reduction of the number of pressure injuries and cases of venous blood clots.

"Intelligently designed products that can be used by one person rather than two are also clearly a very important factor. Selecting a partner is not just a matter of cost but rather the entire picture must be considered. Arjo's focus on the complete care setting, including processes, employees and equipment, is fully in line with our own prioritization of measures that have long-term positive effects," says Thomas Scharwitzl, Head of Finance and Administration at Benevit.



Carmen Helbok-Föger

Managing Director Care &
Organizational Development,
Benevit



Sustainability is key to Arjo's success

SUSTAINABILITY IS KEY TO ARJO'S SUCCESS



"We want to be part of the transition to a more sustainable society and, together with our customers and partners, we can contribute to more sustainable healthcare."

Joacim Lindoff
President & CEO



Sustainability is key to Arjo's success and the company sees opportunities to further strengthen its competitiveness by offering more circular solutions and business models. As a global medtech company, Arjo plays an important role in society. The company's products and solutions contribute daily to increased patient safety, a better work environment for healthcare professionals and more efficient work processes in care environments.

With the Group's Sustainability Framework, Arjo works actively to reduce climate and environmental impact throughout the value chain, to ensure responsible and ethical business operations and to be an attractive and responsible employer.

This chapter describes Arjo's sustainability efforts in brief. For more in-depth descriptions of targets and activities, as well as the initiatives carried out during the year, see the full Sustainability Report starting on page 110.

→ Read more about Arjo's GRI reporting on page 132

2023 Highlights

-11%

greenhouse gas emissions from own operations (scope 1 & 2) since base year 2021

37%

share of female managers in senior positions

91%

share of purchases of direct materials from suppliers who have signed Arjo's Business Partner Code of Conduct

AA

ranking according to Morgan Stanley Capital International (MSCI)

20.5

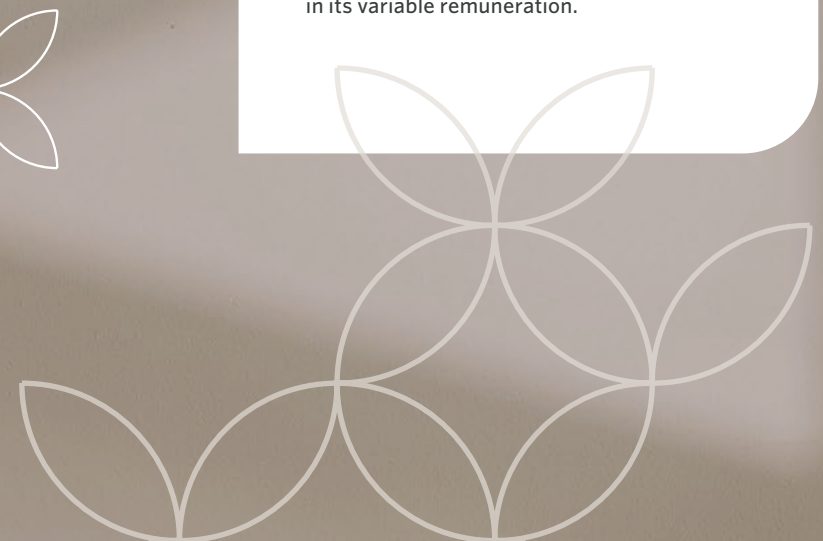
improved ESG risk rating from Sustainalytics, top ten in medical technology sector

3,400,000

single use medical consumables have been reprocessed during the year through Arjo ReNu

Sustainability targets in incentive programs

To strengthen internal governance and monitoring, Arjo decided during the year that incentive programs for managers reporting directly to the the Management Team should include targets for reduced greenhouse gas emissions. Arjo's Group Management Team already has sustainability targets included in its variable remuneration.



Rankings and collaboration



MSCI
ESG RATINGS



ccc | B | BB | BBB | A | AA | AAA

Improved ESG risk rating

In 2023, Arjo received an improved Environmental, Social and Governance (ESG) rating from analyst firm Sustainalytics. This was the result of a significant improvement in the ESG risk rating, meaning that Arjo ranks among the ten best performing companies in terms of listed, ranked medical technology companies.

Arjo works continuously to reduce its exposure to sustainability risks throughout the value chain. In 2023, the company conducted an internal program to develop and communicate its work with sustainability-related risks. Arjo's positions and policies in a number of ESG topics have been developed and are now available in a new ESG index on Arjo's website and in a document containing the company's positions regarding responsible and sustainable business operations.



VALUE CHAIN

Impacts and actions throughout Arjo's value chain

Arjo's sustainability efforts are based on an analysis of the impacts from the company's value chain. The Group works continuously to assess and manage the company's impact throughout the value chain.

To maximize positive impacts and minimize negative impacts, Arjo continuously analyzes how the company's operations impact various sustainability areas in the value chain. These efforts identify opportunities and risks related to sustainability aspects in the areas of environment and climate, social responsibility and corporate governance. The analysis forms the basis of Arjo's Sustainability Framework and is crucial in determining the company's sustainability priorities.

The illustration on the following page demonstrates the degree to which the Group can influence various sustainability aspects in the value chain. Arjo has a high degree of influence on the operations that the company controls, such as its own factories and offices. Impacts deriving from supplier's part of the value chain are outside of Arjo's direct control and therefore require close collaboration with suppliers and other business partners.

→ For a more detailed account of the impact and actions, see page 113

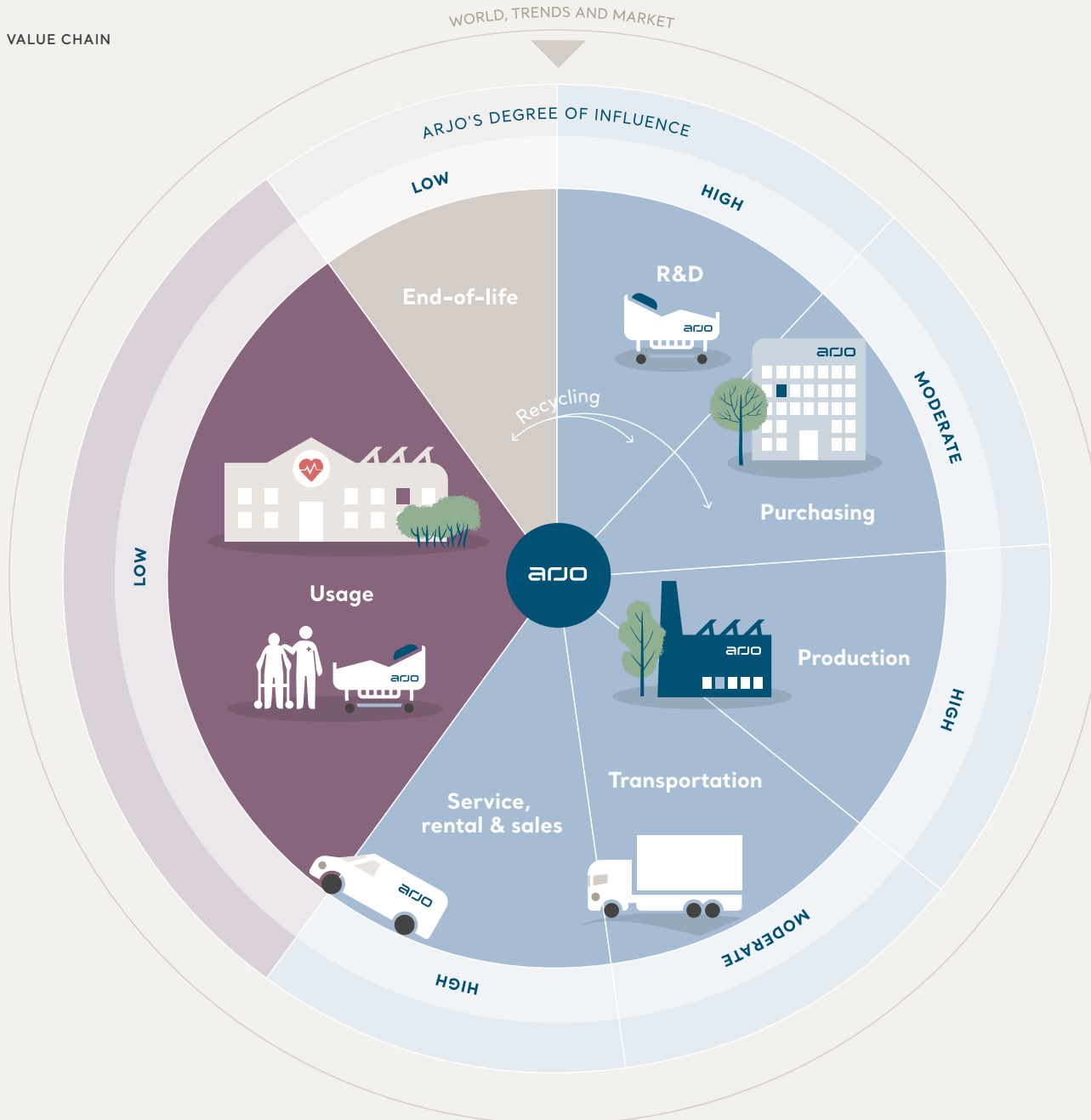


"We are continuously developing our collaboration with suppliers and other partners, which is crucial in transforming to a more sustainable value chain."

Jonas Cederhage
EVP Supply Chain and Product
Development & Operations



VALUE CHAIN



Research and development

Arjo's research and development process has a high degree of influence on various sustainability aspects and the company works continuously to develop existing and new products based on, for example, resource and energy efficiency, circularity and product safety.

Purchasing

With regards to purchasing, Arjo has a moderate degree of influence on various sustainability aspects since the company does not have direct control over the supply chain. Arjo collaborates with suppliers throughout the value chain and has launched a program to transition to a more sustainable supplier base.

Production

The company has a high degree of influence on its own production given that Arjo has full control over the operations. Arjo's efforts focus on the transition to renewable electricity, energy efficiency enhancements, waste reduction efforts and occupational health and safety.

Transportation

Arjo has a moderate degree of influence on transportation since this is carried out by external parties. Arjo works continuously to reduce the impact of transportation through in-depth collaborations with transport providers and continuous development of packaging as well as the transition to low-emission transport options.

Service, rental and sales

Within Arjo's own service, rental and sales operations, the company has a high degree of influence on various aspects of sustainability. These primarily involve increasing the use of renewable electricity in buildings, reducing emissions from company vehicles and focusing on health and safety in the workplace. Arjo ReNu enables the reuse of medical consumables, which reduces the climate impact from healthcare.

Usage

In the usage phase, Arjo has a low degree of influence on various sustainability aspects, but by offering high quality products with long life cycles, its impact can be limited. Arjo works continuously to improve the resource and energy efficiency of its products.

End-of-life

Arjo has a low degree of influence on sustainability aspects in end-of-lifecycle treatment since this is carried out by external parties. Both the preparation of product dismantling instructions and the improvement of possibilities to recycle material from the company's products are currently being evaluated.

MATERIALITY ASSESSMENT

Material topics form a base for priorities

Regular materiality assessments of Arjo's impact and an ongoing dialogue with stakeholders in the value chain ensure that the Group's efforts are targeted to the areas where they have the greatest effect.

The materiality assessment is carried out by Arjo's sustainability function, in close collaboration with other internal functions and in dialogue with the Management Team and Board of Directors. The relevance of various sustainability aspects are assessed and matters that are material for the company's sustainability efforts are identified through interviews and surveys with internal and external stakeholders.

The 2023 assessment found that those topics identified with the latest materiality assessment performed in 2022 were unchanged.

During the first half of 2024, Arjo will conduct a double materiality assessment in accordance with EU's new Corporate Sustainability Reporting Directive (CSRD). This will pave the way for beginning to report on sustainability in accordance with the CSRD.

Arjo's material topics:

- Product quality and safety
- Compliance, ethics and anti-corruption
- Occupational health and safety
- Circularity in product design
- Purchasing/supplier base
- Greenhouse gas emissions and energy efficiency
- Human capital and fair labor conditions

→ For more detailed information on Arjo's material topics, see page 111



"By mapping the needs of our stakeholders and analyzing our impact in the value chain, we can identify our most material topics and ensure that we target our efforts in an efficient manner."

Marion Gullstrand
EVP HR & Sustainability

Arjo Sustainability Framework

Contributing to more sustainable healthcare is at the core of Arjo's business model. To achieve this, a framework has been developed with three focus areas. These focus areas are based on the results of regular materiality assessments and analysis of the company's positive and negative impacts throughout the value chain. The framework forms the foundation of Arjo's sustainability efforts and is based on the three pillars of environment, social responsibility and governance (ESG). The work is driven and developed by the company's own ambitions as well as increased demands from customers and other stakeholders.



A sustainable offering

Arjo works actively to reduce emissions from its own operations and from the value chain. The company's product development is based on the principles of EcoDesign and Arjo strives to reduce resource consumption and offer customers more circular solutions.

→ [Read more on page 34](#)



A responsible company

Arjo's relationships with various stakeholders are based on a high level of business ethics and compliance. The company sets the same high demands for its own operations as for its business partners, with zero tolerance for corruption, fraud and bribery.

→ [Read more on page 37](#)



An attractive employer

Arjo promotes a culture of diversity, equity and inclusion and the continual development of employees. Health and safety in the workplace is of utmost importance to Arjo and the company follows international frameworks and guidelines for human rights and fair labor conditions.

→ [Read more on page 40](#)

Clear governance ensures results

Arjo's sustainability efforts are based on directives, policies and clear governance involving all levels in the company - a systematic work process that enables the implementation of approved activities.

→ [Read more about the governance of Arjo's sustainability efforts on page 110.](#)



A sustainable offering

To reduce the company's climate impact, Arjo strives for sustainable use of energy and resources and to increase the Group's contribution to a circular economy - thereby contributing to long-term sustainable development.

Arjo's material topics:

A sustainable offering

- Circularity in product design
- Greenhouse gas emissions and energy efficiency

The effects of climate change are increasing the pressure on healthcare systems. At the same time, the healthcare sector accounts for approximately 4.4 percent of global greenhouse gas emissions. About 60 percent derives from the supply chain, of which 10 percent comes from medical devices.

Arjo's climate targets

Arjo wants to contribute to the transition to more sustainable healthcare. The Group's target is to reduce greenhouse gas emissions from the company's own operations (scope 1 and 2) by 50 percent by 2030, with 2021 as the base year. To achieve the target, action plans have been developed with sub-targets for the various operations in the Group. Since sustainability efforts permeate the entire organization and are often conducted across internal functions, the work is increasingly carried out through cross-functional programs and teams.

For emissions in the value chain (scope 3), Arjo's target is to reduce emissions for the most material categories by 25 percent

by 2030, with 2021 as the base year. A number of initiatives have been launched to achieve the target in the areas of purchasing, transportation and product development.

During the first quarter of 2024, Arjo's climate goals were approved by Science Based Targets initiative - an important milestone in the group's sustainability work. This means that the climate goals are considered to be in line with the latest climate science and the Paris Agreement.

Climate impact in the value chain

About 9 percent of Arjo's greenhouse gas emissions stem from the company's own operations (scope 1 and 2), mainly from vehicle fuel and heating of the Group's facilities.

The majority of Arjo's greenhouse gas emissions - about 91 percent - originate from the value chain (scope 3). The emissions derive mainly from material production of components for Arjo's products, purchased transportation and from customer use of the Group's products. Metals and plastics are the company's

most prevalent materials and account for a significant share of emissions from material production. In the usage phase, when customers use the company's products the emissions are linked to the products' energy consumption.

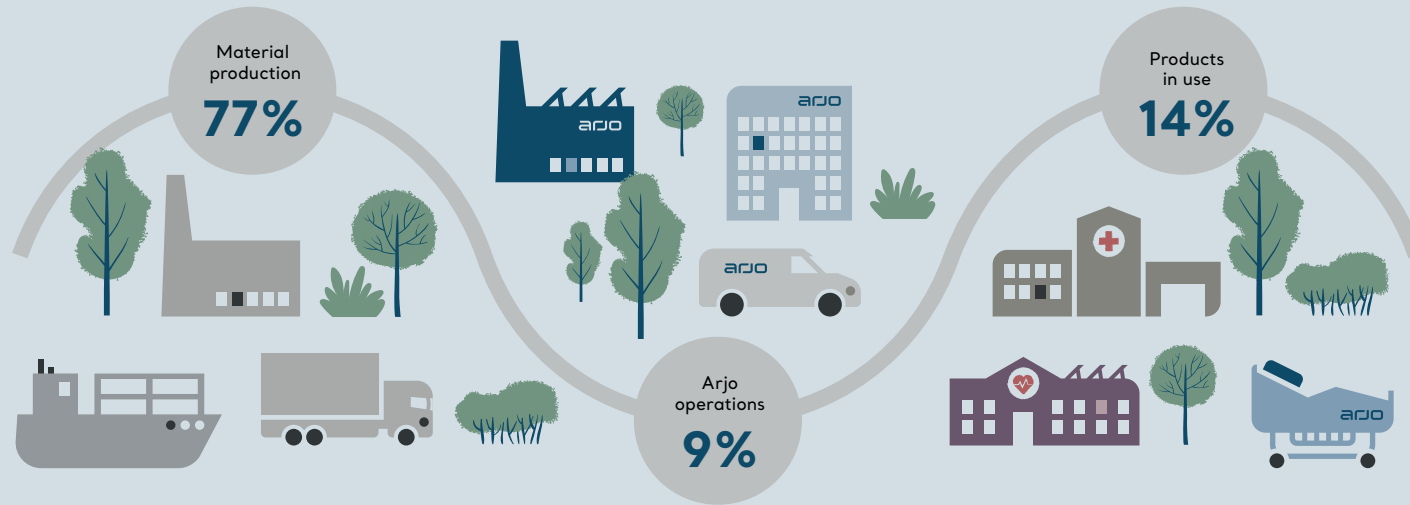
Climate impact from Arjo's products

The Group's products are developed with a focus on high quality and in accordance with the principles of EcoDesign. This method is used to ensure long life cycles and limited environmental impact during the product's entire life cycle. Arjo focuses on the resource-efficient use of materials, waste reduction and recycling opportunities. The products are designed to be easily updated and maintained and to reduce energy consumption when in use.

To evaluate the climate and environmental impact of the products and to identify improvement potential, Arjo regularly carries out life cycle assessments of existing products. In 2023, a life cycle assessment was conducted of Arjo ReNu, the Group's business for reprocessing of single-use medical devices.



A SUSTAINABLE OFFERING



Greenhouse gas emissions in Arjo's value chain.

Arjo is continuously developing its circularity efforts, and in 2023, the company initiated efforts to develop a framework that will cover the entire life cycle of the company's products. The framework is to be integrated with EcoDesign before being implemented into relevant parts of the organization.

Increased circularity through rental and reuse

Two of Arjo's operations have inherent circular qualities that help reduce the climate and environmental impact of health-care in terms of reduced emissions, the reduced use of raw materials and reduced waste.

For rental operations, customers rent the products they require for the period of time they are needed. This means that the use of resources is optimized as the same products can be used over time by several different care units. This in turn leads to fewer products being produced, reducing the use of raw materials and reducing waste, in line with the transition to a more circular economy.

Arjo's rental operations include products that are specifically developed to be able to be transported between different care providers while retaining their quality, function and safety. After each rental, Arjo checks, cleans and, if necessary, conducts maintenance on the products.

The Group's other business with a circular business model is Arjo ReNu, which enables the reuse of single-use medical consumables through a water-based process. Arjo acquired ReNu, with operations in the US, in 2018 and in 2023, Arjo launched the ReNu business on the Australian market.

"We work purposefully to reduce emissions from our own operations and throughout the value chain. To achieve our targets, we work across various internal functions and markets in cross-functional projects."



Johan Östblad
Head of Sustainability



Arjo ReNu reduces the climate impact of healthcare

Medical consumables comprise a large proportion of the total climate impact of healthcare. As such, recycling solutions provide significant opportunities to reduce emissions.

"The reuse of consumables is becoming increasingly common in line with the healthcare sector scaling up its sustainability initiatives. During the Pandemic, this also became a way of dealing with material shortages due to disruptions in the supply chain," says Julien Bouchard, Senior Director Operations & VP Operations Arjo ReNu.

Arjo ReNu is currently available in the US and Australia and helps healthcare providers to safely and economically reuse consumables. Over 280,000 products are handled each month such as garments for the prevention of blood clots (venous thromboembolism, VTE).

"Through Arjo ReNu, we contribute to more sustainable healthcare while helping our customers achieve their sustainability ambitions. The circular business model reduces the need for raw materials, requires less transportation and reduces waste," says Julien Bouchard.

Many established methods for reuse include chemicals with substances that are hazardous to the environment and health. Arjo ReNu uses a completely water-based process that is chemical free.

In 2023, a life cycle assessment was conducted for the US market demonstrating that reusing VTE garments using the Arjo ReNu process reduces climate impact by 54–64 percent compared with single use. In total, Arjo ReNu has made it possible to avoid carbon emissions from VTE garments corresponding to 165 tons per year.

"The analysis shows that the process extends the life time of garments that would otherwise be disposed of after just one use. This significantly reduces emissions," says Julien Bouchard.

The global market for the reuse of medical consumables is growing and the possibility of launching the ReNu business in additional markets is continuously evaluated.



Julien Bouchard

Senior Director Operations
& VP Operations Arjo ReNu

possibilities
efficiency
customer value



A responsible company

As a global medical technology company, Arjo's products and solutions contribute to helping people in an often vulnerable situation in healthcare. A significant proportion of the company's customers are publicly funded which means that Arjo has a particular responsibility to ensure responsible business conduct. Arjo's growth and success are dependent on stakeholders' trust, and long-term relationships with both customers and suppliers are based on sound business ethics and clear principles for regulatory compliance.

Arjo has a broad network of suppliers and other business partners, and place the same high demands on them as on its own operations, with zero tolerance for all forms of corruption, fraud and bribery. The company's ambition is to impact this network in contributing to the development of a fair global market. Arjo has signed the UN Global Compact and supports the ten principles that apply to human rights, labor, the environment and anti-corruption.

Responsible business an important aspect of the culture

Arjo's success must always be the result of the value it creates for customers through its products and solutions and its own work and never by offering dubious benefits circumventing rules or engaging in other unethical behavior. Arjo is to only engage in business activities where competition is honest and fair, based on the company's offering.

Arjo's material topics:

A responsible company

- Product quality and safety
- Compliance, ethics and anti-corruption
- Purchasing/supplier base



"We expect the highest level of business ethics from our own operations as well as from our suppliers and business partners. Our Code of Conduct play a central role and we work actively with training to ensure compliance."

Ingrid Carlsson

EVP Legal & Business Compliance



A RESPONSIBLE COMPANY

Arjo promotes an inclusive and safe culture where employees, suppliers and other partners are willing and able to speak up when they experience questionable behavior. Employees are expected to take ownership and personal responsibility for acting correctly, in accordance with laws and regulations and in line with Arjo's ethical guidelines.

Code of Conduct guides

Sound business ethics, transparency, honesty and well-defined principles for compliance are at the core of Arjo's long-term business relations. This commitment starts with the Board of Directors and is solidified in the organization through the company's Code of Conduct for employees.

The Code of Conduct is based on international principles and covers issues such as anti-corruption, fair competition, human rights and work environment responsibility. The Code applies to all employees and the company holds regular training to ensure compliance with the Code.

Arjo's contracts with external parties also include a specific Code of Conduct. This Code of Conduct describes how suppliers, distributors and other business partners of Arjo are expected to act and what targets they are expected to contribute to. Compliance is ensured through ongoing dialogue and screening.

Product quality and safety

Safe, high-quality products are Arjo's hallmark, which the company is always working to ensure. Medical devices are strongly regulated and Arjo ensures that the Group's products follow laws and regulation in all markets in which the company operates.

Considerable importance and resources are placed on safety, quality and compliance. A quality management system with clear policies ensures that the right processes and procedures are used in operations. To meet changes in regulations from authorities and legislation, Arjo carefully monitors developments of national, regional and local regulations and evaluates and improves products and processes. Arjo also continuously collects feedback from customers in the development of existing and new products.

Together with our suppliers, we reach our sustainability targets

Responsible purchasing is a prerequisite for being a responsible company. Arjo has developed a program for evaluating suppliers with a focus on issues such as the climate and environment, social responsibility and health and safety. The work aims to maintain a high level of business ethics by identifying, managing and, where possible, preventing risks in the supply chain.

"The first screenings were conducted on site at selected suppliers in 2023 and the results provided us with the opportunity to develop plans together to reduce sustainability risks and impacts in the value chain," says Lyudmyla Bagiryana, Procurement Sustainability Manager of Arjo.

In 2024, the program will be rolled out in the supplier base and will play an important role for achieving the company's sustainability targets for the value chain.



Lyudmyla Bagiryana

Procurement Sustainability Manager, Supply Chain





A RESPONSIBLE COMPANY



Common ground for business ethics

Continuous dialogue and training are key elements in Arjo's work with business ethics. In March 2023, distributors and sales representatives in Latin America came together to create a common ground for business ethics. Over 70 participants discussed various ethical dilemmas based on local challenges, perspectives and experiences. Arjo's VP Business Compliance hosted the program, which also saw participation from the Managing Director for Latin America and the President for Global Sales. The training session was designed based on the company's rules and procedures with the aim of building a culture that has business ethics as a top priority. Similar sessions will be held in more markets in 2024.

To ensure that suppliers and distributors in the different regions comply with the Code of Conduct, Arjo has trained special ambassadors in recent years whose task is to support the markets in issues related to business ethics. The ambassadors use a digital evaluation tool in the form of a global database that stores observations on suppliers and distributors. The ambassadors work closely with other functions at Arjo for selecting suitable partners.





An attractive employer

To attract and retain employees, it is essential for Arjo to offer healthy and equal working conditions combined with a strong and compelling purpose. Diversity, equity and inclusion are top priorities for Arjo and the company values high level of health and safety for employees and business partners.

Arjo has knowledgeable and committed employees from all over the world who work closely towards common goals. Using the Group's Guiding Principles and Leadership Behaviors as the starting point, Arjo strives to create an engaging culture and workplaces that offer all employees opportunities for growth and development.

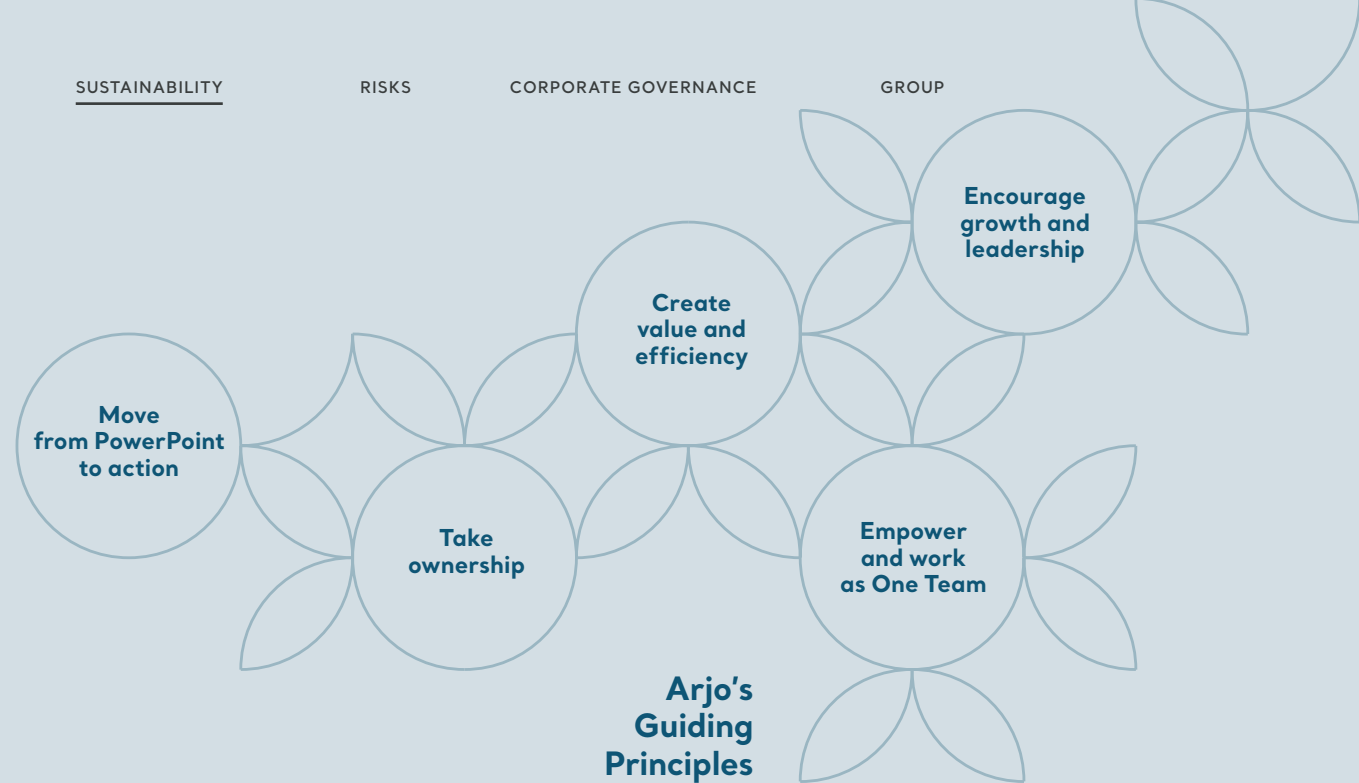
Diversity, equity and inclusion

Arjo strongly believes that diversity, equity and inclusion are crucial factors for building a strong company and achieving success. By focusing on openness and continuous learning, Arjo fosters a culture that nurtures every employee's talent, potential and contribution to the company. Arjo's objective is to develop the business and employees together.

Eleven commitments have been established to continue to guide the workplace in the right direction. These include training and coaching for managers, and measurement and follow-up processes to ensure the right focus and priorities throughout the organization. A governing committee sets targets and provides guidance and recommendations to the organization in the areas of diversity, equity and inclusion.

Focus on attracting and developing employees

Attracting and retaining employees with the right competencies is a key strategic priority for Arjo. Based on the organization's needs, the right skills are identified in a well-defined process using various assessment tools.



Arjo's material topics:

An attractive employer

- Occupational health and safety
- Human capital and fair labor conditions



AN ATTRACTIVE EMPLOYER

Arjo provides conditions for employees to develop and grow together with the company through structured actions including talent programs, mentorship programs and development plans at both individual and team levels.

Arjo works together with local universities and colleges to attract new talent. Arjo also provides internships for students, offers degree projects and, in many markets, has trainee programs that give students the opportunity to participate in interdisciplinary projects while receiving internal training.

Arjo's efforts focus on continuous dialogue about employee skills, personal targets and development linked to the company's strategic business objectives. Arjo follows up all parts of the Group's HR strategy in its annual People Survey and the results are applied actively to develop the organization.

Occupational health and safety

The health and safety of Arjo's employees and partners is of great importance. The company makes continuous improvements based on Arjo's Directive for Occupational Health and Safety.

As part of these efforts, Arjo has implemented a management system and a framework for achieving a consistently high safety standard and ensuring a healthy physical and psychosocial work environment at its various workplaces.

Arjo's work environment is regularly evaluated by work environment representatives and committees comprising employees from different functions and levels. This structure fosters a mutual understanding and enables need-based decisions at every facility. Audits are conducted every year to verify that the Group's facilities meet established targets and applicable regulations and requirements.

Human rights and fair labor conditions

Arjo complies with internationally recognized principles, frameworks and guidelines on human rights. These also form the base of Arjo's Code of Conduct for suppliers and other business partners. The company continuously develops its work on human rights and intends to perform human and labor rights due diligence in its supplier base..

Fair labor is in line with international conventions, and local laws and collective agreements always apply to Arjo's operations. Disciplinary action or discriminatory behavior against employees who legally decide to join a trade union is not accepted. A target for the organisation is to balance out unfair salary differences. The aim is for all employees to be offered the opportunity to receive appropriate training in order to develop relevant skills and to promote growth and career development within the company.



Awards in 2023

Arjo Canada and Australia was recognized as a Great Place to Work® in 2023. The certification is based on feedback from Arjo's employees who complete an anonymous survey.

Arjo Australia was selected for the Best Workplace List for Women 2023 from Great Place to Work®.

Arjo Canada was recognized in 2023 as one of the Best Workplaces™ Managed by Women 2023 from Great Place to Work®.

Arjo Canada was selected in 2023 for The Career Directory as one of Canada's Best Employers for Recent Graduates, a guide to entry-level recruitment for recent college and university graduates.



AN ATTRACTIVE EMPLOYER

Opportunity to grow as an employee and a person

Kajsa Haraldsson started working in product development at Arjo in 2008. In her role, she follows products from the drawing board to production and delivery to healthcare facilities. Kajsa was given the opportunity to participate in Arjo's talent program in 2017 and a year later she became a group manager. Kajsa has served as Director Product Development, Hygiene & Medical Beds since 2020.

"During my studies, I realized that my two main interests – people and technology – could be combined in medtech. On my journey at Arjo, I have grown as both an employee and a person. I was very inspired by the opportunity to develop and take on new roles, and this has now become an important part of my leadership. I want to inspire others to develop in areas they are passionate about."



Kajsa Haraldsson

Director Product Development, Hygiene & Medical Beds

innovation
people
growth



AN ATTRACTIVE EMPLOYER

mentorship
ambition
inclusiveness

Efforts to reduce youth unemployment in South Africa

With youth unemployment at almost 60 percent, South Africa faces a major challenge with its labor market. To turn this situation around, the country has a Youth Employment Services Program (YES) aimed at getting more young people into the labor market. Arjo has participated in the YES program since 2019 and so far welcomed more than 50 people who have gained valuable work experience.

"During a year, we help 12 young adults gain experience from different parts of our company. They are also assigned a mentor at Arjo who provides guidance. We have decided to offer permanent employment for every round of the YES program and to date we have hired five people," says Abdullah Ebrahim, President Arjo Africa.



Abdullah Ebrahim
President Arjo Africa

Risk management and risk analysis

Arjo sells products and services through its own companies and distributors to customers in more than 100 countries. The Group also has suppliers of direct materials in more than 50 countries and production in five countries. The company is thus exposed to a number of strategic, operational, financial and compliance-related risks, and risk management is a natural element of day-to-day operations.

Assessing, managing and mitigating risks are important aspects of Arjo's strategic planning process and internal control process. The major focal point of Arjo's risk activities is the mitigation of risk. This work is led by the internal control function and is governed through Arjo's policy for risk management and internal control.

This policy states that the Board has the ultimate responsibility for the Group's risk management and approves the company's risk management policy. The Management Team is responsible for identifying, evaluating and managing risks within their respective areas of responsibility.

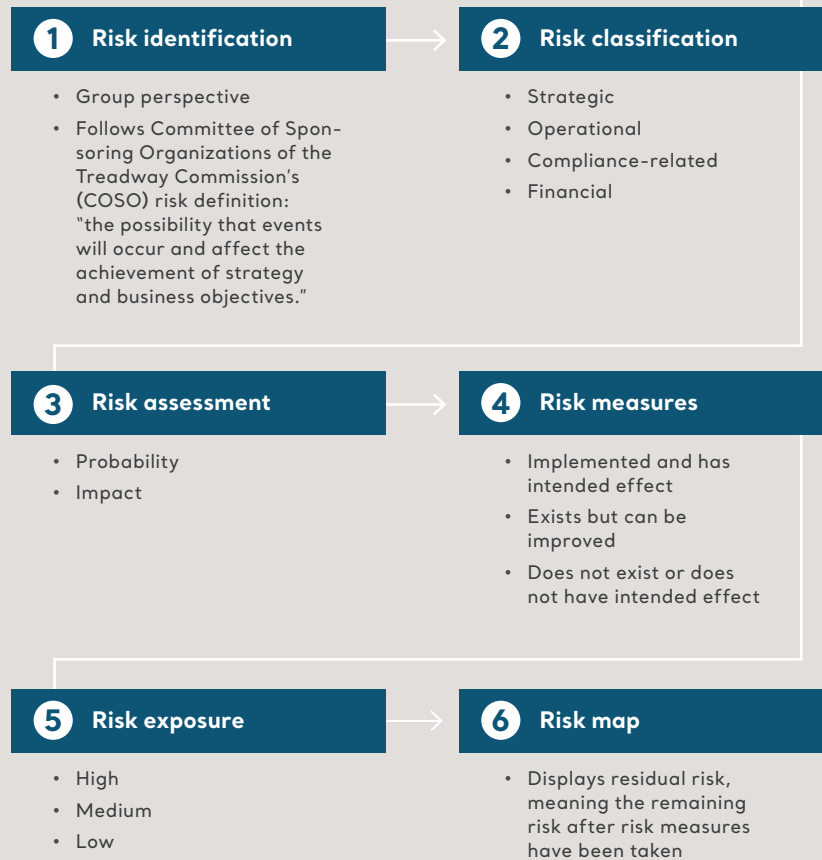
Risk assessment process

The Management Team conducts a yearly risk assessment that is led by the company's Chief Financial Officer (CFO) and the internal control function, in accordance with the company's directive on risk

management and internal control. The purpose of the assessment is to identify and analyze the company's most material risks and any events that could impact Arjo's ability to carry out the company's strategy and achieve its objectives and visions. The risk assessment results in a risk register containing descriptions of the company's most critical risks, their impact on the company, how they are managed by the responsible function and an assessment of the probability that listed risks may arise in a specific time period. The main risks are then illustrated in a risk map presented to the Audit Committee by the CFO and Internal Control, and to the Board by the company's CFO.

Identifying risks from a Group perspective enables management and the Board to examine and adapt key risks and assess how the company is to respond to and monitor them. Arjo's risk assessment process is outlined in the illustration on the next page.

Arjo's risk assessment process



Risk assessment 2023

First quarter

In March, the annual risk assessment plan was presented and relevant materials were distributed to all members of the Management Team.

Second quarter

In May, a risk assessment was conducted with each member of the Management Team and relevant individuals within their organization. As part of this risk assessment, risk managers were tasked with the following:

- Identifying material risks in their risk area
- Defining how risks are managed and monitored in the organization
- Assessing risks based on impact and probability after mitigating actions

Third quarter

In August, a consolidated risk map was presented to, and examined by, the Management Team.

Fourth quarter

In October, the highest ranked risks on Arjo's risk map were presented to the Audit Committee by the CFO and Internal Control. In December, the highest ranked risks on Arjo's risk map were presented to the Board by the company's CFO.

Arjo's primary risks and risk management

Risk	Description of risk	Management of risk
Customers and healthcare reimbursement systems	Political decisions in countries where Arjo conducts business could, as a result, limit or discontinue funding of public and private healthcare. This could affect the establishment of new hospitals and other healthcare facilities and their purchase of healthcare products. Sales of the Group's products are, in some markets, dependent on the healthcare reimbursement system where 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. Sales of Arjo's products in these markets are dependent on Arjo's products having been approved for reimbursement under the abovementioned reimbursement systems.	Since Arjo conducts business in many different countries and markets, this risk is limited for the Group as a whole. As part of Arjo's strategy, the Group is increasingly investing in demonstrating the clinical and financial benefits of the Group's products and solutions, something that further limits these risks.
Research and development	Arjo's growth is dependent on the continued expansion of new product segments and new product types in existing product segments, which is in turn 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 previous generations of products. Nor is there any certainty that Arjo will succeed in predicting or identifying trends in customer preferences and needs. There is also the risk that Arjo is not as quick in identifying trends as its competitors.	To maximize the return on R&D initiatives and to ensure the correct priorities are made when making decisions about potential projects, the Group follows a structured selection and planning process. This process includes careful market analysis, technological progress, circularity, the product's life cycle, choice of production method and choice of sub-suppliers. Arjo focuses on outcome-based products and solutions that result in more patients receiving high-quality care while simultaneously improving resource efficiency. This is expected to drive demand from end customers and thus contribute to increased growth.
Protecting and managing the infringement of intellectual property rights	Arjo invests significant financial amounts in research and development, and is continuously developing new products. To secure revenue from these investments, new products and technologies must be protected from unlawful use by competitors.	Arjo protects its intellectual property rights by registering patents, design and trademarks if possible and appropriate. 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 existing intellectual property.
Changes related to general economic and political conditions	Arjo operates in many parts of the world and is, like other companies, affected by general global economic, financial and political conditions. Demand for Arjo's medical devices and solutions is influenced by various factors, including macroeconomic trends. Uncertainty about future economic prospects, including political concerns, could adversely affect customers' decisions to buy Arjo's products and solutions, which in turn 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 to Russia until further notice due to Russia's invasion of Ukraine. This is in line with global sanctions against the country. Given the turbulent economic situation that has arisen since the invasion began, Arjo is monitoring market developments closely. Due to the escalating violence in Israel and Gaza since October 2023, the Group is also monitoring developments in the Middle East. Arjo is also closely monitoring the global inflation trend.
Product liability and damage claims	As a medical device supplier, Arjo, like other companies in the medical device industry, 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 also in place to cover any liability risks (including product liability) to which the Group is exposed.

Arjo's primary risks and risk management

Risk	Description of risk	Management of risk
Risks in the value chain	Unpredictable and sudden events could lead to disruptions in production or supply chain, which could lead to both increased costs and delayed or non-deliveries to Arjo's customers. In turn, this could negatively impact the Group's financial results.	Arjo works continuously to identify and as far as possible prevent risks in the value chain, both in terms of ensuring the availability of materials in the production stage and in terms of delivery reliability to our customers. 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 to the greatest degree possible.
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, 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. These risks mainly comprise currency risk, interest-rate risk, credit and counterparty risk and tax risk. Of these, currency risk is the most material. For more information, see Note 26 Financial risk management on pages 95-97.	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 the Management Team and Group Finance.
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.	To combat potential risks in this area, a defined governing process is in place. The Group actively conducts risk assessments of the IT infrastructure and sensitive data that include testing within both areas. This also includes defined mitigating processes and controls, known as IT General Control (ITGC), to protect the company. The internal control environment is evaluated annually by the company's CISO and in 2023 by external auditors in accordance with ISAE 3402. 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 receive IT security training. This training course is also mandatory for all new employees.
Sustainability risks	There is a transition risk linked to sustainability-related legal requirements and regulations, as well as increased focus from investors, customers and other stakeholders on the company's management of brand risks. These sustainability related risks are now not only associated with reputational risks but also financial and operational risks in the entire value chain. It is essential to be aware of sustainability-related risks in the supply chain, in the Group's own operations, and in the distribution and user stages to be able to manage and apply controls to address these risks.	Arjo works to systematically identify, analyze and manage sustainability-related risks and their impact on the Group's operations or earnings. This work includes regular materiality assessments to identify and map sustainability risks in the value chain. Targets and commitments are also continually monitored by evaluating different units in the company and suppliers, and by implementing activities, processes and measures to manage identified sustainability risks. The Group has an established governance structure that involves both the Management Team and the Board, and efforts to continually improve the company's sustainability work and minimize related risks take place continuously.

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Corporate governance at Arjo

Arjo AB (publ) is a Swedish public limited liability company listed on Nasdaq Stockholm, Large Cap segment. Arjo's corporate governance is based on Swedish legislation, Arjo's Articles of Association, the Swedish Corporate Governance Code, Nasdaq Stockholm's Rule Book for Issuers, and other applicable rules and recommendations. The 2023 Corporate Governance Report is presented here.

Introduction

Arjo is a global supplier of medical devices and solutions that improve clinical and financial outcomes for healthcare by enabling improved mobility in care settings, and thus contribute to a sustainable healthcare system. Arjo creates value by preventing complications and improving the quality of care for patients, and enabling a safer and more effective work environment for healthcare professionals. Arjo's main customers are public and private institutions providing acute and long-term care. Confidence in Arjo and its products is entirely decisive for continued sales successes.

Corporate governance is aimed at ensuring the continued strong performance of the Group by ensuring that Arjo fulfills its obligations to shareholders, customers, employees, suppliers, creditors and society. The Group's corporate governance and internal regulations are consistently geared toward business objectives and strategies. The Group's risks are well-analyzed and risk management is integrated in the work of the Board and in operational activities. Arjo's organization and governance are designed to be able to react quickly to changes in the market. Operational decision-making is decentralized and close to the customer, while overall decisions on strategy and approach are made by Arjo's Board of Directors and Management Team.

External and internal regulations

Arjo's corporate governance is based on Swedish legislation such as the Companies Act and the Annual Accounts Act, and external governing instruments, including Nasdaq Stockholm's Rule Book for Issuers, and the Swedish Corporate Governance Code (the "Code"). The Code is based on the "comply or explain" principle, which means that a company that applies the Code does not always have to comply with every rule in the Code and instead can choose alternative solutions that are deemed to be more suitable to the company's specific circumstances. This requires that each deviation is reported, the chosen solution is described and that an explanation for the deviation is presented. Arjo's only deviation from the Code's rules in 2023 was from item 2.4, that the Chairman of the Board or another Board member may not be the Chairman of the Nomination Committee. The Nomination Committee appointed Carl Bennet, Board member and owner of the company's largest shareholder Carl Bennet AB, as Chairman of the Nomination Committee since the Nomination Committee believes it to be important to have a representative of the largest shareholder as the Chairman of the Nomination Committee.

The company complies with the Swedish Securities Council's statement on good practice in the Swedish stock market. The internal governing documents relating to Arjo's corporate

Main decisions at 2023 Annual General Meeting

- Adoption of the income statement and the balance sheet for the Parent Company and the consolidated income statement and the consolidated balance sheet for the 2022 financial year.
- Dividend of SEK 0.85 per share.
- Discharge from liability for the Board members and CEO for their administration of the company for the 2022 financial year.
- Re-election of all Board members: Johan Malmquist, Carl Bennet, Eva Elmstedt, Dan Frohm, Ulf Grunander, Carola Lemne and Joacim Lindoff.
- Re-election of Johan Malmquist as Chairman of the Board.
- Remuneration of Board and auditors.
- Re-election of Öhrlings Pricewaterhouse Coopers AB as auditor with Cecilia Andrén Dorselius as auditor in charge.
- Approval of the Board's remuneration report in accordance with Chapter 8, Section 53 a of the Swedish Companies Act.
- More information about the Annual General Meeting and the complete minutes are available on Arjo's website.

ARJO'S CORPORATE GOVERNANCE

Nomination Committee ahead of 2024 Annual General Meeting

Carl Bennet, Chairman of Nomination Committee and Vice Chairman of the Board, Carl Bennet AB

Jannis Kitsakis, Fourth Swedish National Pension Fund

Anna Magnusson, First Swedish National Pension Fund

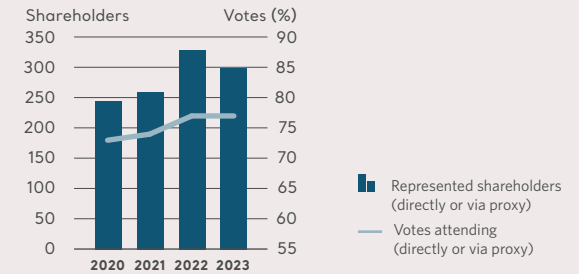
Johan Malmquist, Chairman of the Board

**Auditors:
Öhrlings PricewaterhouseCoopers**

Cecilia Andrén Dorselius,
Authorized Public Accountant, Auditor
in Charge

Vicky Johansson,
Authorized Public Accountant

Attendance at the AGM



governance include Arjo AB's Articles of Association, instructions and formal work plan for the Board of Directors, Board committees and CEO, various policies and guidelines as well as Arjo's Code of Conduct and Guiding Principles. The Articles of Association are available on Arjo's website www.arjo.com under corporate governance.

General Meetings

Shareholders exercise their rights to make decisions concerning Arjo's affairs at the General Meeting (Annual General Meeting and Extraordinary General Meetings), which is Arjo's highest decision-making body. The Annual General Meeting will be held each year before the end of June in Malmö, Sweden. Extraordinary General Meetings can be convened when required. The General Meeting resolves on a number of issues, including the adoption of the income statement and balance sheet, appropriation of Arjo's profit or loss, discharge of Board members and the CEO in relation to the company, the structure of the Nomination Committee, the election of Board members (including the Chairman) and auditors. The General Meeting also resolves on remuneration of Board members and auditors, guidelines for the remuneration of the CEO and other senior executives, and any amendments to the Articles of Association. At the Annual General Meeting, shareholders are entitled to address questions about the com-

pany and its results for the year in question. Notices of Annual General Meetings and Extraordinary General Meetings at which amendments to the Articles of Association are to be addressed shall be served not earlier than six weeks and not later than three weeks prior to the meeting. Notices of other Extraordinary General Meetings shall be served not earlier than six weeks and not later than two weeks prior to the Meeting. Notification of the convening of General Meetings is issued through an advertisement being placed in Post- och Inrikes Tidningar and on www.arjo.com. At the time of notice, an announcement that the notice has been issued is to be published in Svenska Dagbladet. Shareholders who wish to participate in a general meeting shall be recorded in a print-out or other representation of the entire share register as per the record date of the general meeting, as determined in accordance with the Swedish Companies Act and notify the company of their intention to participate by the date specified in the notice convening the Meeting. The last mentioned day must not be a Sunday, other public holiday, Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and not fall earlier than the fifth weekday prior to the Meeting.

Shareholders

For more information about the shareholders and the share, see pages 152-153 and www.arjo.com.

2023 Annual General Meeting

The AGM was held on April 20, 2023. The AGM resolved to adopt the income statement and balance sheet presented and to approve the Board's proposed appropriation of profits.

2024 Annual General Meeting

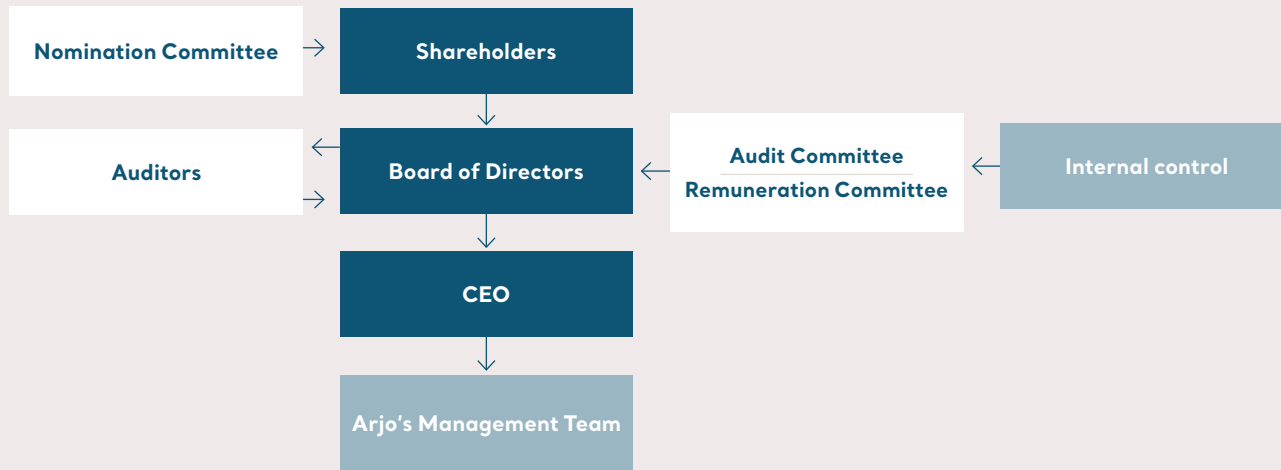
Arjo's Annual General Meeting will be held on April 18, 2024 in Malmö, Sweden, with the option of postal voting. For further information, visit Arjo's website, www.arjo.com.

Nomination Committee

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. The Committee member representing

ARJO'S CORPORATE GOVERNANCE



External governing instruments (selection)

- Swedish Companies Act
- Swedish Annual Accounts Act
- Nasdaq Stockholm Rulebook for Issuers
- Swedish Corporate Governance Code ("the Code")

Internal governing instruments (selection)

- Articles of Association
- Instructions and formal work plan for the Board of Directors, Board committees and CEO
- Policies and guidelines (e.g. in finance, HR, communication, internal control and compliance)
- Code of Conduct
- Guiding Principles

the largest shareholder in terms of the number of votes is to be appointed Chairman of the Nomination Committee. The Nomination Committee is to present proposals on the Chairman of General Meetings, the Board of Directors, the Chairman of the Board, auditors, Board fees as specified between the Chairman and other Board members, remuneration for Committee work and fees to the company's auditors.

Nomination Committee ahead of 2024 Annual General Meeting

Ahead of the 2024 Annual General Meeting, Arjo's Nomination Committee comprised Chairman Carl Bennet (Carl Bennet AB), Jannis Kitsakis (Fourth Swedish National Pension Fund), Anna Magnusson (First Swedish National Pension Fund), as well as Board Chairman Johan Malmquist. From its statutory meeting until the submission of the Annual Report, the Nomination Committee held two meetings. As a basis for its proposal to the 2024 AGM, the Nomination Committee made an assessment as to

whether the current Board of Directors is suitably composed and meets the demands that are placed on the Board in view of the company's operations, position and other conditions including relevant sustainability aspects.

The Nomination Committee interviewed one of the company's Board members and discussed the principal demands that should be made of Board members, including the requirement for independent members, and considered the number of Board assignments each member has for other companies, as well as highlighting the issue of a more even gender distribution. The Nomination Committee has announced that it applied rule 4.1 of the Code as diversity policy in preparing proposals of Board members ahead of the 2024 AGM. The aim of the policy is that the Board is to have a composition appropriate to the company's operations, phase of development and other relevant circumstances and to exhibit diversity and breadth of qualifications, experience and background, and strive for an equal gender distribution. The Nomination Committee also examined any

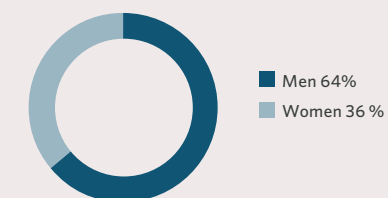
nomination proposals and studied the Board evaluation that was presented in its entirety to the Nomination Committee.

Board of Directors

Composition and Board members' independence

According to the Articles of Association, Arjo's Board of Directors is to comprise not fewer than three (3) and not more than ten (10) members elected by the Annual General Meeting for the period

Gender distribution of Board, including employee representatives (regular and deputies)



ARJO'S CORPORATE GOVERNANCE

up until the end of the next Annual General Meeting. The Board members are elected annually at the AGM to serve for the period up to and including the next AGM. Employees have the right to appoint two representatives and two deputy members to the Board. At the AGM held on April 20, 2023, Carl Bennet, Eva Elmstedt, Dan Frohm, Ulf Grunander, Carola Lemne, Joacim Lindoff and Johan Malmquist were elected Board members. Arjo's CEO, Joacim Lindoff, is a member of the Board and Arjo's Legal Counsel serves as secretary to the Board. Other executives of Arjo participate in Board meetings as rapporteurs for special issues. According to the Code, a majority of the Board members elected by the Meeting are to be independent in relation to Arjo and the Management Team. In addition, in accordance with the Code, at least two of the Board members who are independent

in relation to Arjo and the Management Team, must also be independent in relation to the company's major shareholders. The composition of Arjo's Board meets the requirements of independence stipulated in the Code. The Board members' individual shareholdings, their independence in relation to the company, executive management and major shareholders as well as their other assignments in other companies are found in the presentation of Board members on pages 57–59. It is the responsibility of each Board member to continuously assess whether assignments outside the company may entail a conflict of interest, such as participating on other Boards or shareholdings with suppliers, etc. The Board members must, when necessary, inform and consult the Chairman of the Board.

Board Chairman's responsibility

The Chairman of the Board follows Arjo's operations through continuous contact with the CEO. The Chairman organizes and heads the Board's work, and is responsible for ensuring that the other Board members receive satisfactory information and documentation for decision-making. The Chairman is also responsible for ensuring that new Board members continuously update and deepen their knowledge of Arjo and otherwise receive the continuous training required to enable Board work to be conducted efficiently. It is also the Chairman who is responsible for contacts with shareholders regarding ownership issues and for ensuring that the Board evaluates its work annually. The Board's work and management of financial and sustainability issues are evaluated in cooperation with an external partner by conducting a survey. The entire results are presented to the Board and the Nomination Committee.

Board of Directors' responsibility and work

The work of the Board of Directors is governed mainly by the Swedish Companies Act, the Code and the Board's formal work plan. The Board's formal work plan also states that the Board's overall assignment is to assume responsibility for the Group's organization and management of its business, adoption of the Group's overall goals, development and follow-up of the overall strategies, decisions about major acquisitions, divestments and investments, decisions regarding potential placements and loans in accordance with the finance policy, continuous follow-up of the operations, adoption of the quarterly reports and year-end reports, and the continuous evaluation of the CEO. The Board is also responsible for ensuring the quality of the financial reporting and sustainability reporting, including systems for monitoring the internal control of Arjo's financial reporting and position as well as sustainability reporting (see "Internal control"). The Board receives monthly updates from management about critical events and regular updates take place between meetings as necessary. In addition, the Board shall ensure that Arjo's external information disclosure is characterized by openness and is correct, relevant and clear. The Board is also responsible for adopting the required guidelines and other policy

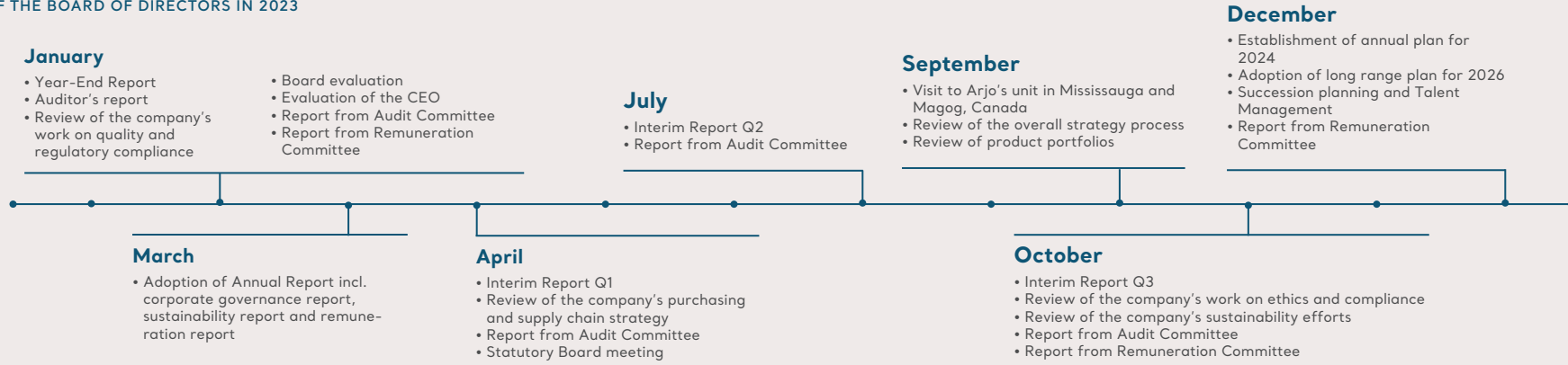
Board of Directors and Committees in 2023

	Year elected	Independent	Committees		Attendance at meetings		
			Audit Committee	Remuneration Committee	Board meetings	Audit Committee	Remuneration Committee
Johan Malmquist, Chairman of the Board	2017	Yes		Chairman	8/8		3/3
Carl Bennet	2017	No ¹⁾		Member	8/8		3/3
Carola Lemne	2017	Yes	Member		8/8	4/4	
Ulf Grunander	2017	Yes	Chairman		8/8	4/4	
Eva Elmstedt	2017	Yes	Member		8/8	4/4	
Joacim Lindoff	2017	No ²⁾			8/8		
Dan Frohm	2019	No ¹⁾	Member	Member	8/8	4/4	3/3
Board members appointed by employees							
Eva Sandling Gralén	2021				8/8		
Kajsa Haraldsson	2020				7/8		
Sten Börjesson (deputy)	2021				7/8		
Jimmy Linde (deputy)	2020				8/8		

1. Not independent in relation to the company's major shareholders
 2. Not independent in relation to the company and executive management

ARJO'S CORPORATE GOVERNANCE

WORK OF THE BOARD OF DIRECTORS IN 2023



In addition to the Board meetings described above, the Audit Committee held four meetings and the Remuneration Committee held three.

documents, such as the communications policy and the insider policy. Recurring items on the agenda of the Board's meetings include the following: business situation, project status, market issues, risk management, quality monitoring, adoption of the interim report, strategic review, future outlook, and economic, financial and sustainability reporting that includes collecting important information from internal and external stakeholder groups. The Board held its statutory meeting on April 20, 2023 and convened eight times in 2023, with an average attendance rate of 100 percent of the elected members. At its scheduled meetings, the Board addressed fixed agenda items in accordance with the Board's formal work plan and other ongoing accounting and legal business matters.

During the year, the Board monitored the development of the EU legislation on sustainability reporting CSRD and underwent an external CSRD training course in January 2024.

Board committees

From among its own numbers, the Board established two committees, the Audit Committee and the Remuneration Committee, both of which work within the instructions established by the Board.

Audit Committee


The Audit Committee is to monitor the processes in Arjo's financial reporting and ensure and monitor the efficiency of the company's internal control by reporting from the Internal Control Group function. Part of the work is to remain informed about the external audit of the annual report and consolidated financial statements, review and monitor the impartiality and independence of the auditors and, in particular, whether the auditors have provided the company with services other than auditing services. In relation to sustainability, and as instructed by the Board, the Audit Committee worked on sustainability at Arjo with a particular focus on monitoring sustainability activities and strengthening the internal control program for sustainability reporting. The Audit Committee meets regularly with the auditor to discuss the coordination of internal control and external auditing. Additionally, the Audit Committee is to assist the Nomination Committee in proposals for the AGM resolution on the election of auditors by, for example, ensuring that the auditor's mandate period does not exceed the time permitted by applicable laws, managing the procurement of auditing services (if appropriate) and submitting a recommendation of a proposal to the Nomination Committee. The Committee shall also inform the Board

of the result of the audit, including how the audit has verified the company's financial statements, and otherwise conduct the work required to meet all of the requirements contained in the EU Audit Regulation. In addition, the Audit Committee will resolve on guidelines for the procurement of services other than audit services from the company's auditor and, if appropriate, approval of such services. Finally, the Audit Committee will evaluate the work of the auditor and inform the Nomination Committee of the result of this evaluation. In 2023, Arjo's Audit Committee comprised Board members Ulf Grunander (Chairman), Eva Elmstedt, Carola Lemne and Dan Frohm. The Committee meets the requirements of the Swedish Companies Act regarding auditing and audit competence.

In 2023, the Committee held four minuted meetings, including informal contact when necessary. The attendance of members at the Committee meetings are presented in the table on the next page. The company's auditors participated in all meetings convened by the Audit Committee. Jointly with the auditors, the Committee discussed and established the scope of the audit. Other executives of Arjo participate in Audit Committee meetings as rapporteurs for special issues.

ARJO'S CORPORATE GOVERNANCE

Audit Committee

Member	Attendance at meetings
 Ulf Grunander (Chairman)	4/4
Eva Elmstedt	4/4
Dan Frohm	4/4
Carola Lemne	4/4


Remuneration Committee

The Remuneration Committee's main tasks of the Committee are to prepare the Board's decisions in matters involving remuneration principles, remuneration and other employment terms and conditions for the CEO and other senior executives, and to monitor and evaluate programs involving variable remuneration of the Management Team that are ongoing and were concluded during the year. The Committee will also monitor and evaluate the application of remuneration guidelines for senior executives that the Annual General Meeting resolved upon, as well as the applicable remuneration structures and remuneration levels within the company. If necessary, the work of the Remuneration Committee can be carried out with the support of external expertise on issues related to remuneration levels and structures.

The Remuneration Committee in 2023 comprised Johan Malmquist (Chairman), Carl Bennet and Dan Frohm. In 2023, the Committee held three minuted meetings, including informal contact when necessary. The attendance of members at the Committee meetings is presented in the table above.

During the year, the Remuneration Committee gave the Board its recommendations concerning policies for the remuneration of senior executives. The recommendations included the proportion between fixed and variable remuneration, the size of possible pay increases and proposed criteria for assessment of bonus outcomes. The Board discussed the Remuneration Committee's proposals and decided in line with the Remuneration Committee's recommendations. Remuneration of the CEO for the 2023 fiscal year was decided by the Board taking into account the Remuneration Committee's recommendations. Remuneration of other senior executives was decided by the CEO in consultation with the Chairman of the Board.

Remuneration Committee

Member	Attendance at meetings
 Johan Malmquist (Chairman)	3/3
Carl Bennet	3/3
Dan Frohm	3/3

Remuneration of Board of Directors

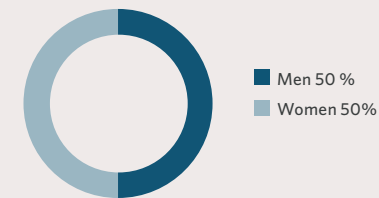
It was resolved that fees, excluding Committee fees, would be paid to the Board in the total amount of SEK 4,942,125, of which SEK 1,578,375 to the Chairman and SEK 672,750 to each of the other Board members who are elected by the AGM and are not employed by the Group. Furthermore, the AGM decided that remuneration for the work of the Audit Committee was to be paid in the amount of SEK 279,450 to the Chairman and SEK 139,725 to each of the other members, and that remuneration for the work of the Remuneration Committee was to be paid in the amount of SEK 150,075 to the Chairman and SEK 106,605 to each of the other members. For complete information regarding remuneration of senior executives, see Note 3.

CEO and Management Team

The CEO is responsible for the continuous management and development of Arjo in accordance with applicable legislation and regulations, including Nasdaq Stockholm's Rule Book for Issuers, the Code and the guidelines, instructions and strategies established by the Board of Directors. The CEO is to ensure that the Board of Directors receives objective and relevant information as required for the Board to be able to make well-founded decisions. If critical events occur, the CEO is responsible for informing the Board as soon as possible. Critical events that must be addressed by the Board could be, but are not limited to, cases of fraud, major audit deviations, organizational changes, regulatory non-compliance and hacking. In addition, the CEO oversees that Arjo's goals, policies and strategic plans as established by the Board are followed and is responsible for informing the Board of Arjo's performance between Board meetings. The CEO heads

the work of the Management Team, which is responsible for overall business development. The CEO and Management Team received CSRD training during the year. In addition to the CEO, the Management Team at year-end 2023 comprised the CFO, EVP Legal & Business Compliance, EVP Human Resources & Sustainability, EVP Quality & Regulatory Compliance, EVP Supply Chain and Product Development & Operations, EVP Communication & Public Relations, EVP Global Marketing, President Global Sales & Services and President Sales & Service North America. The Management Team is presented on pages 60–61. For information regarding remuneration, any share-related incentive programs and terms of employment for the CEO and other senior executives, see Note 3 starting on page 76.

Gender distribution of Management Team



External auditing

Arjo's Annual General Meeting elects external auditors for one year at a time. The auditors review the Annual Report and accounts, as well as the administration by the Board of Directors and the CEO, according to an audit plan adopted in consultation with the Board's Audit Committee. In conjunction with the audit, the auditors report their observations to the Management Team for consideration and then to the Board of Directors through the Audit Committee. The Board meets the auditors at least once a year, when they report their observations directly to the Board without the presence of Arjo's CEO or CFO. The auditors also take part in the Annual General Meeting, where they summarize their audit work and provide their recommendation for the Auditor's Report. Öhrlings PricewaterhouseCoopers AB has been Arjo's firm of auditors since the company was formed, with Authorized Public Accountant Cecilia Andrén Dorselius as Auditor in Charge since

ARJO'S CORPORATE GOVERNANCE

April 29, 2021. Cecilia Andrén Dorselius has been the signing auditor for Arjo since the IPO and is also a member of FAR, the institute for the accountancy profession in Sweden.

Internal control

Introduction

The Board's responsibility for internal control is defined in the Swedish Companies Act, the Annual Accounts Act, which contains information regarding the most important aspects of Arjo's system for internal control and risk management in connection with financial reporting that must be included in the company's Corporate Governance Report each year, and the Code. For example, the Board of Directors is to ensure that Arjo has effective internal control and formalized procedures to ensure compliance with established principles for financial reporting and internal control. Arjo's Audit Committee has declared that the current Internal Control function is sufficient from a corporate governance perspective, and that the Group does not require a separate function for internal audit. Arjo's internal control procedures are based on a framework for internal control published by COSO (Committee of Sponsoring Organizations of the Treadway Commission) and on a control environment that creates discipline and structure for the other components: risk assessment, control activities, information and communication, and follow-up, evaluation and reporting. The procedures have been designed to ensure reliable overall financial reporting and external financial reporting in accordance with IFRS, applicable laws and regulations as well as other requirements, which are to be applied by companies listed on Nasdaq Stockholm. This work involves the Board of Directors, the Arjo Management Team and other personnel.

Control environment

The Board has adopted instructions and governing documents aimed at regulating the roles and allocation of responsibility between the CEO and the Board. The way in which the Board monitors and ensures the quality of the internal control is documented in the Board's formal work plan and the corporate governance policy, in which the Board has established a number of basic principles that are important for internal control work. The internal

control work is also presented in other governing documents, such as Arjo's Code of Conduct, directive for risk management and internal control, and other policies established by the Board and directives established by the Management Team. These include checks and follow-ups of outcome compared with expectations and previous years, and supervision of accounting policies, for example, as applied by Arjo. The responsibility for maintaining an effective control environment and the continuous work on risk assessment and internal control regarding the financial reporting is delegated to the CEO. However, the Board of Directors has ultimate responsibility. Managers at various levels within Arjo have, in turn, the corresponding responsibility in their respective areas of responsibility. The Management Team regularly reports to the Board and the Audit Committee following established procedures. Responsibilities, authorities, instructions, guidelines, manuals and policy documents and directives, alongside laws and regulations, comprise the control environment for financial reporting.

Risk assessment

Arjo conducts continuous risk assessment to identify risks relating to financial reporting. These risks include errors in the financial statements (for example, regarding accounting and valuation of assets, liabilities, revenue and costs, and other deviations), as well as irregularities and fraud. Risk management is built into every process and various methods are used to assess, uncover and prevent risks and to ensure that the risks to which Arjo is exposed are managed in accordance with established policies, directives and instructions.

Control procedures

The structure of control activities is of particular importance in Arjo's work to prevent and uncover risks and weaknesses in the financial reporting. The control structure comprises clear roles in the organization that enable effective distribution of responsibility for specific control activities, including authorization controls in the IT system and attestation controls. The continuous analysis made of the financial reporting is very important for ensuring that the financial statements do not contain any material errors.

Information and communication

Arjo has information and communication procedures to promote completeness and accuracy in the financial reporting. Policies, guidelines and internal instructions regarding financial reporting are available in electronic and printed form. Regular updates regarding amendments to accounting policies, reporting requirements or other disclosures are made available to and known by the relevant employees. Guidelines are in place with respect to external disclosure of information and these were drafted with the aim of ensuring that Arjo complies with the requirements for disseminating correct information to the market.

Follow-up activities, evaluation and reporting

The Board of Directors assesses the information provided by the Management Team on a continuous basis. Between Board meetings, the Board regularly receives updated financial information regarding Arjo's performance. The Group's financial position, strategies and investments are discussed at every Board meeting. In addition, the Board monitors quality and sustainability related matters. The Board is also responsible for monitoring the internal control. This work includes ensuring that measures are taken to address any weaknesses, as well as following up proposals to address issues highlighted in connection with the external audit. Each year, the company carries out a self-assessment of risk management and internal control activities. The external auditors also report regularly to the Board of Directors.

Outcome 2023

Every year, the Internal Control Group function performs a self-assessment of the internal control environment of every company. The self-assessment encompasses the control environment related to the financial reporting, for example, controls in the sales, purchasing, inventory management, salary and accounting processes, and "soft controls" regarding compliance with internal policies and directives. The self-assessments are supplemented with auditing and monitoring of the Internal Control function and of selected units and processes as necessary. Both self-assessments and supplementary audits are performed with the GRC tool (governance, risk management and compliance) implemented in

ARJO'S CORPORATE GOVERNANCE

2020, that guarantees a uniform and formalized process and governance model. Since 2021, the audit and follow-up have been carried out in collaboration between Ernst & Young, that performs the ongoing work for the units, and the Internal Control Group function, that has the ultimate responsibility for the process as well as for managing deviations and reporting outcomes and measures. Selected parts of the operations were also monitored during the year together with the Legal & Business Compliance department. This year's self-assessments and monitoring concluded that the Group has a well-functioning control environment for covering material risks related to the financial reporting.

Continuing work

Arjo's continuing work on internal control will remain concentrated on risk assessment, control activities and follow-up/monitoring. Outcomes and any deviations in the control environment are followed up and reported to the process manager and subsequently to the CFO and Audit Committee. Regarding parts of the control environment that are not related to the financial reporting, the Internal Control function works together with the company's compliance functions such as Quality and Regulatory Compliance and Legal and Business Compliance as well as Sustainability.



BOARD OF DIRECTORS



	Johan Malmquist	Carl Bennet	Eva Elmstedt	Dan Frohm
Position and year of birth	Chairman of the Board and Chairman of the Remuneration Committee. Born 1961.	Vice Chairman of the Board and member of the Remuneration Committee. Born 1951.	Board member and member of the Audit Committee. Born 1960.	Board member and member of the Audit Committee and Remuneration Committee. Born 1981.
Education	B.Sc. in Economics, Stockholm School of Economics.	B.Sc. in Economics, University of Gothenburg, econ. Dr.h.c., med. Dr.h.c. and tech.Dr.h.c.	Bachelor degree in Economics and Computer Science, Indiana University of Pennsylvania, USA.	M.Sc. in Industrial Engineering and Management, Linköping University.
Year elected	2017	2017 (Vice Chairman of the Board since 2018)	2017	2019
Board assignments	Chairman of Getinge AB (publ) and Trelleborg AB (publ) and Board member of Mölnlycke Health Care AB, Stena Adactum AB and Chalmers University of Technology Foundation.	CEO and Chairman of Carl Bennet AB, Chairman of Lifco AB (publ), Vice Chairman of Getinge AB (publ) and Elanders AB (publ) and Board member of L E Lundbergföretagen AB (publ).	Chairman of Omegapoint, Seriline AB, Arelion AB and Board member of AddLife AB (publ), Elanders AB (publ), Fagerhult AB (publ) and Smart Eye AB (publ).	Chairman of Elanders AB (publ) and Vice Chairman of Lifco AB (publ). Board member of Getinge AB (publ), Carl Bennet AB and the Swedish-American Chamber of Commerce, Inc.
Professional experience and previous assignments/positions	President & CEO of Getinge Group 1997–2015, Business Area Director within Getinge Group, President of Getinge Group's French subsidiary and President of subsidiaries within the Electrolux Group. Former Board member of Essity AB (publ) and Dunkerintressena.	Previous experience as President & CEO of Getinge 1989–1997 and Board Chairman of Getinge 1997–2019.	Previous experience as EVP Global Services and member of the management team of Nokia Networks and Nokia Siemens Networks, as well as senior positions at Ericsson, telecom operator 3, and Semcon.	CEO of DF Advisory LLC. Former management consultant at Applied Value LLC in New York.
Attendance at Board meetings	8/8	8/8	8/8	8/8
Attendance at Remuneration Committee meetings	3/3	3/3	—	3/3
Attendance at Audit Committee meetings	—	—	4/4	4/4
Independent in relation to Arjo and its management	Yes	Yes	Yes	Yes
Independent in relation to major shareholders	Yes	No	Yes	No
Total remuneration 2023, SEK	1,728,450, of which 150,075 refers to fee for Remuneration Committee.	779,355, of which 106,605 refers to fee for Remuneration Committee.	812,475, of which 139,725 refers to fee for Audit Committee.	919,080, of which 139,725 refers to fee for Audit Committee and 106,605 for Remuneration Committee.
Shareholding in Arjo AB (own and related parties)¹⁾	400,000 series B shares	18,217,200 series A shares and 49,902,430 series B shares via Carl Bennet AB.	50,000 series B shares	230,789 series B shares

1. Shareholdings as per March 11, 2024.

BOARD OF DIRECTORS



Ulf Grunander

Carola Lemne

Joacim Lindoff

Position and year of birth	Board member and Chairman of the Audit Committee. Born 1954.	Board member and member of the Audit Committee. Born 1958.	Board member and President & CEO. Born 1973.
Education	B.Sc. in Economics, Stockholm University.	Licensed physician, M.D. and associate professor, Karolinska Institute.	B.Sc. in Economics, Lund University.
Year elected	2017	2017	2017
Board assignments	Chairman of Episurf Medical AB (publ) and Djurgården Hockey AB. Board member of Lifco AB (publ).	Chairman of Ung Företagsamhet, Deputy Chairman of IRLAB AB (publ), Board member of Hjärt-Lungfonden and Tervestaylo OY. CEO of Calgo Enterprise AB.	—
Professional experience and previous assignments/positions	Previous experience as an authorized public accountant, Board assignments in a number of companies in Getinge Group, as well as CFO of Getinge Group 1993–2016 and Board member of AMF Pensionsförsäkring AB and AMF Fonder.	Previous experience as Medical Director of Pharmacia Sweden, Clinical Research Manager of Pharmacia Corp., CEO of Danderyd Hospital, Secretary General of Confederation of Swedish Enterprise and President of Praktikertjänst AB. Former Chairman of ArtClinic AB and Internationella Engelska Skolan AB, vice chairman of Alecta AB, Board member of Confederation of Swedish Enterprise and Board member of AFA Försäkringar, Research Institute of Industrial Economics, ICC, Getinge AB (publ), Investor AB (publ).	Previous experience as acting President and CEO of Getinge Group between August 2016 and March 2017, Executive Vice President of Getinge's former Infection Control business area, and Executive Vice President for the Surgical Workflows business area and senior position in NIBE's Heating business area. Also served as the Chairman of the Board of the Swedish Medtech industry organization.
Attendance at Board meetings	8/8	8/8	8/8
Attendance at Remuneration Committee meetings	—	—	—
Attendance at Audit Committee meetings	4/4	4/4	—
Independent in relation to Arjo and its management	Yes	Yes	No
Independent in relation to major shareholders	Yes	Yes	Yes
Total remuneration 2023, SEK	952,200, of which 279,450 refers to fee for Audit Committee.	812,475, of which 139,725 refers to fee for Audit Committee.	—
Shareholding in Arjo AB (own and related parties)¹⁾	96,622 series B shares.	13,000 series B shares.	325,002 series B shares

1. Shareholdings as per March 11, 2024.

BOARD OF DIRECTORS



	Sten Börjesson	Kajsa Haraldsson	Jimmy Linde	Eva Sandling Gralén
Position and year of birth	Employee representative, deputy since 2021. Born 1967.	Employee representative, member since 2020. Born 1982.	Employee representative, deputy since 2020. Born 1971.	Employee representative, member since 2021. Born 1964.
Education	Upper-secondary education in economics and technology.	M.Sc. in Industrial Design Engineering, Chalmers University of Technology.	M.Sc. in Engineering, Chemical Engineering, Faculty of Engineering, Lund University.	Textile Engineering – Textile Technology, University of Borås. Bachelor of Environmental Science at Malmö University.
Board assignments	Owner of Höörs Antenn & Elektronikservice.	–	–	Deputy Board member of Davidshall Progressio Management AB.
Professional experience and previous assignments/positions	Employee representative, Board member of Arjo AB 2017–2020. Board member (employee representative) of Getinge AB 2007–2015. Employed in Arjo's subsidiary, ArjoHuntleigh AB.	Employee representative, deputy Board member Arjo AB 2017–2020. Employed in Arjo's subsidiary, ArjoHuntleigh AB.	Previous experience at AstraZeneca 1996–2017. Employed in Arjo's subsidiary, ArjoHuntleigh AB.	Employee representative, deputy Board member Arjo AB 2018–2020. Employed in Arjo's subsidiary, ArjoHuntleigh AB.
Attendance at Board meetings	7/8	7/8	8/8	8/8
Attendance at Remuneration Committee meetings	–	–	–	–
Attendance at Audit Committee meetings	–	–	–	–
Independent in relation to Arjo and its management	–	–	–	–
Independent in relation to major shareholders	–	–	–	–
Total remuneration 2022, SEK 000s	–	–	–	–
Shareholding in Arjo AB (own and related parties)¹⁾	–	224 series B shares.	1,500 series B shares.	3,000 series B shares

1. Shareholdings as per March 11, 2024.

ARJO MANAGEMENT TEAM



Joacim Lindoff

Katarzyna Bobrow

Ingrid Carlsson

Jonas Cederhage

Marion Gullstrand

Position and year of birth

President & CEO. Born 1973.

Executive Vice President Quality & Regulatory Compliance. Born 1980.

Executive Vice President Legal & Business Compliance and Board secretary. Born 1976.

Executive Vice President, Supply Chain and Product Development & Operations. Born 1971.

Executive Vice President, Human Resources & Sustainability. Born 1957.

Education and professional experience

B.Sc. in Economics, Lund University. Previous experience from several positions within Getinge Group, including Acting CEO, Executive Vice President of Getinge’s former Infection Control business area, and Executive Vice President for the Surgical Workflows business area, as well as assignments in senior positions in NIBE’s Heating business area. Also served as the Chairman of the Board of the Swedish Medtech industry organization.

M.Sc. in Banking and finance, specialized in finance and monetary policy, Poznan University of Economics and Business. Further studies in Quality Management, Poznan University of Technology. Previous experience of various positions in Getinge Group, including Senior Director QA Supply Chain and Operations. Also experience as Quality Specialist for Molex Polska.

Candidate of Law, Lund University, further studies in Intellectual Property Law at Malmö University. Previous experience of various positions in Alfa Laval including Legal Counsel, Head of Legal Business Division Food & Water, Senior Associate at Mannheimer Swartling law firm, and member of the Swedish Bar Association 2009–2014.

B.Sc in Industrial Mgmt. & Supply Chain, University of Gävle, Naveen Jindal School of Management, UT Dallas. Previous experience from various positions at Ericsson, including Vice President Supply Chain, Region Middle East & Northern Africa, from Nilfisk as Senior Vice President, Global Supply Chain, and from various positions at Permobil, including Executive Vice President Supply Chain & Head of Sustainability.

Bachelor’s degree in social science, four-year education in Gestalt Therapy – Organization and group level and degree in economy, Lund University. Previous experience as HR Director of Wasa Group, VP HR of Trelleborg AB (publ), HR Director of IKEA Supply Chain Greater China Supply and other HR positions in IKEA Group, as well as various HR positions in Getinge Group, including Acting EVP HR & Sustainability.

Shareholding in Arjo AB (own and related parties)¹⁾

325,002 series B shares

15,700 series B shares.

2,000 series B shares.

—

29,900 series B shares

1. Shareholdings as per March 11, 2024.

ARJO MANAGEMENT TEAM



	Tobias Kramer	Niclas Sjöswärd	Maria Nilsson	Anne Sigouin	Christian Stentoft
Position and year of birth	Executive Vice President Global Marketing. Born 1984.	CFO. Born 1974.	Executive Vice President, Communication & Public Relations. Born 1982.	President Sales & Service North America. Born 1969.	President Global Sales & Service. Born 1984.
Education and professional experience	M.Sc. in Finance and Accounting, Copenhagen Business School. Previously VP Portfolio and VP Business Development at Arjo. Prior experience from Boston Consulting Group focused on strategic engagements across healthcare including corporate and growth strategy, digital strategy, innovation and R&D optimization as well as commercial excellence and pricing.	B.Sc. in Economics, Gothenburg School of Business. Previous experience as Vice President Corporate Control and a number of executive positions in finance at Getinge. Additional experience from companies such as Volvo Group and Accenture.	B.Sc. in Economics, Lund University. Most recently served as Vice President Investor Relations & Corporate Communications at Arjo. Previous experience from various positions in Corporate Communications at Getinge Group.	Bachelor of Arts degree from Concordia University, Montreal, Quebec, Executive Education Leadership Consortium, Smith College, Northampton, MA, as well as numerous executive management programs. Previously held positions with increased scope and responsibilities in sales and marketing in Canada and in the US for Johnson & Johnson Medical Devices Companies and has also been Managing Director of ArjoHuntleigh AB in Canada and President of Getinge in Canada.	M.Sc. in Design and Innovation, Technical University of Denmark. Previous experience as Executive Vice President, Chief Strategy Officer at Arjo and various positions within Getinge Group, including VP Commercial Excellence & Head of PMO Asia Pacific and Extended Care Division - Director Business Strategy & Insights. Also experience as management consultant at Oletto Associates and Catalyst Consulting.
Shareholding in Arjo AB (own and related parties)¹⁾	15,000 series B shares	30,000 series B shares	3,500 series B shares.	8,125 series B shares	74,620 series B shares.

1. Shareholdings as per March 11, 2024.

Changes to Management Team

- Daniel Fäldt stepped down as CFO in May 2023 and was replaced by Niclas Sjöswärd in October 2023. Joacim Lindoff was temporarily in charge of the Group Finance function until Niclas Sjöswärd assumed the role.
- Maria Nilsson, who has been acting Executive Vice President, Communication & Public Relations since January 2022, became a permanent member of the Arjo Management Team in May 2023 after Kornelia Rasmussen decided to leave her position following the completion of her parental leave.
- At the beginning of 2024, Anne Sigouin stepped down from role as President Sales & Service North America and since February 1, 2024, the US and Canada have their own dedicated leadership team that reports to the President & CEO.

Annual remuneration report 2023

Introduction

This report describes how the principles of remuneration for senior executives at Arjo, adopted by the Annual General Meeting 2022, were implemented in 2023. The report also provides information on remuneration to the CEO and a summary of the company's application of the performance criteria for awarding variable cash remuneration.

Further information on executive remuneration is available in note 3 (Personnel) on pages 76–78. Information on the work of the Remuneration Committee in 2023 is set out in the Corporate Governance Report available on pages 49–61.

Remuneration of the Board of Directors is not covered by this report. Such remuneration is resolved annually by the Annual General Meeting and disclosed in note 3 on pages 76–78.

Key developments 2023

The CEO summarizes the company's overall performance in his statement on page 8.

Guidelines for remuneration

The company's remunerations principles are to be designed to ensure for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainable business methods. Remuneration and other employment terms and conditions for senior executives is to be market-based and competitive in every market where the company is active so as to attract, develop and retain skilled and competent employees.

Individual levels of remuneration shall be based on experience, competence, responsibility and performance and market factors in the country in which the senior executive is employed.

The remuneration guidelines, adopted at the 2022 Annual General Meeting, and the auditor's report on whether the company followed these guidelines in 2023 are available on the company's website www.arjo.com. Remuneration guidelines are presented in their entirety on pages 65–67.

Total remuneration of CEO

In 2023, the CEO of Arjo received the following remuneration components; basic pay, variable cash remuneration, pension contributions and other benefits.

Basic pay includes vacation pay. Other remuneration, when paid, includes severance pay. Annual variable remuneration refers to remuneration earned and paid for the 2023 fiscal year. Long-term variable remuneration refers to remuneration earned and paid for the 2021–2023 fiscal years.

Table 1 – Total remuneration of the CEO

The table below sets out total remuneration (SEK) expensed for Arjo's CEO in 2023, 2022, 2021, 2020 and 2019.

Name of Director, position	Fiscal year	Fixed remuneration		Variable remuneration		Extraordinary items	Pension expenses	Total remuneration	Proportion of fixed/variable remuneration
		Basic pay	Other benefits	One-year variable	Multi-year variable				
Joacim Lindoff CEO	2023	9,539,498	124,776	4,618,688	0	0	2,771,212	17,054,174	73/27
	2022	9,103,500	151,954	446,250	0 ²⁾	0	2,677,500	12,379,204	96/4
	2021	8,618,999	1,171,304 ¹⁾	6,800,000	2,925,795	0	2,550,000	22,066,098	56/44
	2020	8,130,000	1,082,492 ¹⁾	6,426,000	2,258,678	0	2,409,750	20,306,920	57/43
	2019	7,803,000	239,709 ¹⁾	650,000	0	0	2,295,000	10,987,709	94/6

1. Including variable vacation pay, but excluded from 2022.

2. Vested amount for 2022 from Arjo LTI programs 3–5, of which SEK 0 to be paid during 2023.

ANNUAL REMUNERATION REPORT

Share-based remuneration

The company does not have any share-based incentive plans.

Description of significant changes to the guidelines and consideration of the opinions of the shareholders

In 2023, the company complied with the applicable remuneration guidelines adopted by the Annual General Meeting. No deviations from the principles have been decided and no derogations from the procedure for implementation of the principles have been made. No opinions on the remuneration guidelines were presented.

Drafting and decision-making process

During the year, the Remuneration Committee gave the Board its recommendations concerning policies for the remuneration of senior executives. The recommendations included the proportion between fixed and variable remuneration, the size of possible pay increases and proposals on criteria for assessment of bonus outcomes.

The Board discussed the Remuneration Committee's proposals and decided in line with the Remuneration Committee's recommendations. Remuneration of the CEO for the 2023 fiscal year was decided by the Board taking into account the Remuneration Committee's recommendations. Remuneration of other senior executives was decided by the CEO in consultation with the Remuneration Committee. During 2023, the Remuneration Committee was convened on three occasions.

Table 2a - Performance of the CEO in the reported fiscal year

Set out in the table below is a description of how the criteria for payment of variable short-term compensation have been applied during the fiscal year.

Name of Director, position	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	a) Measured performance
			b) Actual award/remuneration outcome
Joacim Lindoff CEO	Adjusted earnings before interest, tax depreciation and amortization (EBITDA) ¹⁾	65%	a) SEK 2,039 M b) SEK 2,655,746
	Working Capital (R12)	25%	a) 134 days b) SEK 1,501,073
	Sustainability CO ₂ reduction	5%	a) 6,451 tons CO ₂ b) SEK 230,934
	Sustainability SBTi implementation	5%	a) Implementation step completed b) SEK 230,934

1. Adjusted for exceptional items and translated at last year's exchange rates.

Table 2b - Performance of the CEO in the reported fiscal year

Set out in the table below is a description of how the criteria for payment of variable long-term compensation have been applied during the fiscal year.

Name of Director, position	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	a) Measured performance
			b) Actual award/ remuneration outcome
Joacim Lindoff CEO	Earnings per share (adjusted EPS) 2023 ²⁾ : Target 3.1 (average) (Program 4 2021-2023)	33.3%	a) SEK 1.80 b) SEK 0 (earned)
	Earnings per share (adjusted EPS) 2023 ²⁾ : Target: 3.1 (average) (Program 5 2022-2024)	33.3%	a) SEK 1.79 b) SEK 0 (estimated)
	Earnings per share (adjusted EPS) 2023 ²⁾ : Target 3.1 (average) (Program 6 2023-2025)	33.3%	a) SEK 2.24 b) SEK 0 (estimated)

2. Adjusted for exceptional items and translated at last year's exchange rates.

ANNUAL REMUNERATION REPORT

Comparative information on the change of remuneration and Arjo's performance

Table 3 – Change of remuneration and Arjo's performance over the last five reported fiscal years (RFY)

Annual change	2020 vs 2019	2021 vs 2020	2022 vs 2021	2023 vs 2022	2023
Joacim Lindoff, CEO	SEK +9,319,211	SEK +1,759,178	SEK -9,686,894	SEK +4,674,970	SEK 17,054,174
Arjo's performance					
Group operating profit	SEK +195 M	SEK +211 M	SEK -386 M	SEK +191 M	SEK 884 M
Group net sales	SEK +102 M	SEK -8 M	SEK +909 M	SEK +1,001 M	SEK 10,980 M
Average remuneration on a full-time equivalent basis of employees					
Arjo employees ³⁾	SEK +72,653	SEK +112,311	SEK -62,205	SEK -21,906	Average total remuneration is SEK 902,488
Arjo employees ⁴⁾ Actual number	179 vs 173	192 vs 179	206 vs 192	188 vs 206	188 employees

3. The average remuneration of a full-time equivalent includes all employees in Sweden (excluding the Management Team), annual basic pay during the year, pension contributions for the year and the outcome of variable pay paid in 2023.

4. Refers to all employees in Sweden (excluding Management Team).

Principles for remuneration of senior executives

The 2022 AGM resolved on guidelines for the remuneration of senior executives as stated below:

1. Scope of the guidelines, etc.

These guidelines refer to remuneration and other employment conditions for the individuals who are members of the Arjo Management Team during the validity of the guidelines, in the following referred to as “senior executives.” The guidelines are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the 2022 AGM. These guidelines do not apply to any remuneration resolved or approved by the Annual General Meeting.

2. Promotion of Arjo’s business strategy, long-term interests and sustainability, etc.

A prerequisite for the successful implementation of the company’s business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. The basic principle is that remuneration and other terms and conditions of employment for senior executives shall be based on market conditions and be competitive in all markets where Arjo operates, to ensure that competent and skillful employees can be attracted, motivated and retained. Individual levels of remuneration shall be based on experience, competence, responsibility and performance and be market-conforming in the country in which the senior executive is employed.

3. Principles for various types of remuneration

The total remuneration to senior executives shall be on market terms and comprise basic pay (fixed cash remuneration), variable remuneration, pension benefits and other benefits. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration.

Fixed remuneration

The fixed remuneration for each position is determined based on a global position evaluation system and external market payroll data. The fixed remuneration, meaning the basic pay, shall be based on the individual executive’s area of responsibility, authority, competence and performance.

Variable remuneration

The allocation of basic pay and variable remuneration shall be proportional to the responsibility and authority of the executive. The variable remuneration shall always be limited in advance to a maximum amount and be connected to predetermined and measurable criteria, designed with the purpose of promoting the company’s business strategy and long-term value creation.

The company’s sustainability work is incorporated in the ongoing operations of the company. If the company’s key guidelines

for sustainability work or ethical guidelines are not followed, the company may refrain from paying variable remuneration or reclaim the paid remuneration. The annual variable remuneration is constructed in such a way that it supports Arjo’s strategy to develop products and solutions on a long-term basis which contribute to improve care outcomes, create a more efficient care process, enable a better work environment for healthcare professionals and increase the quality of life for patients. If the above activities are conducted in an efficient and sustainable way, it will result in improved financial results and increased capital efficiency, which form the basis for the variable remuneration.

Annual variable remuneration (STIP)

For senior executives, the annual variable remuneration (annual bonus) shall be capped at 50 percent of the fixed annual basic salary, except in cases where the nature and competition situation of the position, as well as the country of employment, so require. In such cases the annual variable remuneration shall be capped at 80 percent of the fixed annual basic pay. The variable remuneration shall be based on the objectives set by the Board of Directors. The objectives are related to earnings, volume growth, working capital and sustainability. All members of the Arjo Management Team have the same goals for annual variable remuneration with the purpose of promoting the shareholders’ interests,

PRINCIPLES FOR REMUNERATION OF SENIOR EXECUTIVES

the company's core values, and jointly strive to achieve the company's business strategy, long-term interests and a sustainable development of the company.

Long-term variable cash bonus (LTIP)

In addition to basic pay and the annual variable remuneration above, senior executives may receive a variable long-term bonus (LTI bonus), awarding clear target based and measurable achievements, and which is conditional upon continued employment at the end of the performance period for the LTI bonus (with certain customary exceptions). The criteria for payment of the LTI bonus are to be designed so that they promote Arjo's business strategy and long-term interests, including its sustainability, by having a clear link to the business strategy. The criteria for the LTI bonus are related to earnings per share, adjusted for potential acquisitions, divestments, restructuring costs and/or other material non-recurring costs. By connecting the targets to shareholder interests, common interests are created which further aim at promoting Arjo's business strategy and long-term interests. The performance period for the LTI bonus shall be at least three fiscal years and the LTI bonus shall be capped at 100 percent of one year's basic pay for each three-year period, i.e. one third of the annual basic salary per year. Senior executives in the Management Team are to reinvest at least 50 percent of the payment (net after tax) from each LTI program in Arjo shares, until an amount corresponding to one annual salary (gross) has been reinvested in shares in the company using the funds that the senior executives were paid under the LTI program issued by the company. The senior executives shall keep these shares for at least three years from the time of investment.

Determination of the outcome for variable remuneration, etc.

When the measurement period of the criteria for awarding variable cash remuneration has been finalized, the Board of Directors

shall, based on a proposal from the Remuneration Committee, determine whether the criteria have been satisfied. When determining the satisfaction of the criteria, the Board of Directors, may based on a proposal from the Remuneration Committee, grant exceptions from the set criteria on the basis of what is mentioned in item 5 below. For the satisfaction of financial targets, the evaluation shall be based on the latest financial information made public by the company, taking into account any adjustments that the Board of Directors has determined in advance when implementing the program. Variable cash remuneration can be paid after the completion of a measurement period (annual variable remuneration) or be subject to deferred payment (LTI bonus).

Arjo actively works with ensuring that the company is managed in the most sustainable, responsible and efficient way possible and that applicable legislation and other regulations are complied with. Arjo also applies internal rules which include a Code of Conduct and different governing documents on group level (policies, instructions and guidelines) in several areas. Variable remuneration shall not be awarded, or variable remuneration may be reclaimed, if the senior executive has acted contrary to these rules, principles or the company's Code of Conduct. In case profit before tax is negative, variable remuneration shall not be awarded. The Board of Directors shall have the possibility, pursuant to applicable law or contractual provisions, to in whole or in part reclaim variable remuneration paid on incorrect grounds (clawback).

Other variable remuneration

Further variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are only made for the purpose of recruiting or retaining executives. Such remuneration may not exceed an amount corresponding to 50 percent of the basic pay and may not be paid more than once each year and per each individual.

Any resolution on such remuneration shall be made by the Board of Directors based on a proposal from the Remuneration Committee. In addition to the aforementioned variable remuneration, adopted share or share-related incentive programs may be included as described above.

Pensions

For the CEO, pension benefits shall be premium defined. The pension premiums for premium defined pension shall amount to not more than 30 percent of the fixed basic pay. Variable cash remuneration shall not qualify for pension benefits.

Other senior executives shall be covered by ITP 1 or ITP 2 and the pension benefits are to be premium defined. Variable cash remuneration shall only qualify for pension benefits to the extent required by mandatory collective agreement provisions as applicable to the executive. Should that be the case, it should be considered when forming the total remuneration package. The pension premiums for premium defined pension shall amount to a maximum of 30 percent for parts exceeding the cap in applicable ITP plan.

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Other benefits

Other benefits such as company car, extra health insurance or occupational health service may be provided to the extent this is considered customary for senior executives holding equivalent positions on the labor market on which the employee operates. The total value of these benefits shall amount to not more than 10 percent of the fixed basic pay.

PRINCIPLES FOR REMUNERATION OF SENIOR EXECUTIVES

Terms of notice

Senior executives shall be employed until further notice. Upon termination of the CEO's employment, if such termination is determined by the company, the notice period shall be twelve (12) months. The notice period may not exceed twelve (12) months if notice of termination of other senior executives' employment is made by the company. The notice period may not exceed six (6) months, without any right to severance pay, when termination is made by the executive.

Senior executives may be compensated for a non-compete undertaking after the termination of the employment, however, only to the extent severance pay is not paid during the same period of time. The purpose of such remuneration shall be to compensate the senior executive for the difference between the monthly basic pay at the time of termination of the employment, and the (lower) monthly income which is obtained, or could be obtained, by a new employment agreement, assignment or own business. The remuneration may be paid during the period the non-compete undertaking is applicable, and no longer than a period of twelve (12) months after the termination of the employment.

Salary and employment conditions for employees

In the preparation of the Board's proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Remuneration Committee's and the Board's basis for decision when evaluating whether the guidelines and the limitations set out herein are reasonable. The development of the gap between the remuneration to executives and remuneration to other employees will be disclosed in the remuneration report.

4. The decision-making process to determine, review and implement the guidelines

The Board of Directors has previously established a Remuneration Committee. The Committee's tasks include preparing the Board of Directors' decision to propose guidelines for executive remuneration. These guidelines are subject to review on annual basis by the Board of Directors and submitted for resolution by the Annual General Meeting when changes are proposed, or at least every four years. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the company. The CEO and other members of the executive management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

5. Derogation from the guidelines

The Board may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board's resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

Proposal for revised guidelines for remuneration to senior executives for 2024

The board intends to propose that the Annual General Meeting in 2024 decide on an adjustment in the current guidelines for remuneration to senior executives regarding pension provision for the CEO, which is proposed to be increased from the current 30 percent to 35 percent of the fixed basic salary. The guidelines are intended to be updated, but no other material changes will be proposed.

Proposed appropriation of profit

ARJO AB (PUBL), CORP. REG. NO. 559092-8064

The following profit in the Parent Company is at the disposal of the Annual General Meeting:

Retained earnings	3,605,622,429
Net profit for the year	276,927,823
Total	3,882,550,252

The Board and Chief Executive Officer propose that a dividend shall be distributed to shareholders in the following amount:

SEK 0.90 per share	245,132,616
To be carried forward	3,637,417,636
Total	3,882,550,252

The Board of Directors deems the proposed dividend to be justified in relation to requirements that the Group's nature of business, scope and risks impose on consolidated shareholders' equity and the Group's consolidation requirements, liquidity and financial position.

The Board of Directors and CEO affirm that the consolidated financial statements have been prepared in accordance with international financial reporting standards IFRS, which have been adopted by the EU, and provide a fair and accurate account of the Group's financial position and profit. This Annual Report was prepared in accordance with generally accepted accounting policies and provides a fair and accurate account of the Parent Company's financial position and profit.

The Directors' Report for the Group and Parent Company provides a fair review of the performance of the Parent Company and the Group's operations, financial position and earnings and describes the material risks and uncertainties faced by the Parent Company and companies belonging to the Group.

Malmö, March 20, 2024

Johan Malmquist
Chairman of the Board

Carl Bennet
Vice Chairman of the Board

Eva Elmstedt
Board member

Dan Frohm
Board member

Ulf Grunander
Board member

Carola Lemne
Board member

Joacim Lindoff
Board member
President & CEO

Kajsa Haraldsson
Board member
Employee representative

Eva Sandling Gralén
Board member
Employee representative

Our auditor's report was submitted on March 20, 2024
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	2023	2022 ¹⁾
Net sales	2	10,980	9,979
Cost of goods sold ²⁾	4, 30	-6,244	-5,797
Gross profit²⁾	30	4,735	4,183
Selling expenses	4	-2,163	-1,969
Administrative expenses	4	-1,462	-1,329
Research and development costs	4, 6	-149	-115
Exceptional items	4, 5	-73	-74
Other operating income		29	31
Other operating expenses ²⁾	8	-23	-24
Income from participations in associated companies	15	-11	-10
Operating profit (EBIT)	2, 3, 4, 5, 6, 7, 14, 30	884	693
Financial income	9	28	42
Financial expenses	9	-271	-135
Profit after financial items	8, 30	640	599
Taxes	10, 30	-160	-151
Net profit for the year	30	480	449
<i>Attributable to:</i>			
Parent Company shareholders	30	480	449
Earnings per share, SEK ³⁾	11, 30	1.76	1.65
- weighted average number of shares for calculation of earnings per share (thousand)	11	272,370	272,370

1. Comparative figures for 2022 have been restated, see Note 30 Restatement of calculations of intra-Group gains.
2. Comparative figures for 2022 have been adjusted by means of a reclassification from Other operating expenses SEK +31 M to Cost of goods sold SEK -31 M.
3. Before and after dilution.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK M	Note	2023	2022 ¹⁾
Net profit for the year	30	480	449
Other comprehensive income			
Items that cannot be restated in profit			
Actuarial gains/losses pertaining to defined-benefit pension plans		-32	-34
Tax attributable to items that cannot be restated in profit	10	-10	10
Items that can later be restated in profit			
Translation differences	19, 30	-63	733
Hedges of net investments	19	4	-112
Tax attributable to items that can be restated in profit	10	2	-15
Other comprehensive income for the period, net after tax	30	-99	582
Total comprehensive income for the year	30	382	1,030
<i>Comprehensive income attributable to:</i>			
Parent Company shareholders	30	382	1,030

1. Comparative figures for 2022 have been restated, see Note 30 Restatement of calculations of intra-Group gains.

CONSOLIDATED BALANCE SHEET

SEK M	Note	2023	2022 Restated ¹⁾	Jan 1, 2022 Restated ¹⁾
ASSETS				
Non-current assets				
Intangible assets	2, 4, 12	7,343	7,391	7,099
Tangible assets	2, 4, 13, 30	1,669	1,710	1,375
Right-of-use assets	2, 4, 14	1,111	1,107	1,101
Non-current financial receivables, interest-bearing	20	30	27	—
Non-current lease receivables	14, 20	46	38	51
Non-current receivables for pensions, interest-bearing	20, 22	183	205	238
Other financial assets	27	129	119	117
Participations in associated companies	15	139	132	123
Deferred tax assets	10, 30	375	376	306
Total non-current assets		11,025	11,105	10,409
Current assets				
Inventories	16, 30	1,301	1,504	1,225
Accounts receivable	17, 27	1,632	1,708	1,542
Current tax assets		34	87	18
Current financial receivables, interest-bearing	20	—	—	2
Current lease receivables	14, 20	14	21	24
Derivatives, current	26, 27	6	45	26
Other current receivables		224	283	209
Prepaid expenses and accrued income	18	284	263	228
Cash and cash equivalents	20, 27	923	949	757
Total current assets		4,419	4,861	4,031
TOTAL ASSETS	30	15,444	15,966	14,440

1. Comparative figures for 2022 have been restated, see Note 30 Restatement of calculations of intra-Group gains.

SEK M	Note	2023	2022 Restated ¹⁾	Jan 1, 2022 Restated ¹⁾
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital	19	91	91	91
Reserves	19, 30	1,315	1,372	766
Retained earnings	30	6,176	5,969	5,858
Equity attributable to the Parent Company shareholders		7,582	7,432	6,714
Non-current liabilities				
Non-current financial liabilities	20, 26, 27	2,391	2,823	118
Non-current lease liabilities	14, 20, 26	796	809	830
Provisions for pensions, interest-bearing	20, 22	31	29	32
Deferred tax liabilities	10, 30	179	184	185
Other provisions, non-current	21	67	69	71
Total non-current liabilities		3,466	3,913	1,236
Current liabilities				
Other provisions, current	21	59	67	57
Current financial liabilities	20, 26, 27	1,934	2,322	4,177
Current lease liabilities	14, 20, 26	365	359	328
Accounts payable	26, 27	612	587	614
Current tax liabilities		89	106	61
Derivatives, current	26, 27	39	26	16
Other liabilities		228	212	216
Accrued expenses and deferred income	23	1,071	942	1,021
Total current liabilities		4,396	4,621	6,490
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	30	15,444	15,966	14,440

1. Comparative figures for 2022 have been restated, see Note 30 Restatement of calculations of intra-Group gains. For information about pledged assets and contingent liabilities, see Note 24.

CHANGES IN SHAREHOLDERS' EQUITY FOR THE GROUP

SEK M	Share capital	Reserves ¹⁾	Retained earnings	Total ²⁾
Opening balance at January 1, 2022, according to adopted balance sheet	91	766	6,028	6,885
Restatement of intra-Group gains (after tax)	—	—	-170	-170
Adjusted opening balance at January 1, 2022	91	766	5,858	6,714
Net profit for the year	—	—	449	449
Other comprehensive income for the year (restated)	—	606	-24	582
Dividend	—	—	-313	-313
Closing balance at December 31, 2022 (restated)	91	1,372	5,969	7,432
Opening balance at January 1, 2023 (restated)	91	1,372	5,969	7,432
Net profit for the year	—	—	480	480
Other comprehensive income for the year	—	-57	-42	-99
Dividend	—	—	-232	-232
Closing balance at December 31, 2023	91	1,315	6,176	7,582

1. For reserves, see also Note 19.

2. Comparative figures for 2022 have been restated, see Note 30 Restatement of calculations of intra-Group gains.

CONSOLIDATED CASH-FLOW STATEMENT

SEK M	Note	2023	2022 ¹⁾
Operating activities			
Operating profit (EBIT)	30	884	693
Add-back of amortization, depreciation and write-down	30	1,062	985
Other non-cash items	28, 30	-22	-9
Expensed exceptional items ²⁾		70	72
Paid exceptional items		-60	-78
Interest paid		-250	-116
Interest received		28	16
Other financial items		-8	6
Taxes paid		-166	-233
Cash flow before changes to working capital	30	1,536	1,336
Changes in working capital			
Inventories	30	192	-164
Current receivables		130	-76
Current liabilities		203	-270
Cash flow from operations	30	2,061	827
Investing activities			
Capital contributions to associated companies	15	-24	—
Acquired financial assets		-10	-21
Investments in intangible assets		-276	-254
Investments in tangible assets	30	-403	-557
Divestment of intangible / tangible assets and right-of-use assets		75	20
Cash flow from investing activities	30	-637	-813

SEK M	Note	2023	2022 ¹⁾
Financing activities			
Raising of loans	20	23,730	24,328
Repayment of financial liabilities	20	-24,618	-23,747
Repayment of lease liabilities		-412	-377
Change in pension assets/liabilities		-3	1
Change in interest-bearing receivables		22	4
Dividend		-232	-313
Realized derivatives attributable to financing activities		86	241
Cash flow from financing activities		-1,427	136
Cash flow for the year	20	-4	150
Cash and cash equivalents at the beginning of the period		949	757
Cash flow for the year		-4	150
Translation differences		-22	42
Cash and cash equivalents at year-end	28	923	949

1. Comparative figures for 2022 have been restated, see Note 30 Restatement of calculations of intra-Group gains.
2. Excluding write-downs on non-current assets.

Notes for the Group

1 Accounting policies

GENERAL INFORMATION

Arjo AB (publ) (559092-8064), which is the Parent Company of the Arjo Group, is a limited liability company registered in Sweden with its registered offices in Malmö. Arjo AB's address is Hans Michelsensgatan 10, SE-211 20 Malmö, Sweden. Arjo is a global supplier of medical devices and solutions that improve clinical and financial outcomes for healthcare by enabling improved mobility, and thus contribute to a sustainable healthcare system. Most operations are located outside Sweden, and Arjo's largest markets are the US, the UK, France, Canada and Germany. A description of the company's operations is included in the Directors' Report on page 2-7. The consolidated financial statements for the fiscal year ending December 31, 2023 were approved by the Board on March 20, 2024 and will be presented to the Annual General Meeting (AGM) for adoption on April 18, 2024.

BASIS OF PREPARATION

Arjo's consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS)/International Accounting Standards (IAS), as approved by the EU, and the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups.

Arjo applies the cost method to value its assets and liabilities, except as regards financial assets and liabilities, including derivative instruments, at fair value through profit or loss, which are measured at fair value either through profit or loss or other comprehensive income if they are hedging instruments attributable to cash-flow hedges. Additional information about the preparation of the consolidated financial statements is presented below.

Elimination of transactions in Arjo

Receivables, liabilities, revenue, expenses, and unrealized gains and losses arising between entities in Arjo are eliminated in their entirety. Unrealized losses are eliminated in the same manner as unrealized gains, but only insofar as no impairment is required.

ACCOUNTING AND MEASUREMENT POLICIES

The basis for preparation of Arjo's financial statements is presented above.

The financial statements are presented in Swedish kronor (SEK). Unless otherwise stated, all amounts are given in millions of Swedish kronor (SEK M). Figures in parentheses pertain to operations in 2022, unless otherwise specified.

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.

Significant estimates and assessments

To prepare the financial statements in accordance with IFRS, the company management is required to make assessments and assumptions that affect the recognized amounts of assets and liabilities and other information in the financial statements as well as the revenues and expenses recognized during the period. Estimates, assessments and assumptions are reviewed on a regular basis. The actual outcome may diverge from these assessments, estimates and assumptions. The areas that the Board and Arjo Management Team believe to be particularly significant to an assessment of Arjo's earnings and financial position are stated in each Note, where applicable.

Arjo has assessed that it has a significant influence through a shareholder agreement in a company recognized as an associated company despite the holdings amounting to only 10 percent, see also Note 15.

Subsidiaries

Subsidiaries are all companies over which Arjo exercises a controlling influence. Arjo controls a company when it is exposed to or has the right to variability of returns from its holding in the company and can affect these returns through its influence over the company.

Foreign currencies

Functional currency: Transactions in foreign currencies are translated to the functional currency of the financial statements according to the exchange rate on the date of the transaction. Receivables and liabilities in foreign currencies are measured at the closing day rate, and unrealized currency gains and losses are included in profit or loss. Exchange-rate differences attributable to operating receivables and liabilities are recognized in operating profit. Exchange-rate differences regarding financial assets and liabilities are recognized under other financial items.

Translation of foreign operations: Arjo applies the current method for translation of foreign subsidiaries' balance sheets and income statements. For long-term intra-Group loans of subsidiaries, Arjo applies the rules on expanded net investments, which means that translation differences on these intra-Group loans are recognized in the same way as the translation effects on the subsidiaries' net assets.

Government grants

Government grants relating to costs are recognized in profit or loss. The income is recognized in the same period as the cost that the grants are intended to compensate.

Dividend

Dividends proposed by the Board of Directors are not deducted from distributable earnings until the dividend has been approved by the Annual General Meeting (AGM).

Alternative performance measures

Alternative performance measures are presented in this report to monitor Arjo's operations, the primary measures being adjusted EBITDA, cash conversion and net debt/equity ratio. Definitions and reconciliations of the alternative performance measures are presented on pages 144-146.

1 Accounting policies, cont.

Accounting changes

During the year, 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 2022, including opening balances, have been restated. The restatement is recognized as a correction of an error in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. For further information, refer to Note 30.

New accounting policies applied by Arjo in 2023

No standards, amendments or interpretations effective from the fiscal year beginning on January 1, 2023 had a material impact on Arjo's financial statements.

New and revised standards and interpretations that have not yet come into effect

No standards, amendments or interpretations effective from the fiscal year beginning on January 1, 2024 had a material impact on Arjo's financial statements.

2 Segment reporting

Accounting policies

The reporting of operating segments corresponds to the internal reporting submitted to the chief operating decision maker. This function in Arjo was identified as the CEO. Arjo's operations comprise the following operating segments:

Global Sales - comprises the sales operations in all countries apart from the US and Canada.

North America - comprises the sales operations in the US and Canada.

Other - comprises the diagnostics business.

The Group has three streams of income: product sales, services including spare parts and rental. Income is measured at fair value excluding indirect sales tax. Income from the sale of products is recognized when control of the goods is passed to the customer, which can either be when the produce leaves Arjo's warehouse or when it arrives at the customer. The products are often sold at volume discounts based the volume of the specific order. Only a small number of contracts are based on accumulated sales over a 12-month period. Income from the sale of products is recognized based on the price in the contract, less estimated volume discounts. Historical data is used to estimate the expected value of the discount and income is recognized only to the extent that it is highly probable that a material reversal will not occur. A liability (included in the item accrued expenses and deferred income) is recognized for expected volume discounts in relation to sales up to and including the closing date.

If delivery of finished products is postponed at the buyer's request, but the buyer assumes the proprietary rights and accepts the invoice (a "bill and hold" sale), income is recognized when control is passed to the customer, which takes place when the products are placed in several locations in the warehouse. The Group's obligation to repair or replace defective products under normal guarantee rules is recognized as a provision, see Note 21 Other provisions.

The Group has both fixed-price service contracts and contracts on current account. Income from fixed price contracts are recognized over time in line with control of the services being passed to the customer. Income from contracts on current account is based on time spent and is recognized to the extent that Arjo has the right to invoice the customer (monthly). Advance payments from customers mainly refer to payments for service contracts. These contract liabilities are presented in Note 23 Accrued expenses and deferred income.

No financing component is deemed to exist on the date of sale since the credit period is normally 30-90 days, which is consistent with market practice.

Arjo applied the exemption not to provide disclosures on future contracted revenue since these have terms of less than one year.

For income recognition for rental, see Note 14 Leases.

Arjo has significant central Group functions in the areas of Supply Chain (product supply, inventories and distribution), IT, Finance, Quality, and Research and Development. Supply Chain's gross profit is allocated to each segment, while Supply Chain's operating expenses are recognized together with the costs for the Group functions. The Group has no single customer that accounts for 10 percent or more of the Group's sales.

2 Segment reporting, cont.

SEK M	2023						SEK M	2022 ¹⁾					
	Global Sales	North America	Other	Group functions	Eliminations	Arjo Group		Global Sales	North America	Other	Group functions	Eliminations	Arjo Group
Product sales	3,325	2,555	399	—	-15	6,264	Product sales	3,095	2,364	357	—	-10	5,806
Service including spare parts	1,361	663	25	—	0	2,048	Service including spare parts	1,149	587	15	—	0	1,751
Rental	1,667	1,001	—	—	—	2,668	Rental	1,510	913	0	—	—	2,423
Total net sales, external	6,352	4,219	424	—	-15	10,980	Total net sales, external	5,753	3,864	372	—	-10	9,979
Operating profit	1,143	896	50	-1,206	—	884	Operating profit	794	915	85	-1,100	—	693
Financial income						28	Financial income						42
Financial expenses						-271	Financial expenses						-135
Profit after financial items						640	Profit after financial items						599
Taxes						-160	Taxes						-151
Net profit for the year						480	Net profit for the year						449

1. Comparative figures for 2022 have been restated, see Note 30 Restatement of calculations of intra-Group gains.

The assets specified by segment in the table below comprise the items intangible assets, tangible assets and right-of-use assets. Reporting of assets is based on the domicile of the Arjo companies. Assets and liabilities are not divided by segment since no such amounts are regularly reported to the chief operating decision maker.

Assets SEK M	2023	2022 ¹⁾
USA	1,925	2,140
UK	1,369	1,343
Sweden	4,031	3,965
Other	2,797	2,760
Total	10,122	10,208

1. Comparative figures for 2022 have been restated, see Note 30 Restatement of calculations of intra-Group gains.

The table below presents the 20 largest markets based on where customers are situated.

#	Country	2023		2022		#	Country	2023		2022	
		SEK M	%	SEK M	%			SEK M	%	SEK M	%
1	USA	3,251	30	2,996	30	12	India	151	1	134	1
2	UK	1,395	13	1,228	12	13	South Africa	136	1	129	1
3	France	1,220	11	1,050	11	14	Singapore	116	1	72	1
4	Canada	1,076	10	949	10	15	Ireland	99	1	177	2
5	Germany	792	7	725	7	16	Hong Kong	92	1	94	1
6	Australia	612	6	544	5	17	New Zealand	87	1	68	1
7	Netherlands	380	3	359	4	18	Spain	85	1	65	1
8	Austria	258	2	234	2	19	Sweden	67	1	73	1
9	Italy	242	2	220	2	20	Japan	56	1	69	1
10	Belgium	192	2	172	2		Other	494	4	474	5
11	Switzerland	179	2	147	1						
							Total net sales	10,980	100	9,979	100

3 Personnel

Accounting policies

Incentive programs: Arjo has a long-term and a short-term incentive program that are recognized in accordance with IAS 19 Employee Benefits. During the vesting period, the incentive program is recognized as an expense and a current liability.

Group, SEK M	2023			2022		
	Board and CEO ¹⁾	Other	Total	Board and CEO ¹⁾	Other	Total
Salaries and remuneration	131	3,477	3,608	133	3,024	3,157
Social security expenses	27	634	661	25	519	544
Pension expenses	10	171	181	11	168	179
Total	168	4,281	4,449	169	3,711	3,880

1. Pertains to remuneration of the Board and CEO in all companies in the Group.

Gender distribution in all companies in the Group

	2023	2022		2023	2022
Women:			Men:		
Board members of the Parent Company	29%	29%	Board members of the Parent Company	71%	71%
Board members in all Group companies	9%	10%	Board members in all Group companies	91%	90%
Other members of the company's management, incl. CEO	27%	27%	Other members of the company's management, incl. CEO	73%	73%

Average number of employees

Number	2023			2022		
	Men	Women	Total	Men	Women	Total
Australia	151	80	231	139	71	210
Belgium	52	20	72	53	21	74
Brazil	11	11	22	11	9	20
Denmark	10	5	15	10	5	15
Dominican Republic	249	632	881	283	697	980
France	394	140	534	377	134	511
United Arab Emirates	10	1	11	10	—	10
Hong Kong	14	11	25	14	9	23
India	142	36	178	139	31	170
Ireland	29	4	33	26	4	30
Italy	78	38	116	77	40	117
Japan	15	7	22	14	6	20
Canada	262	160	422	263	162	425
China	73	115	188	71	115	186
Mexico	4	6	10	4	5	9
Netherlands	111	60	171	109	59	168
Norway	5	9	14	5	8	13
New Zealand	25	10	35	23	9	32
Poland	301	531	832	322	561	883
Switzerland	46	12	58	41	13	54
Singapore	10	37	47	35	8	43
Spain	25	17	42	26	17	43
UK	682	283	965	675	289	964
Sweden	105	105	210	111	104	215
South Africa	72	50	122	77	46	123
South Korea	3	1	4	3	—	3
Czech Republic	12	9	21	9	11	20
Germany	317	99	416	313	99	412
USA	615	254	869	640	220	860
Austria	96	17	113	97	21	118
Total	3,919	2,760	6,679	3,977	2,774	6,751

3 Personnel, cont.

Remuneration and other benefits for senior executives in 2023, SEK 000s

	Board fee ¹⁾	Basic pay	Variable remuneration, short term	Variable remuneration, long term	Other benefits	Pension expenses	Total
Johan Malmquist, Chairman of the Board	1,728						1,728
Carl Bennet, Board member	779						779
Eva Elmstedt, Board member	812						812
Ulf Grunander, Board member	952						952
Carola Lemne, Board member	812						812
Dan Frohm, Board member	919						919
CEO		9,539	4,619	—	125	2,771	17,054
Other senior executives, employed in Arjo AB		15,777	5,535	—	752	2,914	24,978
Other senior executives, employed in other Group companies		7,840	1,811	—	112	282	10,045
Total	6,002	33,156	11,965	—	989	5,967	58,079

1. Also includes fees for work on Board Committees and corresponds to what was resolved at the 2023 AGM.

Remuneration and other benefits for senior executives in 2022, SEK 000s

	Board fee ¹⁾	Basic pay	Variable remuneration, short term	Variable remuneration, long term	Other benefits	Pension expenses	Total
Johan Malmquist, Chairman of the Board	1,670						1,670
Carl Bennet, Board member	753						753
Eva Elmstedt, Board member	785						785
Ulf Grunander, Board member	920						920
Carola Lemne, Board member	785						785
Dan Frohm, Board member	888						888
CEO		9,104	446	—	152	2,678	12,380
Other senior executives, employed in Arjo AB		12,892	429	—	851	3,382	17,554
Other senior executives, employed in other Group companies		11,808	1,107	—	1,079	1,815	15,809
Total	5,801	33,804	1,982	—	2,082	7,875	51,544

1. Also includes fees for work on Board Committees and corresponds to what was resolved at the 2022 AGM.

Comments on the table

- Short-term variable remuneration refers to the 2023 fiscal year's expensed bonus, which was paid in 2024.
- Other benefits refer to company car and healthcare insurance.
- Other senior executives pertains to remuneration to members of the Arjo Management Team, other than the CEO (11 individuals, of whom 2 left the company and 2 are new).

Comments on the table

- Short-term variable remuneration refers to the 2022 fiscal year's expensed bonus, which was paid in 2023.
- Other benefits refer to company car, healthcare insurance and variable vacation pay.
- Other senior executives pertains to remuneration to members of the Arjo Management Team, other than the CEO (12 individuals, of whom 1 left the company, 1 is interim and 2 are new).

3 Personnel, cont.

Remuneration of senior executives

The Annual General Meeting decides on remuneration to the Chairman of the Board and Board members. Employee representatives do not receive Board remuneration. Remuneration of the CEO and other senior executives comprises basic pay, variable remuneration, other benefits as well as pensions. Other senior executives comprise the individuals, who together with the CEO, comprise the Arjo Management Team. Remuneration of the CEO and senior executives is in line with the company's remuneration guidelines.

Costs for Board fees in 2023 amounted to SEK 6.0 M (5.8). Remuneration of the CEO for the year amounted to SEK 17.1 M (12.4). Remuneration of other senior executives amounted to SEK 35.0 M (33.4).

Variable annual cash-based remuneration The CEO's bonus for 2023 was based on financial targets and sustainability targets set by the Board. The performance-based annual bonus for the CEO is maximized at 80 percent of fixed annual salary. For other senior executives, bonuses for 2023 were based on financial targets and sustainability targets. The variable annual remuneration for other senior executives is maximized at 50–70 percent of fixed annual salary (depending on function and geographic placement).

Variable long-term cash-based remuneration: The long-term variable remuneration program is aimed at a limited number of key employees at the company and is based on profitability targets set by the Board. The CEO may receive a maximum of 33 percent of fixed annual salary under the variable long-term remuneration program. Other senior executives are also covered by the same program with the same potential outcome. The targets were not achieved in the 2021–2023 program and no payment was generated.

Pensions: The CEO is entitled to a pension from the age of 65. The pension is defined-contribution based and amounts to 30 percent of basic pay. The age of retirement for other senior executives is 65–68. These pension agreements are also defined-contribution based and may amount to a maximum of 30 percent of basic pay. Pension agreements have been signed in accordance with local market practice in the country where the executive is employed.

Terms of notice: The period of notice for the CEO is a minimum of six months. If termination of employment is initiated by the company then severance pay of 12 months' pay will be awarded. Upon termination of employment of any other senior executives, they have the right to severance pay of a minimum of six months and a maximum of 12 months. The company may apply a non-competition clause for up to 12 months after the termination of employment and pay compensation of a maximum of 60 percent of fixed salary to the executive for this, deducting any income in the form of severance pay.

4 Costs by cost category

SEK M	2023	2022 ^{1,2)}
Costs by cost category		
Salaries and remuneration	-3,608	-3,157
Social security expenses	-661	-544
Pension expenses	-181	-179
Amortization and impairment of intangible assets	-287	-280
Depreciation and impairment of tangible assets and right-of-use assets	-775	-705
Goods and services	-4,579	-4,419
Total	-10,091	-9,284

1. Comparative figures for 2022 have been restated, see Note 30 Restatement of calculations of intra-Group gains.

2. Comparative figures for 2022 have been adjusted by means of a reclassification from Other operating expenses SEK +31 M to Cost of goods sold SEK -31 M.

SEK M	2023	2022 ¹⁾
Amortization, depreciation and write-downs		
Cost of goods sold	-652	-599
Selling expenses	-168	-150
Administrative expenses	-229	-228
Research and development costs	-9	-7
Other operating expenses	-1	0
Exceptional items	-2	-1
Total	-1,062	-985

1. Comparative figures for 2022 have been restated, see Note 30 Restatement of calculations of intra-Group gains.

5 Exceptional items

Accounting policies

Expenses that are not regularly occurring linked to the remediation program, aimed at improving the efficiency and structure of the Group, are recognized as “exceptional items.” In addition to the remediation program, exceptional expenses and revenue may also, by way of exception, be classified as exceptional items. Exceptional items refers to material revenue and expense items that are recognized separately due to the significance of their nature or amount.

For the accounting policy on recognizing provisions, see Note 21.

SEK M	2023	2022
Acquisition expenses	-2	-1
Damage claims and disputes	—	-28
Restructuring costs	-72	-16
Other	—	-30
Total	-73	-74

Restructuring costs are related to a few small-scale efficiency programs in both Europe and the US. The item “Other” for 2022 refers to impairment of inventories of SEK 25 M in the rental operations in France due to a decision to discontinue a product range and support for Ukrainian refugees in Poland.

SEK M	2023	2022
Exceptional items by function		
Cost of goods sold	-18	-30
Selling expenses	-44	-3
Administrative expenses	-11	-35
Other operating expenses	—	-6
Total	-73	-74

The table above presents the functions that the items would have been recognized under had they not been classified as exceptional items.

6 Research and development costs

Accounting policies

For the accounting policies on intangible assets, see Note 12 Intangible assets.

SEK M	2023	2022
Research and development costs, gross	-297	-244
Capitalized development costs	148	129
Research and development costs, net	-149	-115

7 Fees to auditors

SEK M	2023	2022
Fee to PwC		
Fee and expense reimbursement:		
Auditing assignments ¹⁾	-12	-11
Tax consultancy services	0	0
Other services ²⁾	-1	-3
Total	-13	-14

1. Of which SEK 5 M (6) pertains to remuneration to Öhrlings PricewaterhouseCoopers AB.

2. Of which SEK 1 M (3) pertains to remuneration to Öhrlings PricewaterhouseCoopers AB.

Öhrlings PricewaterhouseCoopers AB (PwC) has the auditing assignment for the entire Group. Auditing assignments refer to statutory auditing, meaning assignments required to issue the auditor’s report. This also includes the review of the interim report. No services for auditing activities other than auditing assignments have been performed. Tax consultancy services primarily pertain to general tax matters concerning corporate tax. Other services pertain to consultancy related to matters regarding CSRD and IT.

SEK M	2023	2022
Fees to other auditors		
Fee and expense reimbursement:		
Auditing assignments	-2	-1
Tax consultancy services	—	—
Other services	—	—
Total	-2	-1

8 Exchange-rate gains and losses, net

Exchange-rate differences were recognized in profit or loss according to the following:

SEK M	2023	2022 ¹⁾
Other operating expenses	-16	-19
Financial items	-4	25
Total	-20	6

1. Comparative figures for 2022 have been adjusted by means of a reclassification from Other operating expenses SEK +31 M to Cost of goods sold SEK -31 M.

9 Financial income and expenses

Accounting policies

Financial income and expenses include interest income on bank deposits and receivables, interest expenses on loans and lease liabilities, income from dividends, unrealized and realized profits and losses on financial investments, exchange-rate differences, and the change in value of derivative instruments used in financial activities. Borrowing costs in conjunction with the raising of loans are recognized as part of the loan to which they pertain and are charged to profit during the term of the loan. Interest income on the receivables and interest expenses on liabilities are calculated by applying the effective interest method. The effective rate is the rate that makes the present value of all estimated inward and outward payments during the expected fixed-interest term equal to the carrying amount of the receivable or liability.

Financial income

SEK M	2023	2022
Interest income	28	16
Currency gains	—	25
Total	28	42

Financial expenses

SEK M	2023	2022
Interest expenses, financial liabilities	-227	-85
Interest expenses, leases	-36	-30
Currency losses	-4	—
Other	-4	-20
Total	-271	-135

10 Taxes

Accounting policies

Arjo's income tax include taxes on Group companies' profits recognized during the accounting period and tax adjustments attributable to earlier periods and changes in deferred taxes.

Temporary differences primarily arise from the depreciation of properties, machinery and equipment, the market valuations of identifiable assets, liabilities and contingent liabilities in acquired companies, financial derivatives, gains from intra-Group inventory transactions, untaxed reserves and tax loss carryforwards, of which the latter is recognized as an asset only to the extent that it is probable that these loss carryforwards will be matched by future taxable profits.

Significant estimates and assessments

Deferred tax: The measurement of loss carryforwards and the company's ability to utilize unutilized loss carryforwards is based on the company's assessments of future taxable income in various tax jurisdictions and includes assumptions regarding whether expenses that have not yet been subject to taxation are tax deductible.

Uncertain tax positions: As an international Group, Arjo could have tax deductions rejected in one country, while the same deduction is granted in another. The tax exposure in these cases comprises the difference between the various countries' tax rates and any penalty interest and fines.

SEK M	2023	2022 ¹⁾
Current tax expense	-175	-207
Deferred tax	15	57
Total	-160	-151
Relationship between tax expenses for the year and recognized profit after financial items, SEK M		
Recognized profit after financial items	640	599
Tax according to current tax rate in Sweden 20.6 percent (20.6)	-132	-123
Adjustment for tax rates in foreign subsidiaries	-21	-11
Adjustment of tax expenses from earlier years	13	3
Tax effect of non-deductible costs	-20	-27
Tax effect of non-taxable income	8	14
Adjustment for changed tax rates	-2	2
Changed value of temporary differences	-7	6
Other	1	-15
Recognized tax expense	-160	-151

1. Comparative figures for 2022 have been restated, see Note 30 Restatement of calculations of intra-Group gains.

Amount recognized in other comprehensive income

The total amount of current and deferred tax for the period, attributable to items that are not recognized in profit or loss but instead in other comprehensive income:

SEK M	2023	2022
Deferred tax: actuarial gains/losses pertaining to defined-benefit pension plans	-10	10
Deferred tax: hedges of net investments and expanded net investments	2	-15

10 Taxes, cont.

SEK M	2023	2022 ^{1,2)}
Deferred tax assets relate to the following temporary differences and loss carryforwards		
Non-current assets	213	231
Financial receivables and derivatives	1	—
Current assets	94	111
Lease liabilities	275	258
Provisions	28	30
Loss carryforwards	207	216
Other	116	82
Offset	-559	-552
Deferred tax assets	375	376
Deferred tax liabilities relate to the following temporary differences		
Non-current assets	-403	-415
Right-of-use assets	-263	-246
Financial receivables and derivatives	—	-4
Current assets	0	-9
Provisions	-65	-51
Other	-7	-10
Offset	559	552
Deferred tax liabilities	-179	-184
Maturity structure for loss carryforwards		
Due within 5 years	46	43
Due in more than 5 years	5	87
No due date	717	670
Total	768	800

1. Comparative figures for 2022 have been restated, see Note 30 Restatement of calculations of intra-Group gains.
 2. Due to the amendment to IAS 12, gross recognition of deferred tax attributable to lease liabilities and right-of-use assets is applied, which means that the comparative figures for 2022 have been adjusted.

There are no material loss carryforwards for which deferred tax has not been recognized.

OECD model rules on global minimum tax

The Group is subject to the rules on global minimum tax. Global minimum tax legislation has been adopted in Sweden, where Arjo has its registered offices, and enters into force on January 1, 2024. Since such global minimum tax legislation had not entered into force on the closing date, the Group does not have any related current tax exposure. The Group applies the exemptions to recognize and disclose deferred tax assets and liabilities related to income taxes on global minimum tax, as set out in the amendments to IAS 12. The legislation requires the Group to pay a top-up tax on the difference between the effective tax rate calculated according to the GloBE rules of each jurisdiction and the minimum tax rate of 15 percent. The Group is currently evaluating its exposure to global minimum tax. The ongoing evaluation indicates that there is no material tax exposure.

11 Earnings per share

Earnings per share before and after dilution amounted to SEK 1.76 (1.65). The calculation of earnings per share relating to the Parent Company shareholders is based on the following information:

SEK M	2023	2022 ¹⁾
Earnings (numerator)		
Earnings relating to the Parent Company shareholders, which form the basis for calculation of earnings per share	480	449
Number of shares (denominator)		
Weighted average number of ordinary shares for calculation of earnings per share	272,369,573	272,369,573

1. Comparative figures for 2022 have been restated, see Note 30 Restatement of calculations of intra-Group gains.

12 Intangible assets

Accounting policies

Goodwill: Goodwill comprises the portion of a purchase price for an acquisition that exceeds the market value of the identifiable assets, with deductions for liabilities and contingent liabilities, calculated on the acquisition date, on the share of the acquired company’s assets acquired by Arjo. Goodwill arising in conjunction with the acquisition of a foreign entity is treated as an asset in the foreign entity and translated at the exchange rate on the closing date.

Other intangible assets: Other intangible assets comprise capitalized development costs, customer relationships, technical know-how, trademarks, agreements and other assets. Intangible assets are recognized at cost with deductions for accumulated amortization and any impairment (for impairment, see the policy under tangible assets below). Amortization is applied proportionally over the asset’s anticipated useful life, which usually varies between three and fifteen years. Intangible assets that are recognized separately from goodwill in acquisitions of

operations include customer relationships, technical know-how, trademarks, agreements, etc. Costs for development, whereby research results or other knowledge is applied to produce new products, are recognized as an asset in the balance sheet to the extent that these products are expected to generate future financial benefits. These costs are capitalized when management deems that the product is technically and financially viable, which is usually when a product development project has reached a defined milestone in accordance with an established project model. The capitalized value includes expenses for material, direct expenses for salaries and indirect expenses that can be assigned to the asset in a reasonable and consistent manner. In other cases, development costs are expensed as they arise. Research costs are charged to earnings as they arise. Capitalized expenses are amortized on a straight-line basis from the point in time at which the asset is put into commercial operation and during the asset’s estimated useful life.

Significant estimates and assessments

Goodwill and intangible assets with an indefinite useful life: Arjo tests goodwill and other intangible assets with an indefinite useful life for impairment annually.

The recoverable amount for cash generating units has been established through the measurement of value in use. For these calculations, certain estimates must be made (see under Impairment testing below).

12 Intangible assets, cont.

SEK M	Goodwill	Brands	Capitalized development costs	Customer relationships	Intangible assets, other	Total
INTANGIBLE ASSETS						
Cost, Jan 1, 2023	5,877	740	1,210	978	2,389	11,195
Investments	—	—	148	—	128	276
Reclassifications	—	—	—	—	2	2
Translation differences	-28	0	2	-6	-4	-36
Accumulated cost, Dec 31, 2023	5,849	740	1,360	973	2,515	11,436
Amortization and impairment, Jan 1, 2023						
Amortization for the year	—	-31	-32	-39	-183	-285
Impairment	—	—	—	—	-1	-1
Translation differences	-7	0	-1	3	3	-2
Accumulated amortization and impairment, Dec 31, 2023	-211	-593	-694	-803	-1,792	-4,093
Closing carrying amount, Dec 31, 2023	5,638	147	666	170	723	7,343

SEK M	Goodwill	Brands	Capitalized development costs	Customer relationships	Intangible assets, other	Total
INTANGIBLE ASSETS						
Cost, Jan 1, 2022	5,578	736	1,088	902	2,193	10,498
Investments	—	—	131	—	123	254
Reclassifications	—	—	-22	—	14	-8
Translation differences	299	4	13	76	59	451
Accumulated cost, Dec 31, 2022	5,877	740	1,210	978	2,389	11,195
Amortization and impairment, Jan 1, 2022						
Amortization for the year	—	-31	-34	-37	-177	-279
Reclassifications	—	—	—	—	-1	-1
Translation differences	-31	0	-7	-51	-37	-125
Accumulated amortization and impairment, Dec 31, 2022	-204	-561	-662	-766	-1,611	-3,804
Closing carrying amount, Dec 31, 2022	5,673	179	549	212	778	7,391

Impairment testing

SEK M	2023	2022
GOODWILL AND INTANGIBLE ASSETS WITH AN INDEFINITE USEFUL LIFE		
Global Sales	2,208	2,222
North America	2,896	2,914
Other	584	588
Group, total	5,688	5,724

Arjo tests goodwill and intangible assets with an indefinite useful life for impairment for each segment, Global Sales, North America and other segments, which comprise the Group's cash generating units.

Goodwill and other net assets are tested for impairment annually and whenever conditions indicate that impairment may be necessary. The recoverable amount for the cash generating units is based on the calculated value in use.

Assumptions

The value in use of goodwill and other net assets attributable to the segments was calculated based on discounted cash flows. The same return requirements were used for Global Sales and North America since both segments have a similar risk profile, while the other segments have a higher return requirement due to their smaller size. The reasonableness of the cost of capital used was verified by comparing with external assessments. A discount rate of 10.3 percent (9.3) before tax was applied to Global Sales and North America when calculating the value in use. The rate of 11.1 percent (9.3) was used for other segments. Arjo bases the calculation on attained earnings, forecasts, business plans, financial forecasts and market data. Cash flow for the first three years is based on a strategic plan established by the Arjo Management Team that contains both business opportunities and risks. The rate of growth for the first three years varies between segments. Future cash flow has then been assumed to have a growth rate corresponding to 2 percent (2) for all segments. This growth rate is based on the going concern assumption and does not exceed long-term growth for the industry as a whole. Based on the assumptions given above, the value in use exceeds the carrying amount of all cash generating units.

12 Intangible assets, cont.

Sensitivity analysis

Sensitivity analyses of changes in growth rates and the discount rate, which have a significant impact on the calculation of the discounted cash flows, were performed in connection with impairment testing. The sensitivity analyses revealed that the negative changes below would not individually lead to an impairment requirement.

- The rate of growth for all years was reduced by 1 percent (1).
- Discount rate before tax increases by 1 percentage point to 11.3 percent (10.3) for Global Sales and North America, and by 12.1 percent (10.3) for other segments.

Intangible assets

There are a limited number of intangible assets, in the form of trademarks with a carrying amount of SEK 50 M (51), for which the useful life has been assessed as indefinite. For these trademarks, there is no foreseeable limit for the time period during which the trademarks are expected to generate net revenue for Arjo. The useful life for other intangible assets is three to fifteen years.

13 Tangible assets

Accounting policies

Properties, machinery, equipment and other tangible assets are recognized at cost, with deductions for accumulated depreciation and any impairment. The cost includes the purchase price and expenses directly attributable to the asset to bring the asset to the site and in the working condition for its intended use. Examples of directly attributable expenses included in the cost are delivery and handling costs, installation, legal services and consultancy services. Assets provided to the company in conjunction with the acquisition of new subsidiaries are recognized at market value on the acquisition date. Depreciation is conducted straight line. The value in the balance sheet represents the acquisition cost with deduction for accumulated depreciation and any impairment. Land is not depreciated since it is deemed to have an infinite economic life. However, the depreciation of other assets is based on the following anticipated useful lives:

Class of assets	Depreciation, number of years
Land	40-50
Buildings	10-50
Machinery	5-25
Equipment	10
Production tools	5
Rental equipment	5-10
Cars	5
Computer equipment	3

Tangible assets comprising parts with different useful lives are treated as separate components of tangible assets. Standard maintenance and repair costs are expensed during the periods in which they arise. More extensive repair and upgrading costs are capitalized and depreciated over the item's remaining anticipated useful life. Capital gains/losses are recognized under "Other operating income/expenses."

Impairment: At the end of each accounting period, the carrying amount of the assets is assessed to determine whether there is any indication that impairment is required. If there is such an indication, the asset's recoverable amount is established. The recoverable amount is deemed to be the higher of the asset's net realizable value and its value in use, for which the impairment loss is recognized as soon as the carrying amount exceeds the recoverable amount. Previously recognized impairment is reversed if the recoverable amount is deemed to have increased, although the impairment is not reversed to an amount greater than what the carrying amount would have been if no impairment had been recognized in earlier years.

13 Tangible assets, cont.

SEK M	Buildings and land ¹⁾	Plant and machinery	Equipment, tools, fixtures and fittings	Rental equipment ²⁾	Construction in progress	Total
TANGIBLE ASSETS						
Cost, Jan 1, 2023	455	294	1,111	4,050	104	6,015
Investments	3	4	52	278	54	391
Sales/disposals	-16	-6	-16	-330	0	-368
Reclassifications	30	33	-1	27	-91	-2
Translation differences	-14	4	-1	-57	1	-65
Accumulated cost, Dec 31, 2023	459	330	1,146	3,968	68	5,971
Depreciation and impairment, Jan 1, 2023						
Depreciation for the year	-19	-20	-68	-267	—	-374
Impairment	0	0	0	-2	—	-2
Sales/disposals	7	6	15	306	—	334
Reclassifications	1	—	2	-2	—	0
Translation differences	6	-2	2	39	—	44
Accumulated depreciation and impairment, Dec 31, 2023	-243	-247	-934	-2,878	—	-4,302
Closing carrying amount, Dec 31, 2023	215	83	212	1,090	68	1,669

1. Of which, land amounted to SEK 12 M in 2023.

2. These assets primarily comprise beds and mattresses.

SEK M	Buildings and land ¹⁾	Plant and machinery	Equipment, tools, fixtures and fittings	Rental equipment ^{2), 3)}	Construction in progress	Total
TANGIBLE ASSETS						
Cost, Jan 1, 2022	420	246	961	3,468	91	5,186
Investments	4	5	38	432	78	557
Sales/disposals	-7	-2	-27	-207	-1	-243
Reclassifications	6	24	57	-9	-70	8
Translation differences	32	21	83	366	6	507
Accumulated cost, Dec 31, 2022	455	294	1,111	4,050	104	6,015
Depreciation and impairment, Jan 1, 2022						
Depreciation for the year	-17	-17	-67	-232	—	-334
Sales/disposals	2	2	27	183	—	214
Reclassifications	—	-2	-2	5	—	1
Translation differences	-16	-16	-67	-274	—	-373
Accumulated depreciation and impairment, Dec 31, 2022	-238	-231	-884	-2,951	—	-4,304
Closing carrying amount, Dec 31, 2022	217	63	227	1,098	104	1,710

1. Of which, land amounted to SEK 12 M in 2022.

2. These assets primarily comprise beds and mattresses.

3. Comparative figures for 2022 have been restated, see Note 30 Restatement of calculations of intra-Group gains.

14 Leases

ARJO AS A LESSEE

Accounting policies

Leases in which Arjo is the lessee primarily comprise buildings and cars. Leases are normally depreciated at fixed periods of about five to ten years for buildings and about three to five years for cars.

Leases are recognized as right-of-use assets and current and non-current lease liabilities in the balance sheet on the day that the leased asset is available for use. Exemptions are made for payments for short-term leases (leases of a maximum of 12 months) and leases of a low value, and these are expensed straight-line in profit or loss. Right-of-use assets are depreciated on a straight-line basis over the shorter of the asset's useful life and the term of the lease.

Lease payments are discounted at the incremental borrowing rate, which is determined based on the current market rate for the lease term, country, currency and the Group's borrowing rate.

Options to extend or terminate a lease are included in a number of the Group's leases for buildings. These options can only be utilized by the lessee or by both the lessee and the lessor. The assessment of the use of options to extend or terminate a lease is reviewed if a significant event or change in circumstances arises that impacts this assessment and the change is within the lessee's control.

Significant estimates and assessments

Right-of-use assets and lease liabilities: When determining the lease term, management considers all available information that creates an economic incentive to exercise the extension option or not exercise the option to terminate a lease. The option of extending a lease is included in the term of a lease if it is reasonably certain that the lease will be extended (or not ended). Arjo deemed it reasonably certain that it will exercise the option of extending certain leases, primarily for production and warehouse buildings and individual office buildings. The policy is not to extend leases by more than ten years except for certain strategic buildings. The various factors that Arjo mainly considers in its assessment of the exercise of various extension and termination options are the costs associated with terminating the lease and the significance of the asset for the operations.

Amounts recognized in the balance sheet

SEK M	2023	2022
Right-of-use assets		
Buildings and land	694	761
Cars and other vehicles	394	328
Other	23	17
Total	1,111	1,107
Lease liabilities		
Current	365	350
Non-current	796	808
Total	1,161	1,158

Additional right-of-use assets in 2023 amounted to SEK 290 M (170). The cash outflow amounted to SEK 401 M (367). For a maturity analysis of the lease liabilities with undiscounted payments, see Note 26 Financial risk management.

Amounts recognized in profit or loss

SEK M	2023	2022
Depreciation of right-of-use assets		
Buildings and land	-201	-187
Cars and other vehicles	-191	-177
Other	-7	-7
Total	-399	-371
Interest expenses attributable to leases	-36	-30
Expenses attributable to short-term leases (included in cost of goods sold, selling expenses, administrative expenses, research and development costs)	-12	-9
Expenses attributable to low-value leases that are not short-term leases (included in cost of goods sold, selling expenses and administrative expenses)	-8	-6

ARJO AS A LESSOR

Some of Arjo's customers do not purchase Arjo's products, but lease them instead. Leases are defined in two categories, operational and financial, depending on the financial significance of the agreement. Other than the subleases described below, Arjo has only operating leases.

Arjo as a lessor, operating leases

Accounting policies

Revenue from operating leases is recognized evenly over the lease term (see Note 2 Segment reporting, Rental). Most of the revenue is variable and related to the point in time that the asset was utilized. Operating leases are recognized as non-current assets (see Note 13 Tangible assets, Rental equipment). Straight-line depreciation is applied to these assets based on the expected useful life. The estimated impairment requirement is immediately charged to profit or loss.

14 Leases, cont.

Maturity analysis for lease payments with undiscounted lease payments that are to be received annually from customers

SEK M	2023	2022
Due within 1 year	469	388
Due within 1 to 2 years	300	287
Due within 2 to 3 years	264	255
Due within 3 to 4 years	225	199
Due within 4 to 5 years	213	200
Due in more than 5 years	55	85
Total	1,525	1,415

SALE AND LEASEBACK AND SUBLEASES

Accounting policies

Arjo signed sale and leaseback agreements with financiers whereby the asset is later sold onward to customers under a sublease agreement. The contractual terms of these two parts reflect each other. The contracts are evaluated to assess whether they meet the requirements for a sale under IFRS 15 regarding when a performance obligation is satisfied. The contracts that meet the requirements of a sale are recognized in the balance sheet as non-current and current lease receivables from customers and as non-current and current financial liabilities to financiers. Payments are divided between interest income and repayment of receivables, and interest expenses and repayment of liabilities, respectively. Sales income is recognized in profit or loss when the requirements of IFRS 15 are met.

For contracts that do not meet the requirements of a sale, the underlying asset is recognized as a non-current asset in the rental operations and income is recognized continuously over the lease term.

Contracts signed before the transition to IFRS 16 (before 2019) are recognized in accordance with the transition rule and thus were not retested as to whether the transfer of the underlying asset meets the requirements of IFRS 15 to be recognized as a sale. Sales income is recognized in profit or loss when control and the risk are passed to the customer. These contracts are recognized in the balance sheet as non-current and current lease receivables from customers, and as non-current and current lease liabilities to financiers.

Lease receivables in the balance sheet

SEK M	2023	2022
Current	14	21
Non-current	46	38
Total	60	59

A new contract was signed in 2023 with a gain of SEK 11 M (-).

Maturity analysis for lease payments with lease payments that are to be received annually from customers

2023, SEK M	Undiscounted payments	Interest effect	Discounted payments
Due within 1 year	16	-2	14
Due within 1 to 2 years	15	-2	13
Due within 2 to 3 years	15	-2	13
Due within 3 to 4 years	10	-1	8
Due within 4 to 5 years	9	-1	8
Due in more than 5 years	7	-3	4
Total	72	-12	60

2022, SEK M	Undiscounted payments	Interest effect	Discounted payments
Due within 1 year	23	-2	21
Due within 1 to 2 years	11	-1	11
Due within 2 to 3 years	10	-1	10
Due within 3 to 4 years	10	-1	9
Due within 4 to 5 years	5	-1	5
Due in more than 5 years	4	0	4
Total	64	-5	59

Interest income amounted to SEK 3 M (2).

Lease liabilities in the balance sheet from sale and leaseback recognized in accordance with IFRS 16

SEK M	2023	2022
Current	—	9
Non-current	—	1
Total	—	10

Interest expenses amounted to SEK 1 M (1) and cash outflow to SEK 11 M (10).

Financial liabilities in the balance sheet from sale and leaseback recognized in accordance with IFRS 9

SEK M	2023	2022
Current	14	12
Non-current	45	36
Total	59	48

15 Participations in associated companies

Accounting policies

Associated companies are those companies in which the Group has a significant but not a controlling influence, which usually applies to shareholdings of between 20–50 percent of the votes, but could also apply to cases in which consideration is given to operational and legal agreements under which Arjo believes that it has a significant influence despite holding less than 20 percent of the number of votes. Holdings in associated companies are recognized according to the equity method. Unrealized gains on transactions between the Group and its associated companies are eliminated to the same extent as the Group’s holding in the associated company. Unrealized losses are also eliminated unless the transaction comprises an indication of impairment of the asset transferred. The accounting policies for associated companies have been adjusted if necessary to ensure that they correspond to the Group’s accounting policies.

Significant estimates and assessments

Under the shareholder agreement with Bruin Biometrics LLC (BBI), Arjo has a permanent BBI Board seat and veto rights for a number of important operational and legal business matters. Accordingly, Arjo has made the assessment that it has a significant influence over BBI despite holding only 10 percent of the number of votes, and the holding is recognized as participations in associated companies in accordance with the equity method.

Participations in Bruin Biometrics (BBI)

Arjo owns a 10 percent equity stake in Bruin Biometrics (BBI), a US-based company developing solutions for diagnosing patients with an elevated risk of developing pressure injuries. The deal gives Arjo exclusive global distribution rights for BBI’s portable SEM scanner, which allows early detection of pressure injury risk and thereby reduces patient suffering and healthcare costs. BBI is in a start-up phase with limited sales.

Distribution rights are recognized as a separate asset and are included in other intangible assets in Note 12 Intangible assets.

The participation agreement between Arjo and BBI includes a surrender clause that gives BBI the right to buy back the participations at the higher of the market value and the original purchase price.

During the year, Arjo paid a capital contribution of SEK 24 M to BBI, corresponding to Arjo’s participating interest of the total contribution paid.

Change in recognized amounts in associated companies:

SEK M	2023	2022
Opening cost, associated companies	132	123
Capital contribution	24	—
Share of associated companies’ profit for the year	–11	–10
Other comprehensive income	–6	19
Carrying amount at year-end	139	132

There were no material receivables or liabilities to BBI at the end of the year.

Condensed financial information for the Arjo Group’s associated companies is presented below:

SEK M	2023	2022
Condensed income statement		
Net sales	21	18
Operating loss	–110	–97
Net loss for the period	–112	–99
Other comprehensive income		0
Comprehensive income for the period	–112	–99
Condensed balance sheet		
Non-current assets	11	5
Current assets	78	48
Total assets	89	53
Shareholders’ equity	47	–77
Current liabilities	42	130
Total shareholders’ equity and liabilities	89	53

16 Inventories

Accounting policies

Inventories include a share of indirect costs related to this. The value of finished products includes raw materials, direct work, other direct costs and production-related expenses including depreciation. The net realizable value is calculated as the estimated sales price less estimated completion and selling expenses.

Significant estimates and assessments

Obsolescence reserve: An assessment of obsolescence in inventories is conducted on an ongoing basis during the year. The value of inventories is adjusted for the estimated decrease in value attributable to products no longer sold, surplus inventories, physical damage, lead times for inventories, and handling and sales overheads. If the net realizable value is lower than the cost, a valuation reserve is established for inventory obsolescence.

SEK M	2023	2022 ¹⁾
Raw materials	667	613
Work in progress	51	65
Finished products	583	826
Total	1,301	1,504

1. Comparative figures for 2022 have been restated, see Note 30 Restatement of calculations of intra-Group gains.

Of the Group's inventories, SEK 1,301 M (1,496) is measured at cost and SEK 0 M (8) at net realizable value. At December 31, 2023, the Group's provisions for obsolescence totaled SEK 122 M (108).

17 Accounts receivable

Accounting policies

For accounting policies, see Note 27 Financial instruments.

SEK M	2023	2022
Accounts receivable before provisions	1,696	1,789
Provisions for doubtful receivables	-64	-81
Total	1,632	1,708

Accounts receivable net, after provisions for doubtful receivables, theoretically constitutes the maximum exposure for the calculated risk of losses. It is the Group's opinion that there is no significant concentration of accounts receivable to any single client.

A maturity analysis of accounts receivable is presented below:

SEK M	2023	2022
Not fallen due	1,148	1,181
Fallen due 1–5 days	117	113
Fallen due 6–30 days	130	137
Fallen due 31–60 days	97	117
Fallen due 61–90 days	48	70
Fallen due, more than 90 days	157	171
Total	1,696	1,789

At December 31, 2023, the Group's provisions for doubtful receivables totaled SEK -64 M (-81). A maturity analysis of these accounts receivable is presented below:

SEK M	2023	2022
Not fallen due	-6	-6
Fallen due 1–5 days	-1	-1
Fallen due 6–30 days	-2	-1
Fallen due 31–60 days	-2	-1
Fallen due 61–90 days	-1	-1
Fallen due, more than 90 days	-53	-71
Total	-64	-81

Recognized amounts, by currency, for the Group's accounts receivable are as follows:

SEK M	2023	2022
EUR	562	563
USD	439	508
GBP	254	297
CAD	195	181
SEK	5	2
Other currencies	242	238
Total	1,696	1,789

Changes in provisions for doubtful receivables are as follows:

SEK M	2023	2022
At beginning of the year	-81	-76
Provision for expected losses	-20	-19
Confirmed losses	8	11
Payment made for reserved receivable	29	10
Translation differences	0	-7
Amount at year-end	-64	-81

18 Prepaid expenses and accrued income

SEK M	2023	2022
Accrued income	95	57
IT expenses	59	77
Insurance expenses	27	21
Bank charges	23	24
Leasing expenses	11	12
Other	68	72
Total	284	263

19 Shareholders' equity

Specification of other reserves

SEK M	Translation reserve		Hedges of net investments		Total	
	2023	2022 ¹⁾	2023	2022	2023	2022 ¹⁾
Opening balance	1,510	815	-138	-49	1,372	766
Change for the year	—	—	4	-112	4	-112
Tax attributable to items that can be restated in profit	2	-38	-1	23	2	-15
Translation difference for the year	-63	733	—	—	-63	733
Closing balance	1,450	1,510	-135	-138	1,315	1,372

1. Comparative figures for 2022 have been restated, see Note 30 Restatement of calculations of intra-Group gains.

Class of shares	A	B	Total
Quotient value per share	0.33	0.33	
December 31, 2022	18,217,200	254,152,373	272,369,573
December 31, 2023	18,217,200	254,152,373	272,369,573
Shares' voting rights in %	41.8	58.2	100

In accordance with the Articles of Association, the company's share capital amounts to not less than SEK 75 M and not more than SEK 300 M. Within these limits, the share capital can be raised or lowered without requiring an amendment to the Articles of Association. The maximum number of shares is 600 million. One series A share carries ten votes and one series B share carries one vote.

The registered share capital in Arjo AB (publ) amounted to SEK 90,789,858 on December 31, 2023, distributed over 272,369,573 shares with a quotient value of SEK 0.33 per share for both classes of shares.

A dividend of SEK 231,514,137 (SEK 0.85 per share) was paid in 2023. The proposed dividend for 2024 amounts to SEK 245,132,616 (SEK 0.90 per share).

20 Consolidated interest-bearing net debt

The Group's interest-bearing net debt is presented in the table below. Contracted, unutilized overdraft facilities totaled SEK 4,328 M (3,891) on December 31, 2023 (of which, SEK 1,915 M (2,267) comprised back-up for the commercial paper program). There are also granted, unutilized overdraft facilities of SEK 215 M (209).

SEK M	Jan 1, 2023	Cash flows	Non-cash items		Dec 31, 2023
			Other non-cash items	Exchange-rate differences	
Non-current and current financial liabilities	5,145	-888	30	39	4,325
Less non-interest-bearing financial liabilities	-57	58	—	-1	—
Non-current and current lease liabilities	1,168	-412	418	-13	1,161
Provisions for pensions, interest-bearing	29	4	0	-2	31
Total interest-bearing liabilities	6,285	-1,238	448	22	5,517
Non-current and current financial assets	-87	22	-26	-1	-91
Pension assets	-205	-7	33	-4	-183
Cash and cash equivalents	-949	4	—	22	-923
Total interest-bearing assets	-1,241	19	7	17	-1,197
Net interest-bearing liabilities	5,044	-1,219	455	39	4,320

SEK M	Jan 1, 2022	Cash flows	Non-cash items		Dec 31, 2022
			Other non-cash items	Exchange-rate differences	
Non-current and current financial liabilities	4,295	581	22	247	5,145
Less non-interest-bearing financial liabilities	-73	40	-14	-10	-57
Non-current and current lease liabilities	1,158	-377	282	105	1,168
Provisions for pensions, interest-bearing	32	-1	-3	1	29
Total interest-bearing liabilities	5,412	243	287	342	6,285
Non-current and current financial assets	-76	-3	-4	-4	-87
Pension assets	-238	2	37	-6	-205
Cash and cash equivalents	-757	-150	—	-42	-949
Total interest-bearing assets	-1,071	-151	33	-52	-1,241
Net interest-bearing liabilities	4,341	92	320	291	5,044

21 Other provisions

Accounting policies

Provisions are recognized when Arjo has a legal or informal obligation as a result of past events and it is probable that payment will be required to fulfill the commitment and if a reliable estimation can be made of the amount to be paid. Restructuring measures, guarantee commitments and similar items are recognized in the balance sheet. Provisions are reviewed at the end of each accounting period. For information about restructuring costs, refer to Note 5 Exceptional items.

SEK M	Restructuring	Guarantees	Personnel	Other	Total
Value according to opening balance 2023	10	25	13	88	136
Provisions	14	32	6	25	77
Used amount	-5	-26	-3	-45	-79
Unutilized funds restored	—	0	0	-6	-7
Reclassifications	—	—	—	—	—
Translation differences	-1	-1	1	0	-1
Value according to closing balance 2023	17	30	16	63	126
<i>Of which:</i>					
Current					59
Non-current					67
Value according to opening balance 2022	13	23	13	79	128
Provisions	2	25	2	43	72
Used amount	-8	-22	-2	-40	-72
Unutilized funds restored	—	-2	—	0	-2
Reclassifications	—	-3	—	0	-3
Translation differences	3	4	0	6	13
Value according to closing balance 2022	10	25	13	88	136
<i>Of which:</i>					
Current					67
Non-current					69

Expected timing of outflow:

SEK M	2023	2022
Within 1 year	59	67
Within 3 years	15	14
Within 5 years	18	22
> 5 years	34	33
Total	126	136

22 Provisions for pensions and similar obligations

Accounting policies

Pension commitments: Arjo has both defined-contribution and defined-benefit pension plans, of which some have assets in special funds or similar securities. The plans are usually financed by payments from the respective Group companies and the employees. Arjo's Swedish companies are generally covered by the ITP plan, which does not require any payments from employees.

Defined-benefit plans: Pension expenses for defined-benefit plans are calculated using the Projected Unit Credit Method in a manner that distributes expenses over the employee's working life. The calculation is performed annually by independent actuaries. These commitments are measured at the present value of expected future payments, with consideration for calculated future salary increases, utilizing a discount rate corresponding to the interest rate of first-class company or government bonds with a remaining term that is almost equivalent to the actual commitments. Arjo's net liabilities for each defined-benefit plan (which is also recognized in the balance sheet), comprises the present value of the obligation less the fair value of the plan assets. If the value of the plan assets exceeds the value of the obligation, a surplus arises, which is recognized as an asset. The actuarial assumptions constitute the company's best assessment of the different variables that determine the costs of providing the benefits.

Arjo has defined-benefit pension plans in Sweden, Germany, the UK and Italy. The pension plans primarily comprise retirement pensions. Each employer normally has an obligation to pay a lifelong pension. Vesting

is based on the number of years of service. The employee must be affiliated with the plan for a certain number of years to achieve full retirement pension entitlement.

Defined-contribution plans: Defined-contribution plans are plans in which the Group pays fixed fees to a separate legal entity, for example, an insurance company, and does not have any legal or informal obligation to pay additional fees. In many countries, Arjo's employees are covered by defined-contribution pension plans. The pension plans primarily include retirement pensions. Payments for defined-contribution plans are normally based on a certain portion of the employee's salary and are recognized as expenses during the period in which the employees perform the services that the fee covers.

The part of the Swedish ITP plan concerning family pension, disability pension, and employment group life insurance financed by insurance with Alecta is a defined-benefit pension multi-employer plan. For this pension scheme, according to IAS 19, a company is primarily to recognize its proportionate share of the defined-benefit pension commitment and the plan assets and expenses associated with the pension plan. The financial statements are also to include disclosures required for defined-benefit pension plans. Alecta is currently unable to provide the necessary information and therefore the above pension plans are recognized as defined-contribution plans in accordance with item 30 of IAS 19. This means that premiums paid to Alecta will also be recognized on an ongoing basis as expenses in the period to which they pertain.

Significant estimates and assessments

Pension commitments: Recognition of the expenses for defined-benefit pensions and other applicable retirement benefits is based on actuarial valuations, relying on assumptions for discount rates, future salary increases and expected inflation. In turn, the discount rate assumptions are based on rates for high-quality fixed-interest investments with durations similar to the pension plans.

Specification of net value of defined-benefit commitments:

2023, SEK M	Funded pension plans	Unfunded pension plans	Total
Present value of commitments	-1,627	-31	-1,658
Fair value of plan assets	1,810	—	1,810
Net asset/liability in the balance sheet	183	-31	152

2022, SEK M	Funded pension plans	Unfunded pension plans	Total
Present value of commitments	-1,619	-29	-1,649
Fair value of plan assets	1,825	—	1,825
Net asset/liability in the balance sheet	205	-29	176

SEK M	2023	2022
Pension commitments		
Opening balance	-1,649	-2,515
Costs for service in the current year	-2	-2
Interest expenses	-78	-44
Paid benefits	73	67
Exchange-rate differences	-29	-75
Gain/(loss) attributable to changed demographic assumptions	52	177
Gain/(loss) attributable to changed financial assumptions	-43	944
Experience-based gains/(losses)	18	-201
Closing balance	-1,658	-1,649

22 Provisions for pensions and similar obligations, cont.

SEK M	2023	2022
Plan assets		
Opening balance	1,825	2,721
Interest income	81	46
Administrative costs pertaining to plan assets	0	0
Fees paid by employer	4	3
Paid benefits	-71	-69
Exchange-rate differences	31	79
Return on plan assets	-60	-928
Restriction in plan surpluses with regard to asset ceilings	0	-27
Closing balance	1,810	1,825

The defined-benefit pension commitment and composition of plan assets

2023, SEK M	Present value of commitments	Fair value of plan assets	Net provision/net receivable pensions
Sweden	-39	39 ¹⁾	0
Germany	-7	—	-7
UK	-1,587	1,770	183
Italy	-24	—	-24
Total	-1,658	1,810	152

1. Of which restriction of surplus in the plan due to an asset ceiling of SEK -27 M.

2022, SEK M	Present value of commitments	Fair value of plan assets	Net provision/net receivable pensions
Sweden	-39	39 ¹⁾	0
Germany	-7	—	-7
UK	-1,581	1,786	205
Italy	-22	—	-22
Total	-1,649	1,825	176

1. Of which restriction of surplus in the plan due to an asset ceiling of SEK -27 M.

UK	2023	2022
Significant actuarial assumptions, %		
Discount rate	4.4	4.7
Expected salary increase rate ¹⁾	—	—
Expected inflation	2.5	2.6

1. The pension plan is closed which is why no expected salary increase rate is stated.

Sensitivity of defined-benefit commitments to changes in the significant assumptions, UK

2023, SEK M	Expected value of pension commitments	Change compared with used calculation assumptions
Pension commitments according to original valuation	-1,587	
Discount rate +1 percentage point	-1,382	205
Inflation +1 percentage point	-1,741	-154

The sensitivity analyses above are based on a change in one assumption, while all other assumptions remain constant. It is unlikely that this will happen in practice, and changes in some of the assumptions may correlate. The calculation of sensitivity in the defined-benefit commitments for material actuarial assumptions uses the same method (the present value of defined-benefit commitments by applying the projected unit credit method at the end of the reporting period) as that used in the calculation of pension liabilities.

Composition of plan assets

SEK M	2023	2022
Securities	1,783	1,802
Properties	6	6
Cash and cash equivalents and similar assets	12	10
Other	8	7
Total	1,810	1,825

The weighted average term of the pension commitments is 14 years (16).

Disclosures on recognition of multi-employer defined-benefit pension plans, Alecta

The commitment for retirement pensions and family pensions for salaried employees in Sweden is safeguarded through insurance with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10, this is a multi-employer defined-benefit plan. For the 2023 fiscal year, the company did not have access to such information that makes it possible to recognize this plan as a defined-benefit plan. The pension plan in accordance with ITP, which is safeguarded through insurance with Alecta, is thus recognized as a defined-contribution plan. Fees for the year for pension insurance covered by Alecta amounted to SEK 4 M (4). Alecta's surplus can be distributed to the insurers and/or the insured. At year-end 2023, Alecta's surplus in the form of the collective consolidation level preliminarily amounted to 157 percent (172). The collective consolidation level comprises the market value of Alecta's assets as a percentage of the insurance commitment calculated in accordance with Alecta's actuarial calculation assumption, which does not correspond with IAS 19.

23 **Accrued expenses and deferred income**

SEK M	2023	2022
Salaries	417	367
Social security expenses	112	88
Commission and bonuses to customers	68	60
Consultancy fees	28	42
Freight costs	20	18
IT expenses	14	13
Deferred income	120	118
Other	291	237
Total	1,071	942

Deferred income, specification of changes for the year

SEK M	2023	2022
Opening balance	118	109
Provision for the year	201	183
Utilized amount for the year	-197	-185
Translation differences	-2	12
Closing balance	120	118

24 **Pledged assets and contingent liabilities**

Accounting policies

Contingent liabilities are commitments not recognized as liabilities/provisions either because it is not certain that an outflow of resources will be required to regulate the commitment or because it is not possible to make a reliable estimate of the amount.

Contingent liabilities

SEK M	2023	2022
Guarantees/bank guarantees	23	30
Total	23	30

Pledged assets

The Group has no pledged assets.

25 **Transactions with related parties**

Companies in the Carl Bennet sphere are considered to be related parties to Arjo. In addition to normal dividends to Carl Bennet AB, Arjo had transactions only with companies in Getinge Group, which are presented in the table below. Business terms and conditions as well as market-regulated pricing apply for delivery of products and services between the companies.

For remuneration and benefits to senior executives and on the Board of Directors, see Note 3.

SEK M	2023	2022
Sales	32	30
Purchases of goods	-14	-10
Accounts receivable	2	3
Accounts payable	1	1

26 **Financial risk management**

Most of Arjo's operations are located outside Sweden. This situation entails that the Group is exposed to a risk of fluctuations occurring in net profit for the year, cash flow and shareholders' equity due to changes in exchange rates. In addition, the Group is exposed to interest-rate, refinancing and counterparty risks.

The primary role of Arjo Group Finance is to support business activities and to identify and in the best way manage the Group's financial risks in line with the Board's established finance policy. Arjo's financial activities are centralized to benefit from economies of scale, to ensure good internal control and to facilitate monitoring of risk.

CURRENCY RISKS

Currency risks comprise exchange-rate fluctuations, which have an impact on the Group's earnings and shareholders' equity. Currency exposure occurs in connection with payments in foreign currency (transaction exposure) and when translating foreign subsidiaries' balance sheets and income statements into SEK (translation exposure).

Translation exposure – income statement

When translating the results of foreign Group companies into SEK, currency exposure occurs, which affects the Group's earnings when exchange rates fluctuate.

Translation exposure – balance sheet

Currency exposure occurs when translating net assets of foreign Group companies into SEK, which can affect the Group's other comprehensive income. Exposure is reduced by Arjo applying hedge accounting to loans in foreign currency (EUR).

The table provides information on the loans that are used for hedge accounting of net investments in foreign operations. The Group did not recognize any ineffectiveness in profit or loss for the year.

Net investments in foreign operations	2023	2022
Amount recognized, loans	1,658	1,792
Amounts recognized in MEUR	149	161
Hedge ratio	1:1	1:1
Change in the carrying amount of the loan due to changes in exchange rates since January 1	-4	112
Change in value of the hedged item to determine effectiveness	-4	112

Transaction exposure

Payment flows as a result of sales income and cost of goods sold in foreign currencies cause currency exposure that affects Group earnings in the event of exchange-rate fluctuations. The Group's payment flows in foreign currencies mainly arise through intra-Group product flows. The most important currencies against the SEK are presented in the table on the right. The Group discontinued regular hedging of intra-Group accounts receivable and accounts payable during the preceding fiscal year. Individual large internal currency transactions are hedged. Intra-Group cash pool balances are also hedged. The Group has loans in EUR that are not used in hedge accounting. The currency risk in these loans is reduced through currency derivatives.

26 Financial risk management, cont.

The table below outlines the effect on net profit for the year and equity, translated to SEK, of currency fluctuations of ±10 percent in the most important transaction currencies. The change in net profit for the year and equity is proportional to assumptions for percentages other than ± 10 percent. The column entitled “Balance” is the exposure at the end of the year and is almost exclusively comprised of intra-Group accounts receivable and accounts payable, intra-Group balances in the cash pool and short-term intra-Group loans. These items are eliminated in the consolidated balance sheet. There are also external items in the exposure balance in the form of loans in EUR and accounts receivable and accounts payable, although these items comprise only a very small portion. Since the “Balance” column is the net of assets and liabilities and not all items are hedged, the forward contracts sometimes therefore exceed the nominal value of the amount of the exposure balance on the closing date.

Sensitivity analysis, transaction exposure – 2023

Currency	Fair value	Nominal amount	Balance	Effect on net profit for the year & shareholders' equity, +/-10% (SEK M)
AUD	0	-7	33	2
CAD	-5	624	-119	40
CNY	—	—	-19	-2
EUR	-12	978	-1,086	-9
GBP	-12	521	-590	-5
PLN	-3	327	-330	0
USD	-2	176	-10	13
Other	2	-13	-126	-11
Total, SEK M	-32	2,606	-2,247	28
Of which, current assets	6			
Of which, current liabilities	-39			

Sensitivity analysis, transaction exposure – 2022

Currency	Fair value	Nominal amount	Balance	Effect on net profit for the year & shareholders' equity, +/-10% (SEK M)
AUD	0	5	17	2
CAD	1	-76	2	-6
CNY	—	—	-27	-2
EUR	32	1,742	-1,671	6
GBP	2	340	-191	12
PLN	-8	-61	43	-1
USD	-9	-332	214	-9
Other	1	63	-63	0
Total, SEK M	19	1,681	-1,676	2
Of which, current assets	45			
Of which, current liabilities	-26			

FINANCING RISK

Credit facilities and loans

At the end of the period, Arjo had two revolving credit facilities denominated in EUR. One of the facilities is an agreement with a bank syndicate comprised of six Nordic and international banks. The second facility is an agreement for a non-binding credit facility with the Swedish Export Credit Corporation. Based on these agreements, Arjo believes that it has a highly diversified loan portfolio with a well-composed group of both Nordic and international lenders. Arjo's policy is that refinancing risks are managed by signing long-term committed credit agreements with a range of tenures. The weighted average remaining maturity of the Group's contracted credit facilities may not be shorter than 24 months and not more than 30 percent of Arjo's outstanding financing may fall due within the next 12 months. All loan facilities include the usual guarantees and commitments, and do not contain any restrictions on dividends. The credit facilities may mature for earlier payment in full or in part if certain events occur, including, but not limited to, non-payment of past due amounts,

non-compliance with financial covenants, rounds of terminations of the Group's other financing agreements (cross default) and the insolvency of Arjo or some of Arjo's subsidiaries. The financial covenants comprise Debt Repayment Capacity (the Group's net debt as a percentage of the Group's EBITDA). Arjo met these covenants during the fiscal year.

Arjo has a commercial paper program with a framework amount of SEK 5,000 M. At year-end 2023, SEK 1,915 M (2,267) had been issued. The carrying amount was SEK 1,902 M (2,253). Based on the two revolving credit facilities and the commercial paper program, Arjo can finance its operations in SEK and EUR for one to 12 months. The option of financing based on the commercial paper program was used to repay interest-bearing bank loans. Arjo's unutilized revolving credit facilities serve in the first instance as a back-up to the commercial paper program.

The table below presents Arjo's credit facilities and loans as per December 31, 2023 and 2022.

Credit facilities 2023

Type	Currency	Amount, MLC	Utilized	Due
Revolving credit facility, 5+1+1 years	EUR	300	105	2028
Revolving credit facility, 3+1+1 years	EUR	300	105	2026
Commercial paper	EUR	189	49	2024
Commercial paper	SEK	2,900	1,370	2024

Credit facilities 2022

Type	Currency	Amount, MLC	Utilized	Due
Revolving credit facility, 5+1+1 years	EUR	300	125	2027
Revolving credit facility, 3+1+1 years	EUR	300	125	2025
Commercial paper	EUR	189	69	2023
Commercial paper	SEK	2,900	1,497	2023

26 Financial risk management, cont.

The table below shows the Group's contractual and undiscounted cash flows from the external financial liabilities on the closing date until the contractual date of maturity.

At December 31, 2023, SEK M	Less than 6 months	7-12 months	1-2 years	2-5 years	> 5 years	Total
Bank loans	—	—	—	-2,346	—	-2,346
Commercial paper	-1,882	-33	—	—	—	-1,915
Leases	-188	-187	-286	-444	-158	-1,263
Other financial liabilities	-8	-8	-15	-31	-6	-68
Derivative instruments, outflows	-644	-37	-19	—	—	-700
Derivative instruments, inflows	3,177	8	—	—	—	3,185
Accounts payable	-612	—	—	—	—	-612
Total	-157	-257	-320	-2,821	-164	-3,719

At December 31, 2022, SEK M	Less than 6 months	7-12 months	1-2 years	2-5 years	> 5 years	Total
Bank loans	-45	-45	-90	-2,964	—	-3,144
Commercial paper	-2,156	-111	—	—	—	-2,267
Leases	-187	-186	-280	-431	-199	-1,283
Other financial liabilities	-64	-6	-12	-26	-3	-111
Derivative instruments, outflows	-1,643	-77	—	—	—	-1,720
Derivative instruments, inflows	3,462	—	—	—	—	3,462
Accounts payable	-587	—	—	—	—	-587
Total	-1,220	-425	-382	-3,421	-202	-5,650

Interest-rate risk

Arjo is exposed to interest-rate risk, defined as the risk of changed market interest rates impacting the Group's net interest. The aim of Arjo's interest policy is to reduce the short and long-term effect of changed market interest rates on the income statement and to minimize interest expenses. Interest-rate risk is assessed and monitored continuously by the Board during the year.

Loans under the commercial paper program and under the two revolving credit facilities have a fixed interest rate for each maturity, between 1-12 months, based on the market rate (STIBOR or EURIBOR) on the issue date. Interest-rate risk arises in connection with each maturity when the loans are to be renewed. On each issue date,

Arjo can choose between using the commercial paper program or making use of the Group's financial agreements, depending on which alternative is the most advantageous. Based on Arjo's interest-bearing liabilities at December 31, 2023, a momentary change in average interest rates of ±1 percentage point for the currencies represented in the Group's interest-bearing liabilities would entail changed interest expenses of SEK ±43 M (51) on an annual basis, which would impact net profit and equity in the amount of SEK ± 32 M (38). The change is proportional to assumptions for percentages other than ± 1 percentage point.

CREDIT AND COUNTERPARTY RISKS

Arjo's financial transactions cause credit risks with regard to financial counterparties. Credit risks or counterparty risks constitute the risk of losses if the counterparties do not fully meet their commitments. The finance policy states that the credit risk must be limited through accepting only creditworthy counterparties and fixed limits. At December 31, 2023, the total counterparty exposure in derivative instruments was SEK 32 M (19). Credit risks in outstanding derivatives are limited by the offset rules agreed with the respective counterparty. The Group has ISDA agreements for all of its significant counterparties for raising funds and trading in financial instruments. For the financial assets and liabilities that are subject to legally binding offset agreements or similar, each agreement between the Company and its counterparties permits the relevant financial assets and liabilities to be offset. The derivatives were recognized at gross amount in the balance sheet. The Group's liquidity is placed in bank accounts with low credit risks by distributing between several banks with high credit ratings. Arjo has a bank consortium comprising six different banks, whose credit ratings are between A1 and Aa3.

Reserve for expected credit losses

Arjo's accounts receivable are current in nature and thus the risk-assessment horizon is short. Credit risk is limited by a diverse customer base with a high credit rating since a high percentage are public customers. Many private customers also receive remuneration from publicly financed insurance reimbursement systems, which reduces the risk. A collective assessment is performed of the impairment requirement for accounts receivable with low credit risk. An individual assessment is carried out for customers with impaired credit risk, for amounts see Note 17 Accounts receivable.

27 Financial instruments

Accounting policies

A financial asset or financial liability is recognized in the balance sheet when the company is party to the contractual conditions of the instrument. A financial asset is derecognized from the balance sheet when the contractual rights to the asset are realized, extinguished or the company loses control over them. A financial liability is derecognized from the balance sheet when the contractual obligation has been fulfilled or in some other manner extinguished. Acquisitions and sales of financial assets are recognized on the transaction date, which is the date on which the company commits to acquire or sell the assets, apart from cases in which the company acquires or sells listed securities, when liquidity-date reporting is applied.

Financial instruments are initially measured at cost corresponding to the fair value of the instrument, plus transaction costs for all financial instruments except for those that belong to the category of fair value through profit or loss, which are measured at fair value excluding transaction costs. The classification determines how the financial instruments are measured after initial recognition, as described below. The classification of financial assets that are debt instruments is determined by the business model for the portfolio in which the financial asset is included and the characteristics of the contractual cash flows. Arjo's business model for all financial assets that are debt instruments is to collect the principal and any interest on the principal. The contractual cash flows for these assets comprise solely principal and interest on the principal, which is why they are classified as financial assets measured at amortized cost. All financial liabilities are classified as amortized cost except for derivative instruments and additional purchase consideration classified as fair value through profit or loss. Financial assets are included in current assets if they are expected to be settled within 12 months of the end of the reporting period. Otherwise, they are classified as non-current assets. Further information about financial instruments can be found in Note 17 Accounts receivable and Note 26 Financial risk management.

Financial assets measured at fair value through profit or loss:

Financial assets in this category comprise derivatives and participations in unlisted companies. Changes in fair value are recognized in profit or loss. Participations in unlisted companies are recognized as financial assets.

Financial assets measured at amortized cost:

This category is used when the asset is included in a business model the aim of which is to collect contractual cash flows, and the contractual

terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Assets in this category comprise non-current and current financial receivables, accounts receivable and other current receivables. Assets in this category are initially measured at fair value including transaction costs. After the acquisition date, they are recognized at amortized cost using the effective interest method. Accounts receivable are recognized in the amounts that are expected to be received after deductions for expected credit losses, which are assessed on a case-by-case basis. The expected term of accounts receivable is short, which is why amounts are recognized at nominal values without discounting.

Impairment of financial assets: On the closing date, the Group assesses the impairment requirement of a financial asset or a group of financial assets. These assessments are individual. All financial assets, except for those that belong to the category of financial assets measured at fair value through profit or loss, are tested for impairment. The majority of these financial assets that are subject to impairment rules (accounts receivable) are current, which is why the Group has chosen to apply the simplified approach whereby expected credit losses are recognized for the full lifetime from the date of initial recognition.

Impairment requirements for accounts receivable are determined based on past experience of customer losses on similar receivables and an assessment of forward-looking information. The assessment comprises expected credit losses over the full lifetime of the asset based on various probability-weighted scenarios.

The impairment requirement of expected credit losses for receivables for which no individual impairment requirement has been identified is assessed collectively. Impairment of accounts receivable is recognized in operating expenses. Accounts receivable are recognized at a nominal amount less any impairment. Receivables with short terms are not discounted since the effect is not material.

Financial liabilities measured at fair value through profit or loss:

Financial liabilities in this category comprise derivatives and additional purchase consideration. Changes in fair value are recognized in profit or loss.

Financial liabilities measured at amortized cost: This category includes non-recurring financial liabilities, accounts payable and other current liabilities. Non-current liabilities have an expected term longer than one year while current liabilities have a term of less than one year.

Items in this category are initially measured at fair value and in the subsequent periods at amortized cost using the effective interest method. The terms of accounts payable are short, which is why amounts are recognized at nominal values without discounting.

Net recognition of financial instruments: Financial assets and liabilities are offset and recognized at a net amount in the balance sheet only when the company has a legally enforceable right of offset and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. The Group has netting agreements for derivatives (ISDA) but does not meet the requirements for net recognition of these.

Hedge accounting: The requirements for hedge accounting include that there must be an economic relationship between the hedging instrument and the hedged item and that the economic relationship does not have a material impact on credit risk. The hedge ratio is to follow the quantity of the hedging instrument and the hedged item. Hedging documentation is also required that details the company's target and risk management strategy, the identified hedging instrument, the identified hedged item, the risk that is to be hedged and a strategy for monitoring effectiveness. Financial instruments that meet hedge-accounting requirements under the method for hedging of net investment in a foreign operation method are recognized as follows.

Hedging of currency risk in foreign net investments: Investments in foreign subsidiaries (net assets including goodwill) have been hedged to a certain extent by using currency loans as hedging instruments. Exchange-rate differences on currency loans for the period less deductions for tax effects are recognized in the statement of income. Accumulated value changes from the hedging of net investments in foreign operations are reversed from shareholders' equity to profit or loss when the foreign operation is divested in full or in part. The effect of the hedge is recognized on the same line as the hedged item.

Valuation techniques for determining fair value: The fair value of derivative instruments was calculated using the most reliable market prices available. This requires all instruments that are traded in an effective market, such as currency forward contracts, to be measured at market-to-market prices. The fair value of the additional purchase consideration was determined based on inputs that are not based on observable market information. Accordingly, they are classified at level 3 of the fair value hierarchy.

27 Financial instruments, cont.

Fair value disclosures pertaining to interest-bearing loans and other financial instruments

Over time, Arjo has loans with both floating and fixed interest rates. Arjo's long-term loans have floating interest rates and current loans, which comprise the commercial paper program, have fixed interest. The fair value is deemed to correspond to the carrying amount since the long-term loans have floating interest and due to the short term for loans with fixed interest. Arjo's credit risk has not changed significantly since the agreement was signed. For other financial assets and liabilities, fair value is assessed as corresponding to the carrying amount due to the short expected term.

The fair value of currency forward contracts is established using prices of currency forwards on the closing date, with the resulting value discounted to the present value. All derivatives are classified under level 2 of the fair value hierarchy.

During the year, the Group made final payment on the additional purchase considerations related to the acquisition of AirPal in the US. The change in liability for the year is presented in the table at the bottom of the page.

The Group has holdings in unlisted companies in level 3 of the fair value hierarchy. The carrying amount amounted to SEK 98 M (81). An investment of SEK 17 M was made during the year but no changes in value were made. Valuations are made by discounting estimated future cash flows from the asset. These are based on such factors as forecasts/budgets from each company. A discount rate of 13.4 percent before tax was used and the growth rate was assumed to be 3 percent in 2-5 years and 2 percent thereafter. The table below presents the Group's financial instruments by category.

Financial instruments by category

	2023			2022		
	Assets measured at amortized cost	Assets at fair value through profit or loss	Total	Assets measured at amortized cost	Assets at fair value through profit or loss	Total
Financial assets, SEK M						
Derivative instruments	—	6	6	—	45	45
Other financial assets	30	129	159	—	119	119
Accounts receivables and other financial receivables	1,654	—	1,654	1,742	—	1,742
Cash and cash equivalents	923	—	923	949	—	949
Total	2,607	135	2,742	2,691	164	2,855

	2023			2022		
	Liabilities measured at amortized cost	Liabilities measured at fair value through profit or loss	Total	Liabilities measured at amortized cost	Liabilities measured at fair value through profit or loss	Total
Financial liabilities, SEK M						
Borrowing	4,325	—	4,325	5,088	—	5,088
Derivative instruments	—	39	39	—	26	26
Accounts payable and other financial liabilities	612	—	612	587	—	587
Additional purchase consideration	—	—	—	—	57	57
Total	4,937	39	4,976	5,675	83	5,758

Liability for additional purchase consideration

SEK M	2023	2022
Opening balance	57	73
Additional	—	14
Paid	-58	-40
Translation effects	1	10
Closing balance	—	57

28 Supplementary disclosures to the cash-flow statement

Accounting policies

Cash-flow statements are prepared in accordance with IAS 7 Statement of Cash Flows, indirect method. The cash flows of foreign Group companies are translated at average exchange rates. Changes in the Group structure, acquisitions and divestments are recognized net, excluding cash and cash equivalents, under “Acquired operations” and “Divested operations” and are included in cash flow from investing activities.

Cash and cash equivalents: The major portion of cash and cash equivalents comprises cash funds held at financial institutions, and only a minor portion comprises current liquid investments with a term from the acquisition date of less than three months, which are exposed to only an insignificant risk of value fluctuations.

29 Events after the end of the fiscal year

There were no significant events after the end of the fiscal year.

Cash and cash equivalents

SEK M	2023	2022
Cash and bank balances	923	949
Total	923	949

Adjustments for items not included in cash flow

SEK M	2023	2022 ¹⁾
Change in reserves ²⁾	-24	-34
Income from participations in associated companies	11	10
Exchange-rate differences	18	24
Gain from divestment/disposal of non-current assets	-28	-10
Total	-22	-9

1. Comparative figures for 2022 have been restated, see Note 30 Restatement of calculations of intra-Group gains.

2. Primarily refers to provisions, inventories and customer reserves.

30 Restatement of calculations of intra-Group gains

During the year, eliminations of intra-Group gains in inventories and tangible assets in the rental operations were restated. The restatement was based on a changed method for calculating internal margins on product groups and the method for reporting internal non-current assets. We believe that the changed method will result in more accurate calculations since we have unique margins for each unit and period, instead of the current standardized calculations. Furthermore, this method allows for the changes for the period specified by investment and depreciation to be divided up, instead of using changes in the net carrying amount as in the previous model.

This restatement took place retrospectively, which means that comparative figures for 2022, including opening balances, have been restated. The restatement resulted in a lower amount for inventories and tangible assets and a slightly lower amount for cost of goods sold. Depreciation of cost of goods sold will decrease when the changed model can reverse some of the intra-Group gains to specific depreciation and not in general to cost of goods sold.

All affected items that have been restated retrospectively are presented below.

Balance sheet (excerpt), SEK M	2022		2022 after restatement		Jan 1, 2022 after restatement	
	2022	Increase/decrease	2022 after restatement	2021	Increase/decrease	2022 after restatement
Tangible assets	1,802	-92	1,710	1,454	-79	1,375
Deferred tax assets	316	60	376	255	52	306
Inventories	1,674	-170	1,504	1,369	-145	1,225
Total assets	16,167	-201	15,966	14,612	-172	14,440
Reserves	1,395	-23	1,372	766	—	766
Retained earnings	6,138	-169	5,969	6,028	-170	5,858
Deferred tax liabilities	193	-9	184	187	-2	185
Total shareholders' equity and liabilities	16,167	-201	15,966	14,612	-172	14,440

Income statement (excerpt), SEK M	2022	Increase/decrease	2022 after restatement
Cost of goods sold ^{1, 2)}	-5,768	-28	-5,797
Gross profit/loss	4,211	-28	4,183
Other operating expenses ²⁾	-55	31	-24
Operating profit (EBIT)	691	3	693
Add-back of amortization, depreciation and write-down	1,077	-91	985
EBITDA	1,767	-89	1,679
Profit after financial items	597	3	599
Taxes	-149	-1	-151
Net profit for the year	447	1	449

1. Of which impairment

91

2. Comparative figures for 2022 have been adjusted by means of a reclassification from Other operating expenses SEK +31 M to Cost of goods sold SEK -31 M.

Net profit for the year attributable to:

Parent Company shareholders	447	1	449
Earnings per share, SEK (before and after dilution)	1.64	0.00	1.65

Statement of comprehensive income (excerpt), SEK M	2022	Increase/decrease	2022 after restatement
Net profit for the year	447	1	449
Items that can later be restated in profit			
Translation differences	756	-23	733
Other comprehensive income for the period, net after tax	605	-23	582
Total comprehensive income for the year	1,053	-22	1,030

Comprehensive income attributable to:

Parent Company shareholders	1,053	-22	1,030
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Cash-flow statement (excerpt), SEK M	2022	Increase/decrease	2022 after restatement
Operating profit (EBIT)	691	3	693
Add-back of amortization, depreciation and write-down	1,077	-91	985
Other non-cash items	-7	-2	-9
Cash flow before changes to working capital	1,426	-91	1,336
Inventories	-165	2	-164
Cash flow from operations	915	-89	827
Investments in tangible assets	-646	89	-557
Cash flow from investing activities	-902	89	-813
Cash flow for the year	150	—	150

Parent Company financial statements

PARENT COMPANY INCOME STATEMENT

SEK M	Note	2023	2022
Administrative expenses	2, 3, 4	-205	-195
Exceptional items ¹⁾		-5	0
Other operating income and expenses	5	120	105
Operating profit		-91	-90
Income from participations in Group companies	6	449	158
Financial income	7	87	27
Financial expenses	8	-175	-82
Profit after financial items		271	13
Taxes	9	6	0
Net profit for the year²⁾		277	13

1. Exceptional items refer to restructuring costs SEK -4 M (-) and acquisition expenses SEK -1 M (0).
 2. Also comprehensive income for the year.



PARENT COMPANY BALANCE SHEET

SEK M	Note	2023	2022
ASSETS			
Non-current assets			
Intangible assets	10	335	337
Tangible assets	11	1	1
Participations in Group companies	12	5,807	5,807
Non-current financial receivables		30	27
Other financial assets		59	59
Deferred tax assets	9	15	3
Total non-current assets		6,247	6,234
Current assets			
Other receivables from Group companies		170	86
Other receivables		5	6
Prepaid expenses and accrued income		24	22
Cash and cash equivalents		—	—
Total current assets		199	114
TOTAL ASSETS		6,446	6,348

SEK M	Note	2023	2022
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted shareholders' equity			
Share capital		91	91
Non-restricted shareholders' equity			
Retained earnings		3,605	3,824
Net profit for the year		277	13
Total shareholders' equity		3,973	3,928
Provisions			
Other provisions, non-current		2	2
Total provisions		2	2
Current liabilities			
Other provisions, current		3	—
Interest-bearing financial loans	13	1,902	2,253
Financial liabilities, Group companies		484	133
Accounts payable		4	8
Other liabilities to Group companies		47	5
Other liabilities		3	2
Accrued expenses and deferred income	14	27	18
Total current liabilities		2,470	2,419
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		6,446	6,348



CHANGES IN SHAREHOLDERS' EQUITY, PARENT COMPANY

SEK M	Share capital	Retained earnings and net profit for the year	Total shareholders' equity
Opening balance at January 1, 2022	91	4,138	4,228
Net profit for the year	—	13	13
Dividend to shareholders	—	-313	-313
Closing balance at December 31, 2022	91	3,837	3,928
Opening balance at January 1, 2023	91	3,837	3,928
Net profit for the year	—	277	277
Dividend to shareholders	—	-232	-232
Closing balance at December 31, 2023	91	3,883	3,973

PARENT COMPANY CASH-FLOW STATEMENT

SEK M	Note	2023	2022
Operating activities			
Operating loss		-91	-90
Add-back of amortization, depreciation and write-down		93	92
Other non-cash items		3	0
Dividend received		365	101
Interest received and similar items		87	27
Interest paid and similar items		-175	-65
Taxes paid		-6	-2
Cash flow before changes to working capital		278	63
Cash flow from changes in working capital			
Current receivables		-2	-7
Current liabilities		49	-10
Cash flow from operations		325	46
Investing activities			
Acquisition of intangible and tangible assets	10, 11	-91	-75
Liquidation of subsidiaries		1	—
Cash flow from investing activities		-90	-75
Financing activities			
Change in interest-bearing loans		0	-1,779
Change in interest-bearing receivables		-3	2,101
Group contributions received		—	19
Dividend		-232	-313
Cash flow from financing activities		-235	28
Cash flow for the year		0	0
Cash and cash equivalents at the beginning of the year		—	—
Cash and cash equivalents at year-end		—	—

Parent Company notes

1 Accounting policies

The financial statements of the Parent Company were prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Reporting of Legal Entities. In accordance with the regulations stipulated in RFR 2, in the annual financial statements for a legal entity, the Parent Company is to apply all of the IFRS/IAS regulations and statements that have been endorsed by the EU where possible within the framework of the Swedish Annual Accounts Act and with consideration of the link between accounting and taxation. The recommendation specifies which exceptions and additions are to be made from IFRS/IAS. Provisions conforming to IFRS/IAS are stated in Note 1 Accounting policies, for the consolidated financial statements. The Parent Company applies the accounting policies detailed for the Group with the exception of the following:

Shares and participations

Subsidiaries are recognized in accordance with the acquisition method, implying that holdings are recognized at cost in the balance sheet less any impairment. Dividends from subsidiaries are recognized as dividend income.

Financial instruments

The Parent Company applies the exemption in RFR 2 not to apply IFRS 9, meaning that financial instruments are measured based on cost in accordance with the Swedish Annual Accounts Act.

Group contributions

Group contributions are recognized in profit or loss under income from participations in Group companies.

2 Amortization, depreciation and write-downs

SEK M	2023	2022
Intangible assets	-92	-91
Tangible assets	-1	-1
Total	-93	-92
Amortization and write-downs by cost category		
Administrative expenses	-93	-92
Total	-93	-92

3 Fees to auditors

SEK M	2023	2022
Fee and expense reimbursement		
Auditing assignment	-3	-3
Auditing activities other than auditing assignments	-	-
Tax consultancy services	0	0
Other services	-1	-1
Total	-4	-4

Pertains to remuneration to Öhrlings PricewaterhouseCoopers AB.

4 Personnel

Average number of employees	2023	2022
Sweden		
Men	5	3
Women	3	3
Total	8	6

Gender distribution

%	2023	2022
Women:		
Board members	29	29
Other members of senior management	43	43
Men:		
Board members	71	71
Other members of senior management	57	57

Salaries, other remuneration and social security expenses

2023, SEK 000s	Board and CEO	Other senior executives	Total
Salaries and remuneration	20,285	22,064	42,349
Social security expenses	6,679	7,639	14,318
Pension expenses	2,771	2,914	5,685

2022, SEK 000s	Board and CEO	Other senior executives	Total
Salaries and remuneration	15,503	14,172	29,675
Social security expenses	5,166	5,064	10,230
Pension expenses	2,678	3,382	6,060

5 Other operating income and expenses

SEK M	2023	2022
Sale of services to other Group companies	123	111
Other income	2	—
Currency losses	-5	-6
Total	120	105

6 Income from participations in Group companies

SEK M	2023	2022
Dividend	365	101
Impairment	—	-25
Group contributions	83	82
Liquidation gains	1	—
Total	449	158

7 Financial income

SEK M	2023	2022
Interest income	2	1
Interest income from Group companies	85	26
Total	87	27

8 Financial expenses

SEK M	2023	2022
Interest expenses	-81	-26
Interest expenses Group companies	-93	-40
Currency losses	-2	0
Impairment of financial assets	—	-17
Total	-175	-82

9 Taxes

SEK M	2023	2022
Current tax expense	-7	-1
Deferred tax	12	1
Total	6	0

Relationship between tax expenses for the year and recognized profit after financial items:

Recognized profit after financial items	271	13
Tax according to current tax rate 20.6% (20.6%)	-56	-3
Tax effect of non-deductible costs	-7	-17
Tax effect of non-taxable income	75	21
Other	-7	-1
Recognized tax expense	6	0

Deferred tax assets in the balance sheet amounted to SEK 15 M (3) and were attributable to temporary differences.

10 Intangible assets

SEK M	2023	2022
Software		
Opening cost	737	664
Investments	91	73
Closing accumulated cost	828	737
Opening amortization	-400	-309
Amortization for the year	-92	-91
Closing accumulated amortization and impairment	-492	-400
Closing planned residual value	335	337

11 Tangible assets

SEK M	2023	2022
Equipment		
Opening cost	2	0
Investments	—	2
Closing accumulated cost	2	2
Opening depreciation	-1	0
Amortization for the year	-1	-1
Closing accumulated amortization and impairment	-1	-1
Closing planned residual value	1	1

12 Participations in Group companies

Parent Company's holdings	Reg. office/ Country	Corporate Registration Number	No. of participations 2023	No. of participations 2022	Per- centage holding	Carrying amount, SEK M 2023
Arjo Belgium N.V.	Belgium	418,919,541	39,120	39,120	62	8
Arjo Danmark A/S	Denmark	26 67 05 78	2,500	2,500	100	3
Arjo Dominican Republic	Dominican Republic	131398278	3,591,999	3,591,999	100	65
Arjo Sverige AB	Eslöv, Sweden	556528-4600	1,000	1,000	100	54
Arjo France S.A.S.	France	305,219,677	578,460	578,460	100	360
Arjo Middle East FZ-LLC	United Arab Emirates	94298	1	1	100	41
Arjo Hong Kong Limited	Hong Kong	18078186-000-02-20-3	25,000	25,000	100	47
ArjoHuntleigh Healthcare India Private Limited	India	U85199M- H2002PTC135700	1,905,709	1,905,709	100	—
Arjo (Ireland) Limited	Ireland	238034	33,336	33,336	100	37
Arjo Italia Spa	Italy	5503160011	1,000,000	1,000,000	100	94
Arjo Japan K.K.	Japan	2010401135243	500	500	100	0
ArjoHuntleigh Magog Inc	Canada	626505	24,126,001	24,126,001	100	575
Arjo (Suzhou) Co., Ltd	China	913205947573292624	1	1	100	241
Arjo (Suzhou) medical equipment trading Co., Ltd.	China	91320594MA1UQ6DX7G	1	1	100	10
Arjo Treasury AB	Malmö, Sweden	556475-7242	2,225	2,225	100	9
Arjo IP Holding AB	Malmö, Sweden	556247-0145	3,000	3,000	100	40
Arjo México Equipos Médicos S.A. de C.V	Mexico	AME190724UM7	99	99	99	2
Arjo Nederland BV	Netherlands	69089396	18	18	100	808
Arjo Norge AS	Norway	994290177	100,000	100,000	100	1
ArjoHuntleigh Polska Sp.zo.o.	Poland	253572	100	100	100	0
Arjo Switzerland AG	Switzerland	CHE-107.306.624	100	100	100	42
Boxuan Medical Equipment Pte. Ltd. ¹⁾	Singapore	200508769D	—	5,700,000	—	—
Arjo Iberia S.L.U.	Spain	B67064618	3,000	3,000	100	0
Huntleigh Technology Limited	UK	1891943	85,390,762	85,390,762	100	2,356
Arjo Korea Co., Ltd.	South Korea	110111-5012995	1,000	1,000	100	20
Arjo Taiwan Limited	Taiwan	83536401	0	0	100	0
Arjo Czech Republic s.r.o.	Czech Republic	46962549	1	1	100	2
Arjo Deutschland GmbH	Germany	HRB 12913	1	1	100	334
Huntleigh Healthcare GmbH	Germany	HRB 23795	2	2	100	4
Arjo Holding USA, Inc.	USA	—	10,000	10,000	100	646
Arjo Austria GmbH	Austria	FN42604d	1	1	39	8
Total carrying amount						5,807

The table on the left includes all directly owned subsidiaries.

SEK M	2023	2022
Cost		
Opening cost	5,807	5,832
Impairment	—	-25
Closing accumulated cost	5,807	5,807

1. The company was liquidated in 2023.

12 Participations in Group companies, cont.

THE GROUP COMPANIES DIRECTLY OR INDIRECTLY OWNED BY ARJO AB (PUBL) ARE SPECIFIED BELOW

Sweden

Arjo Sverige AB, 556528-4600, Eslöv
ArjoHuntleigh AB, 556304-2026, Malmö
Arjo Treasury AB, 556475-7242, Malmö
Arjo IP Holding AB, 556247-0145, Malmö
ArjoHuntleigh International AB,
556528-1440, Malmö

Australia

Arjo Australia Pty Ltd
Arjo Hospital Equipment Pty Ltd
Joyce Healthcare Group Pty Ltd

Belgium

Arjo Belgium N.V.

Brazil

Arjo Brasil Equipamentos Médicos Ltda.

Denmark

Arjo Danmark A/S

Dominican Republic

Arjo Dominican Republic

France

Arjo France S.A.S.

United Arab Emirates

Arjo Middle East FZ-LLC

Hong Kong

Arjo Hong Kong Limited

India

ArjoHuntleigh Healthcare India Private
Limited

Ireland

Arjo (Ireland) Limited

Italy

Arjo Italia Spa¹⁾

Japan

Arjo Japan K.K.

Canada

ArjoHuntleigh Magog Inc
Arjo Canada Inc

China

Arjo (Suzhou) medical equipment trading
Co., Ltd.
Arjo (Suzhou) Co., Ltd

Mexico

Arjo México Equipos Médicos S.A. de C.V

Netherlands

Arjo Nederland BV
Huntleigh Holdings BV

Norway

Arjo Norge AS

New Zealand

Arjo New Zealand Limited

Poland

ArjoHuntleigh Polska Sp. zo.o.

Switzerland

Arjo Switzerland AG

Singapore

Arjo South East Asia Pte. Ltd.

Spain

Arjo Iberia S.L.U.

UK

Huntleigh Technology Limited¹⁾
1st Call Mobility Limited¹⁾
ArjoHuntleigh International Limited
Arjo UK Limited¹⁾
Huntleigh Diagnostics Limited
Huntleigh Healthcare Limited¹⁾
Huntleigh International Holdings Limited
Huntleigh Luton Limited
Huntleigh Properties Limited
Huntleigh (SST) Limited
Pegasus Limited

South Africa

Arjo Africa Exports (Pty) Ltd¹⁾
ArjoHuntleigh South Africa Pty Ltd¹⁾
Huntleigh Africa Provincial Sales Pty Ltd
Huntleigh Africa Pty Ltd

South Korea

Arjo Korea Co., Ltd.

Taiwan

Arjo Taiwan Limited

Czech Republic

Arjo Czech Republic s.r.o.

Germany

Arjo Deutschland GmbH²⁾
Huntleigh Healthcare GmbH²⁾

USA

Arjo Holding USA, Inc.
Arjo, Inc.
Renu Medical, Inc.

Austria

Arjo Austria GmbH

1. The Parent Company guarantee was issued for subsidiaries registered in Italy, the UK and South Africa and applies to all outstanding liabilities for the subsidiaries on the closing date until the commitments have been met.

2. In accordance with German regulations, it is possible to avoid publishing annual reports of individual subsidiaries in Germany, provided that they are consolidated at a higher level in another EU country. To meet the requirements of these regulations, Arjo AB (publ) has decided to absorb any losses for the German subsidiaries pertaining to the 2023 fiscal year in accordance with the Section 32 of the German Stock Corporation Act. This resolution will be published in the German Federal Gazette according to Section 325 of the Commercial Code. It was also decided that the exemption rules in Section 264, paragraph 3 of the Commercial Code apply as regards the Directors' Report and the publication of the financial statements in the German Federal Gazette for the subsidiaries.

13 Interest-bearing financial loans

SEK M	2023	2022
Commercial paper program	1,902	2,253
Total	1,902	2,253

The Parent Company established a commercial paper program with a framework amount of SEK 5,000 M (5,000). Issues totaling SEK 1,915 M (2,267) were implemented.

14 Accrued expenses and deferred income

SEK M	2023	2022
Salaries	12	8
Social security expenses	6	6
Consultancy fees	3	2
Accrued IT expenses	6	2
Total	27	18

15 Pledged assets and contingent liabilities

Pledged assets

The Parent Company had no pledged assets in 2023 or 2022.

Contingent liabilities, SEK M	2023	2022
Guarantees		
Guarantees for subsidiaries	3,208	3,181
Pension commitments for subsidiaries	1,587	1,581
Other	39	26
Total contingent liabilities	4,834	4,788

16 Proposed appropriation of profit

The following profit in the Parent Company is at the disposal of the Annual General Meeting:

SEK	
Retained earnings	3,605,622,429
Net profit for the year	276,927,823
Total	3,882,550,252
The Board and Chief Executive Officer propose that a dividend of SEK 0.90 per share shall be distributed to shareholders	245,132,616
To be carried forward	3,637,417,636
Total	3,882,550,252

Sustainability report

Sustainability reporting at Arjo takes place in accordance with the Global Reporting Initiative (GRI) 2021, follows the reporting period January 1 to December 31, 2023 and encompasses the entire Arjo Group.

The sustainability report is structured based on the company's Sustainability Framework with three focus areas: A sustainable offering, A responsible company and An attractive employer.

During the year, no significant changes took place in Arjo's organization or value chain that affected the sustainability report. A significant change in reporting occurred due to the validation process of the Group's climate targets by the Science Based Target initiative. This change means that the base year for reporting has been adjusted from 2019 to 2021. Reporting in the focus area A sustainable offering was changed in 2023 to reflect the identified material topics for greenhouse gas emissions. These changes or deviations are presented in the relevant sections. There were no material changes to the reporting of the focus areas A responsible company and An attractive employer.

Sustainability at Arjo is integrated into the various parts of the line organization. Some sustainability information is included in other parts of the Annual Report. Arjo works continuously to ensure that the company complies with the most recent sustainability legislation. The auditor's statement on the statutory sustainability report can be found on page 137. The scope of the review of the sustainability report was not expanded.

Arjo has a revolving credit facility for a total of EUR 600 M that is linked to three of Arjo's long-term sustainability targets. These targets were subject to a limited assurance review in 2023. The credit facility expires in 2028.

Sustainability governance

To meet ambitions and goals, Arjo's sustainability agenda follows a clear structure that involves all levels of the company. The governance model is based on relevant directives and policies, and ensures systematic implementation and follow-up of approved activities.

The Arjo Sustainability Framework is the foundation of the Group's sustainability efforts and forms an integral part of the business, through both daily decisions and more far-reaching activities. A clear governance process ensures that the work is carried out methodically and with the right priorities to achieve the desired results.

Starting 2022, 10 percent of the Arjo Management Team's variable remuneration is based on sustainability targets. Two targets have been identified for 2023: reducing the Group's carbon emissions and making it possible for the organization to set climate targets according to Science Based Targets initiative in line with the Paris Climate Agreement. In 2023, Arjo also decided to include a target for reducing carbon emissions in the incentive program for employees who report directly to the Arjo Management Team.

During the year, Arjo's Management Team and relevant employees received training on the new EU Corporate Sustainability Reporting Directive (CSRD). The company's Board of Directors received similar training in January 2024. A process is underway to ensure that Arjo's sustainability reporting meets the requirements of the CSRD.

A governance process that involves all levels

Arjo's Board of Directors is responsible for the sustainability report and for governing and reviewing sustainability efforts at Arjo. The Board decides on guidelines and policies and follows up on sustainability activities by holding regular meetings on target achievement and future planning. The Audit Committee oversees business ethics, compliance and sustainability, and reports to the Board.

Arjo's CEO and Management Team assume operational responsibility for sustainability activities and sustainability issues are followed up at management team meetings. The CEO and Management Team actively participate in these efforts by deciding on priorities and targets, evaluating results and identifying areas for improvement.

The day-to-day operational responsibility for sustainability activities at Arjo lies with the Group's line organization, often through cross-functional teams responsible for carrying out projects. The local units report data which is then compiled by the central sustainability function and presented to the Arjo Management Team and Board of Directors every quarter.



Materiality assessment

Arjo performs regular materiality assessments to prioritize the sustainability topics that are material to the company and to identify topics that are important to various stakeholders. In turn, these material topics govern Arjo's sustainability reporting. The work process for the materiality assessment follows the requirements of the Global Reporting Initiative (GRI) 2021 and comprises four steps.

Step 1

Understand the organization's context.

Step 2

Identify actual and potential impacts.

Step 3

Assess the significance of the impacts.

Step 4

Prioritize the most significant impacts for reporting and validation.

In its materiality assessment, Arjo studies the company's business activities and relationships and its sustainability context and stakeholders in the value chain. The materiality assessment is confirmed and approved by Arjo's Management Team and Board of Directors.

In 2023, Arjo performed an annual review of its materiality assessment to ensure that no material changes had taken place that could affect the company's sustainability agenda. This review did not reveal any material changes and accordingly the materiality assessment from 2022 remains unchanged.

In the first quarter of 2024, Arjo will conduct a double materiality assessment in accordance with the CSRD. The result of it will be described in the annual and sustainability report for the year when the reporting requirement for CSRD enters into force.

Arjo's material topics:

- Product quality and safety
- Compliance, ethics and anti-corruption
- Occupational health and safety
- Circularity in product design
- Purchasing/supplier base
- Greenhouse gas emissions and energy efficiency improvements
- Human capital and fair labor conditions



MATERIALITY ASSESSMENT

Stakeholder dialogue

Arjo’s stakeholder dialogue is an important part of the materiality assessment process and aims to ensure that the Group lives up to external expectations. Stakeholders are regularly engaged in dialogue and in 2023 Arjo conducted surveys among employees, suppliers and customers to obtain feedback on sustainability. Arjo’s sustainability function is in continuous contact with stakeholders to evaluate the company’s impact throughout the value chain.

Stakeholder dialogues provide valuable insights into the views of external parties on Arjo’s sustainability agenda and priorities, and enhance the Group’s current understanding of prioritized topics. Feedback from the company’s stakeholders is crucial to the success of its sustainability efforts.



Stakeholders	Prioritized topics	Dialogue channels
Customers	Sustainable and safe products and services that contribute to the customers' sustainability targets Business ethics and compliance Climate impact	Individual meetings, training, trade fairs, etc. via the sales and service organization
Shareholders and financiers	Corporate governance Transparent and relevant reporting Business ethics and compliance Climate impact	Financial reporting and sustainability reporting including capital markets days Regular meetings and teleconferences for quarterly reports and year-end reports
Employees and future employees	Corporate culture Healthy and safe work environment Diversity, equity and inclusion Leadership and career opportunities	Annual People Survey Cooperation with trade unions, Board employee representatives, European Workers Council (EWC) Continuous dialogue and feedback between managers and employees Communication via channels including intranet, meetings and global training platform
Suppliers and business partners	Business ethics Product quality and safety Human rights and fair labor conditions	Regular meetings on strategic, technical and commercial solutions and regulatory compliance Review of Code of Conduct for suppliers and other business partners. Supplier assessments and audits
Authorities and decision-makers	Compliance with rules and laws Climate impact	Audits of regulatory compliance Audits of certifications and quality management systems Industry associations

ARJO'S IMPACTS

Impacts and actions in the value chain

The table describes Arjo's value chain, Arjo's degree of influence, actual impact in each part of the value chain and activities to manage impacts.

	Arjo's degree of influence	Impact	Activities
Research & development	High	<ul style="list-style-type: none"> Environmental and climate impact from materials in the company's products and the energy consumption of the products. 	<ul style="list-style-type: none"> Product development follows the process for EcoDesign at every stage, from concept to finished product. Frameworks will be developed to integrate circularity throughout the business and the value chain. New standardized measurement method for the energy efficiency of products. Increased cooperation between supply chain and product development functions to identify and replace hazardous substances. Life cycle assessment of Arjo's process enabling the reuse of VTE garments (Arjo ReNu).
Purchasing	Moderate	<ul style="list-style-type: none"> Environmental and climate impact from manufacturing of components in supplier base. Human rights and fair labor conditions for workers in the supply chain. 	<ul style="list-style-type: none"> Code of Conduct for suppliers and business partners as part of Arjo's standard contract. Implementing IT systems for collecting sustainability data from suppliers. Implementing IT systems for risk assessment, identification and management of corruption risks throughout the value chain. Pilot study to test process for assessing sustainability risks in the supplier base, including fair labor conditions, human rights and the environment. Program for identifying and reporting SVHCs (Substance of Very High Concern) in purchased materials.
Production	High	<ul style="list-style-type: none"> Environmental and climate impact of operating and heating the Group's facilities. Human rights and fair labor conditions for Arjo's employees. Occupational health and safety for Arjo's employees. 	<ul style="list-style-type: none"> Transfer to renewable electricity in warehouses and production facilities. Energy-efficiency enhancements by optimizing ventilation and cooling systems in the company's facilities, such as offices, production sites and service facilities. Identifying opportunities to reduce the total amount of waste and increase the share of recycled or reused materials. Reducing the volume of hazardous waste and identifying alternatives for SVHCs. Increased focus on occupational health and safety with in-depth training and follow-up. Pilot study for internal audits of occupational health and safety.
Transportation	Moderate	<ul style="list-style-type: none"> Environmental and climate impact of transporting components and the company's products. Human rights and fair labor conditions for workers in the supply chain. 	<ul style="list-style-type: none"> Internal program to optimize and improve efficiency of transportation and closer partnerships with carriers. Reduced use of air freight in favor of lower-emission land and sea transport. Expanded resources for developing packaging and logistics that generate lower emissions. Improved filling ratio in packaging and transportation. Implementation of transactional data (weight, distance, volume), which provides higher precision of carbon calculations. Code of Conduct for suppliers and business partners now integrated into all transport contracts.
Service, rental & sales	High	<ul style="list-style-type: none"> Environmental and climate impact of operating and heating the Group's facilities, and chemicals for cleaning and reusing products. Occupational health and safety for Arjo's employees. Human rights and fair labor conditions for Arjo's employees. 	<ul style="list-style-type: none"> Arjo's offering for reprocessing single use medical devices is now also available in Australia. Increased focus on occupational health and safety with internal audits of service facilities and training of service personnel. Increasing the use of renewable electricity in properties.
Usage	Low	<ul style="list-style-type: none"> Environmental and climate impact of electricity from the use of Arjo's products, and chemicals for cleaning products. 	<ul style="list-style-type: none"> Training in architecture tool for planning healthcare environments including ergonomic use of Arjo's products. Ongoing measures to improve energy efficiency of the company's products.
End-of-life	Low	<ul style="list-style-type: none"> Environmental and climate impact of recycling materials and landfill. 	<ul style="list-style-type: none"> Evaluation of dismantling instructions for products and continuous dialogue for phasing out unwanted substances to improve recycling possibilities.

A sustainable offering

Arjo's Sustainability Framework and environmental and climate policy describe the Group's ambitions regarding environmental and climate issues, such as protecting the environment, reducing greenhouse gas emissions and promoting a circular economy.

The Group's total greenhouse gas emissions (scope 1, 2 and 3) were analyzed in 2022-2023 to establish reduction targets aligned with the Paris Agreement. The goals was submitted for validation by the Science Based Targets initiative in September 2023 and in February 2024, the goals were approved.

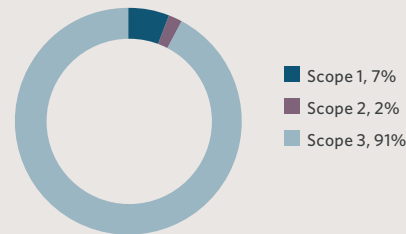
Arjo's targets are to reduce the company's greenhouse gas emissions in its own operations (scope 1 and 2) by 50 percent by 2030 and reduce greenhouse gas emissions in the value chain by 25 percent by 2030. Both targets have 2021 as the base year.

A number of changes have been made to this year's sustainability reporting, as outlined below:

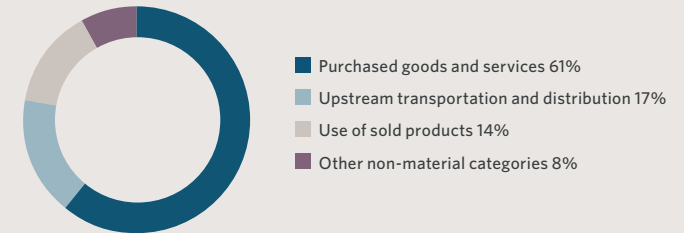
- The scope 1 and 2 category Energy and related emissions now include all of Arjo's facilities.
- The scope 3 category Upstream transportation and distribution has been divided into two categories and includes all upstream transportation and distribution. Previously reported global transportation has been recalculated and greenhouse gas calculations are now based on ton-kilometers. Transportation in sales and services has been added and the greenhouse gas emission calculations are based on cost.
- The scope 3 categories Use of sold products and Purchased goods and services have been identified as material and are now included in the reporting.
- The scope 3 category Business travel is not included in the reporting since it has not been deemed to be material in the mapping of Arjo's total emissions. Arjo applies a restrictive travel policy which clearly states that virtual meetings are to be prioritized. The company will continue to track and work to keep emissions from business travel at a low level.

Arjo's calculations of energy consumption and emissions follow the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and the Group reports greenhouse gases as carbon dioxide equivalents (CO₂e). All greenhouse gas emissions are consolidated from units over which Arjo has operational control.

DISTRIBUTION BETWEEN SCOPE 1, 2 AND 3



DISTRIBUTION OF SCOPE 3 CATEGORIES



The pie chart on the left shows the distribution of Arjo's total greenhouse gas emissions (scope 1, 2 and 3) for the base year 2021. Total greenhouse gas emissions for the base year 2021 are 323,059 tons CO₂e. The pie chart on the right shows the distribution of scope 3 emissions. The categories of Purchased goods and services, Upstream transportation and distribution and Use of sold products account for 92 percent of total scope 3 emissions. Other non-material categories account for 8 percent and include the following categories: Capital goods, Fuel and energy-related activities, Waste, Business travel, Employee commuting, Downstream transportation and distribution, End-of-life treatment of sold products, Downstream leased assets and Investments. Three categories were not deemed applicable to Arjo: Upstream leased assets, Processing of sold products and Franchises.

Arjo reports greenhouse gas emissions according to the GHG Protocol

Scope 1

Fuel-related emissions from facilities and vehicles

Scope 2

Electricity, heating and cooling from facilities

Scope 3

The following categories are reported:

1. Purchased goods and services
4. Upstream transportation and distribution
11. Use of sold products



Reduction in scope 1 & 2 greenhouse gas emissions

-11%

Arjo has reduced the Group's greenhouse gas emissions from its own operations (scope 1 and 2) by 11 percent since the base year 2021.

A SUSTAINABLE OFFERING

Greenhouse gas emissions throughout the value chain

Scope 1 (tons CO ₂ e) – direct emissions	2023	2022	2021
Natural gas	2,118	2,546	2,181
Oil/diesel	124	175	46
Vehicle fuel	19,146	21,100	19,170
Total scope 1 – direct emissions	21,388	23,821	21,397
Scope 2 (tons CO ₂ e) – indirect emissions			
Electricity (market-based)	2,639	3,705	5,841
Solar power electricity	0	0	0
District heating	64	63	24
Electricity vehicles	47	23	2
Total scope 2 – indirect emissions	2,750	3,791	5,867
Scope 3 (tons CO ₂ e) – indirect emissions			
Upstream transportation and distribution	35,234	45,557	49,817
Use of sold products	34,388	34,155	41,386
Purchased goods and services	143,504	171,415	180,599
Total scope 3 – indirect emissions	213,126	251,127	271,802

The estimated reduction in scope 1 and 2 emissions is a combination of factors such as increased use of renewable electricity and reduced emissions from the company's fleet of vehicles. The estimated reduction in scope 3 emissions is a combination of factors such as changes to sales and purchasing volumes, in the product mix and transportation methods. No significant changes were identified of other scope 3 indirect emissions. The emissions are estimated to be about 8 percent of the measured greenhouse gas emissions and are related to the categories Downstream transportation and distribution, Business travel, Waste, etc. These other indirect emissions are not included in the reporting, but internal targets exist for some activities, including the Business Travel category.

Target by 2030

50%

Reduction of greenhouse gas emissions from the company's own operations (scope 1 and 2) by 50 percent by 2030, with 2021 as the base year.

25%

Reduction of greenhouse gas emissions in the value chain (scope 3) by 25 percent by 2030, with 2021 as the base year. The most material scope 3 categories are Purchased goods and services, Upstream transportation and distribution and Use of sold products.



A SUSTAINABLE OFFERING

Greenhouse gases and energy in Arjo's own operations (scope 1 & 2)

Emissions from Arjo's own operations (scope 1 & 2) mainly derive from energy consumption at the Group's facilities and from vehicles, and represent a minor share (9 percent) of Arjo's total greenhouse gas emissions.

Energy and greenhouse gas emissions for all of the Group's facilities are reported from 2023. Emissions from production facilities that were reported in prior years are included in the reporting and have not been recalculated.

The information is based on data reported by each facility and is collected quarterly for the facilities and every six months for vehicles.

Energy consumption at Arjo's facilities

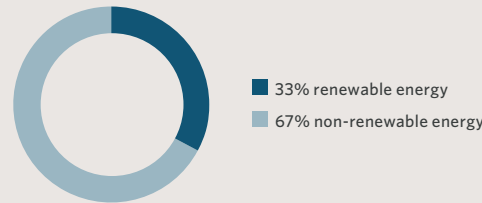
The energy consumption reported below is based on Arjo's total consumption and includes energy for heating or cooling the Group's facilities. A small amount of diesel is used to generate electricity during power cuts. Arjo is undertaking targeted actions to reduce the risk of power cuts and reduce emissions by installing solar panels. A small number of facilities currently have solar power electricity owned by the property owner, which means that Arjo has not sold any solar power.

Total energy consumption at Arjo's facilities

Energy (MWh)	2023	2022	2021 (base year)
Natural gas	11,524	13,816	11,835
Oil	217	371	126
Diesel for generators	212	224	24
District heating/cooling	602	574	161
Electricity	17,854	18,689	17,775
Solar power electricity	157	236	0
Total energy (MWh)	30,565	33,910	29,921

Previously reported data for Arjo's factories is included in the total and has not been recalculated. The total for factories is 7,661 MWh.

Percent of renewable energy in facilities 2023



Renewable energy sources

Renewable energy (%)	2023	2022	2021
Percentage of renewable energy	33	28	5

Greenhouse gas emissions from Arjo's facilities

The greenhouse gases reported are based on Arjo's total energy consumption in its own facilities. Certified renewable electricity represents 33 percent of the company's electricity consumption (in kWh) and the climate impact is calculated to be 0 g/kWh for market-based electricity.

Greenhouse gas emissions from facilities

Scope 1 (tons CO ₂ e) – direct emissions	2023	2022	2021 (base year)
Natural gas	2,118	2,546	2,181
Oil	69	118	40
Diesel	55	57	6
Total scope 1 direct emissions	2,242	2,721	2,227

Scope 2 (tons CO ₂ e) – indirect emissions	2023	2022	2021 (base year)
	Market-based ¹⁾ /Location-based	Market-based/Location-based	Market-based/Location-based
Electricity	2,639/6,808	3,705/7,155	5,841/6,657
Solar electricity ²⁾	0	0	0
District heating	64	63	24
Total scope 2 – indirect emissions	2,703/6,808	3,768/7,155	5,865/6,657

The emission factors are country-specific. The sources are: Natural gas DEFRA(2022), Oil DEFRA (2021), Diesel DEFRA 2022, Electricity AIB(2020) IEA(2021), District heating/cooling Swedenergy (2020).

1. Market-based renewable electricity is certified renewable electricity.

2. Solar power electricity production is not owned by Arjo and Arjo does not sell solar power electricity.

Arjo does not use carbon offsets to reduce emissions.

Arjo does not use bioenergy.

Previously reported data for Arjo's factories is included in the total and has not been recalculated. Total greenhouse gas emissions from factories in scope 1: 318 tons CO₂e, scope 2 Market-based: 318 tons CO₂e, scope 2 Location-based: 3,261 tons CO₂e.

2023 is the first year that Arjo reports greenhouse gas emissions for all facilities in the Group. Certified renewable energy was purchased during the year to help reduce greenhouse gas emissions for market-based electricity.

Greenhouse gas emissions from vehicles

Arjo's Global Fleet Directive contains guidelines and principles concerning the company's fleet of vehicles to ensure that it is cost-efficient, has a low climate and environmental impact and is safe. Greenhouse gas emissions from Arjo's vehicles (owned and leased) are based on reported fuel consumption and data from car manufacturers.

For 54 percent of the vehicles, scope 1 greenhouse gas emissions are calculated based on reported fuel consumption. For the remaining vehicles (46 percent), the calculations are based on the car manufacturers' data on greenhouse gas emissions per kilometer and include both scope 1 and 3. Efforts are being made to improve the collection of data to harmonize reporting.

A SUSTAINABLE OFFERING

Greenhouse gas emissions and energy in Arjo's own operations (scope 1 & 2), cont.

Greenhouse gas emissions from vehicles

Scope 1 & 2 (tons CO ₂ e) – direct and indirect emissions	2023	2022	2021 (base year)
Vehicle fuel, scope 1	19,146	21,100	19,170
Electricity, vehicles, scope 2	47	23	2
Total Vehicles	19,193	21,123	19,172

Scope 1 greenhouse gas emissions from leased or owned vehicles are calculated in two ways: 1. Multiplying the contracted mileage by CO₂ emission factors per vehicle from the vehicle manufacturer. 2. by actual fuel consumption. 54 percent currently report actual fuel consumption and emission factor per type of fuel. The target is for all vehicles to report using method 2. The source of emission factors for fuel is WTW Swedish Energy Agency Swedish Fuel Quality Act (2019 & TTW Swedish Environmental Protection Agency emission factors and calorific values, 2020).

Greenhouse gas emissions from Arjo's vehicles have been reduced compared with last year. This was due to more electric and hybrid cars in the fleet and improved reported data for actual fuel consumption. Data for the base year has been recalculated and differs from previous reporting (for 2021, 22,000 tons CO₂e) since the data was imported to the global reporting system and the conversion factors differ slightly.

Greenhouse gas emission intensity

Intensity figures for scope 1 and 2 in relation to net sales and number of employees	2023	2022	2021 (base year)
Intensity in relation to net sales (tons CO ₂ e/SEK M)	2	2.8	3.0
Intensity in relations to number of employees (CO ₂ e/number of employees)	3.6	4.0	4.2

Reduction of greenhouse gas emissions in relation to base year	2023	2022	2021 (base year)
Scope 1 & 2 emissions (%)	-11	1	—

Greenhouse gas emissions in the value chain (scope 3)

The mapping of Arjo's total greenhouse gas emissions showed that 91 percent derive from the value chain (scope 3). The most material GHG categories are Purchased goods and services, Upstream transportation and distribution and Use of sold products.

In this year's report, these three categories are included and the previously reported category Business travel is excluded since it is no longer considered material.

Purchased goods and services

The majority of Arjo's scope 3 emissions come from the category Purchased goods and services. These are mainly raw materials for components for the company's products. Metal and plastic are Arjo's most commonly used materials and account for the majority of emissions in the Purchased goods and services category. A program to reduce the environmental and climate impact in the value chain was initiated in 2023. Read more in the Responsible purchasing section on page 121.

Greenhouse gas emissions from Purchased goods and services

Scope 3 (tons CO ₂ e) – indirect emissions	2023	2022	2021 (base year)
Purchased goods and services	143,504	171,415	180,599

Source of emission factors: National Agency for Public Procurement (2021)

Greenhouse gas emissions related to the category of Purchased goods and services are calculated based on cost. The emissions reduction in 2023 was mainly related to the reduction of metal purchases. Arjo has identified the key impact areas in the Group's value chain and in 2024, Arjo will conduct a more in-depth analysis to improve reporting. Dialogue and collaboration with the company's suppliers has commenced to gain access to primary data and to set detailed reduction targets.

Upstream transportation and distribution

Transporting products and components to customers worldwide is a critical part of Arjo's value chain. During the year, the company worked on a number of initiatives to reduce the impact of transportation, such as improving the filling ratio in packaging, optimizing and consolidating intercontinental and continental transport flows and closer cooperation with carriers to jointly find new solutions to reduce emissions.

Arjo also conducted training sessions with transport providers on its Code of Conduct for suppliers and other business partners and sent out a survey to map the carriers' sustainability efforts. This mapping helps Arjo to make well-founded decisions regarding the choice of carriers, which by extension is expected to help further reduce emissions. The company has also worked on developing the level of detail in transportation data to improve reporting.

Greenhouse gas emissions from Upstream transportation and distribution

Scope 3 (tons CO ₂ e) – indirect emissions	2023	2022	2021
Upstream transportation and distribution (calculation based on ton-kilometers)	19,970	32,229	35,242
Upstream transportation and distribution (calculation based on cost)	15,264	13,328	14,575
Total Upstream transportation and distribution	35,234	45,557	49,817

The source of the emission factors is NTM 2021 and Quantis 2021.

A SUSTAINABLE OFFERING

Greenhouse gas emissions in the value chain (scope 3), cont.

The reporting of the Upstream transportation and distribution category was changed in 2023 and now also includes the company's sales and service units. In the past, the company's global transportation function based emissions calculations on cost. In 2022, data started to be collected based on ton-kilometers and 2023 is the first year that calculations are based on ton-kilometers. Data for 2021 and 2022 are retroactively calculated estimates based on transportation data that the company has compiled in 2022-2023. Arjo's service and sales units still calculate emissions from transportation based on cost. To ensure consistent reporting of transportation emissions, reporting will be centralized.

Arjo reduced its share of air freight in 2023, which resulted in lower emissions. In 2024, work will continue to improve the quality of data by standardizing reporting for all entities in the Group and by training relevant staff.

Use of sold products

Arjo's product development follows the principles for EcoDesign at every stage, from concept to finished product. Product development is based on the Group's environmental and climate policy, quality policy and follows the regulatory requirements that apply to medical devices.

Arjo has carried out life cycle assessments for two products in the past, and another life cycle assessment was conducted in 2023. The results identified several sustainability-related improvement areas, one of which is the energy consumption from when customers use the sold products.

During the year, Arjo calculated the total energy consumption

of the use of sold products over the expected life span of the products. The amounts were recalculated as greenhouse gas emissions and will comprise the 2021 baseline with the target of reducing energy consumption and thus emissions. This work resulted in a joint measuring method for the energy consumption of different products that will be enhanced and standardized in 2024.

It will also support customers' sustainability targets by improving energy efficiency and reducing greenhouse gas emissions.

Greenhouse gas emissions from Use of sold products

Scope 3 (tons CO ₂ e) – indirect emissions	2023	2022	2021 (base year)
Use of sold products	34,388	34,155	41,386

Emission factor for the CO₂ calculation is country-specific location-based, source IEA 2021, AIB 2021.

The decrease in greenhouse gas emissions in the Use of sold products category from 2021 to 2022 was mainly due to a change in the product mix. From 2024 onwards, Arjo will develop its reporting and clarify actual improvements.

Waste and recycling

Packaging material

Arjo's products are appropriately packaged to ensure that the products can be handled and transported safely. Arjo's goal is to reduce the total amount of packaging, increase the share of recyclable packaging and increase the share of reused material in packaging.

Total amount of packaging from production

Packaging material (ton)	2023	2022	2021 (base year)
Cardboard	849	1,072	813
Plastic	115	57	34
Wood	1,435	1,529	1,227
Total weight packaging material	2,398	2,658	2,074

The amount of packaging material is compiled based on reporting from each production unit on a quarterly basis.

Percentage of renewable packaging in relation to total amount of packaging (tons)

Percentage (%)	2023	2022	2021 (base year)
Share of renewable packaging material	95%	98%	98%

A SUSTAINABLE OFFERING

Waste and recycling, cont.

Total waste from production

Arjo's goal is to reduce the percentage of waste that goes to landfill and incineration by 50 percent by 2030, with 2021 as the base year. Most of Arjo's waste comes from the company's production facilities. Waste management is continuously developed according to the waste hierarchy which is based on the principle of minimize, reuse and recycle materials.

Continuous improvements are made at Arjo's production facilities to reduce the share of waste. This includes improving material efficiency and initiating collaborations with other companies to reuse, for example, textile waste. In 2023, work continued to identify opportunities to reduce the total amount of waste and increase the share of recycled or reused waste.

Hazardous waste amounted to 1.4 percent and mainly comprised chemical packaging, light sources and oils. The work of reducing hazardous waste and identifying alternatives for those chemicals considered to be substances of very high concern (SVHC) is constantly in progress. Arjo's production facilities are ISO 14001 certified and have processes for safe chemicals management and waste management. Waste is managed in accordance with local regulations and rules.

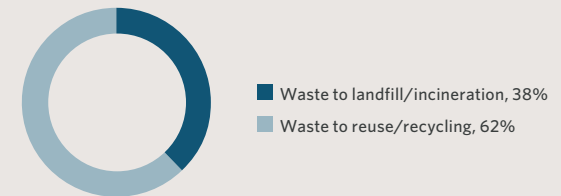
The data presented below are based on reported data from production and are compiled centrally every quarter. The data are primarily based on information from waste management contractors at each facility. All waste is managed off-site by an approved waste management contractor except for certain textiles that are reused via partnership with a third party.

Total amount of waste from production per category

Type of waste (tons)	2023			2022			2021 (base year)		
	Total amount of waste	Waste to reuse and recycling	Waste to landfills and incineration	Total amount of waste	Waste to reuse and recycling	Waste to landfills and incineration	Total amount of waste	Waste to reuse and recycling	Waste to landfills and incineration
Cardboard	427	427	0	502	502	0	443	443	0
Textiles	88	13	74	275	13	262	252	9	243
Plastic	237	101	135	300	144	156	229	101	128
Metal	56	56	0	109	109	0	94	94	0
Wood	234	195	39	68	68	0	38	38	0
Other non-hazardous waste	250	19	231	138	20	118	123	31	92
Hazardous waste	18	6	11	14	3	11	39	8	31
Total amount of waste (tons)	1,309	817	491	1,405	858	547	1,218	723	495

Arjo reports waste efficiency based on total amount of waste from production in relation to net sales and the share of reused and recycled materials in relation to the total amount of waste from production. The share of hazardous waste is reported in relation to total amount of waste.

Waste by treatment method



Efficiency figures for amount of waste in relation to net sales

Intensity figures for amount of waste in relation to net sales	2023	2022	2021 (base year)
Tons waste/SEK M	0.12	0.14	0.13

Share of reusable and recyclable waste

Share of reusable and recyclable waste	2023	2022	2021 (base year)
Waste, %	62	61	59

Waste from production is compiled every quarter based on reporting from each production unit. Hazardous waste classified and managed in accordance with local regulations.

A responsible company

Business ethics

Arjo's Business Compliance Committee leads and coordinates business ethics and compliance in the Group, and makes decisions on Arjo's business ethics strategy. The Committee comprises the President & CEO (Chairman), EVP Legal & Business Compliance (Vice Chairman), CFO, EVP Communication & PR, EVP HR & Sustainability, Director Internal Control and additional members appointed as needed. VP Business Compliance is responsible for the day-to-day administration of compliance and serves as secretary for the Committee. Documented meetings are to be held regularly, and four meetings were held in 2023.

Two support committees have previously been established in North America to meet local regulatory requirements. They continued to develop and improve the organization's compliance activities in each market. In 2023, the Canadian Support Committee held three documented meetings and the US Support Committee held four documented meetings.

Arjo works actively with risk assessments to identify and manage corruption risks within the entire organization. As a result of this process, during which some material risks were identified, Arjo decided to continuously review and monitor its distributors in certain countries and regions. In addition to the global process, regular risk assessments are carried out in North America, for example by analyzing potential conflicts of interest. Suitable follow-up measures are taken based on the outcome of each risk assessment process.

Policies, directives and processes

Arjo's process for evaluating and screening business partners was reviewed at the end of 2023. A new and improved analysis and monitoring tool was implemented and the existing due diligence and screening process will be regularly improved. This is an important process for minimizing risks of contact with inappropriate entities and individuals.

By including examples and scenarios in the Anti-Corruption Directive and the company's ethical guidelines, particular support is given for contacting business partners. In response to compliance with local regulatory requirements, Arjo launched local policies in North America in 2023. These were implemented by arranging local training courses.

Training

To provide a common basic understanding of Arjo's anti-corruption rules, all employees in managerial positions, and employees who have regular contact with business partners must complete at least one anti-corruption training session every year. An updated digital anti-corruption training course was launched at the end of the fourth quarter of 2023. It requires a digital signature and is available in 12 different languages to include all target groups. The participation rate at year-end was more than 50 percent and implementation will continue in 2024. In addition to this course, other targeted training is also available for different markets. In 2023, Arjo also focused on training distributors in Latin American. Furthermore, the company conducted training sessions for distributors in Japan and South Korea.

Arjo's Code of Conduct for suppliers and other business partners covers multiple areas including business ethics and corruption, and is part of standard contracts for distributors and suppliers alike.

Monitoring

Arjo continued to review and develop the company's global process for evaluating and screening distributors and intermediaries in terms of business ethics and anti-corruption. The focal point in 2023 was North America and one of the processes in particular was tested and evaluated during the year. The aim was to control target realization and further improve an already well-functioning process. The outcome was positive and resulted in only minor adjustments to make further improvements to the process.

Incidents and whistleblowing

Arjo encourages employees and other stakeholders to communicate any observed or suspected misconduct in terms of compliance, either directly to their manager, local HR or to the company's compliance function. Misconduct can also be reported anonymously via a whistleblowing service in the form of a secure external website that is also available to external parties.

Arjo acknowledges that it can be difficult to decide to report a suspicion and therefore the company is committed to protect employees who file a report in good faith. No employee is to be subject to harassment, retaliations or negative consequences in their employment due to filing such report.

To further facilitate the procedure of processing compliance-related questions in North America, at the end of 2022, a phone hotline was introduced that is available alongside the online whistleblowing channel.

Misconduct in compliance includes corruption, violation of competition laws, serious risks to the environment, health and safety, violation of laws, treaties or other forms of agreements and all other observed or suspected violations of laws or Arjo's Code of Conduct.

A total of 30 incidents were reported in 2023, including one case of fraud and one case of conflict of interest. Two employees were dismissed from the company due to behavior that violated the Group's Code of Conduct. Neither of these individuals held a managerial position and the incidents had no significant impact on the company's operations. The other 28 incidents were addressed and handled in accordance with established investigative procedures. One incident is still under investigation. There is no ongoing corruption-related case against Arjo in court. Also, Arjo has not been forced to terminate any agreement with a business partner due to corrupt actions by the partner.

A RESPONSIBLE COMPANY

Arjo's Code of Conduct

	Goal	2023	2022	2021
Incidents and whistleblowing	N/A	30	14	—
New employees who have completed training and accepted Arjo's Code of Conduct	100%	80%	85%	86%

Arjo aims for all new employees to be trained in the company's Code of Conduct within three months of starting their employment. This applies to all employees regardless of their position in the organization. The training course is digital, and for employees who do not have access to their own computer, such as production staff, the course is held in a class room or computers are lent out. An action plan is being developed to increase the share of new employees being trained in the Group's Code of Conduct.

Responsible purchasing

Arjo works actively to manage its impact from the supply chain. A program was launched at the end of 2022 to screen suppliers focusing on climate and environmental impact, social responsibility and other sustainability risks. The aim of the program is to maintain a high level of business ethics by identifying, managing and, where possible, preventing risks in the supply chain. The first screenings were conducted on site at selected suppliers in 2023 and the results are being used to develop plans together with suppliers to reduce impacts throughout the value chain.

The process of informing the company's suppliers about the Code of Conduct for suppliers and other business partners continued during the year. 91 percent of suppliers of direct materials signed the Code of Conduct for suppliers and other business partners, which indicates that a large number of suppliers share Arjo's values and view of ethical business methods.

Arjo has initiated a program to track and replace chemicals that could have a serious impact on human health and the environment (SVHCs). The aim is to reduce the amount of SVHCs for safe production, use and recycling of the products in accordance with the RoHS/REACH Directive.

Arjo's Code of Conduct for suppliers and other business partners

	Goal	2023	2022	2021
By 2030, 97% of Arjo's total purchases of direct materials are to be made from suppliers who have signed Arjo's Code of Conduct for suppliers and other business partners	97%	91%	91%	95%

Arjo works continuously to increase the percentage of purchases of direct materials from suppliers who have signed the company's Code of Conduct for suppliers and other business partners.

The number of suppliers who signed the Code of Conduct increased during the year. The outcome varies over time since the target is based on purchasing volume. Low volume suppliers have a limited impact on the outcome. During the year, it was primarily low volume suppliers that were contracted.

Product quality and safety

Medical devices are strictly regulated in all countries where Arjo conducts business. The company's product range is subject to strict regulatory requirements from, for example, the EU and the US Food and Drug Administration (FDA), medical device regulations and related quality system requirements. These include extensive requirements on assessments, quality assurance and product documentation. The majority of Arjo's medical devices have a low-risk profile (risk classification 1).

Arjo's quality policy is to deliver well-designed and safe products, with a high degree of clinical and ergonomic efficiency. The company is to follow regional, national and international regulatory requirements for product and management systems.

Compliance standards and controls

Arjo devotes significant efforts and resources to implementing and applying processes to ensure regulatory compliance. To meet the growing demands and expectations within the medical device industry, the company is directing its focus on continuously evaluating and improving products and processes.

Arjo's quality management and product compliance function maintains Arjo's global quality management systems. This has been established with six multi-site quality management system certificates issued by the regulatory body BSI:

- ISO 9001
- ISO 13485
- EU Medical Device Directive (MDD)
- EU Medical Device Regulation (MDR)
- Medical Device Single Audit Program (MDSAP) covering medical devices in the US, Canada, Australia, Japan and Brazil
- UK Conformity Assessment (UKCA) covering the UK Medical Device Regulation (UK MDR)

The certificates show that policies, directives and processes in the company's global quality management system meet the supervisory requirements in regulatory standards and laws.

ISO 9001 certification is voluntary, while other global certifications are required for regulatory purposes. Internal audits and audits by external regulatory bodies and audit organizations are conducted annually at both local and company level to ensure compliance with policies and standards and for continued certification and CE marking.

The deviations identified in internal and external audits in 2023 are assessed, analyzed and corrected to both address the deviation and to prevent recurrence.

This led to improvements during the year in such areas as monitoring and implementing changes relating to standards and regulations and how the company maintains technical product documentation, including clinical evaluations. No major deviations were noted in external audits and inspections of the quality management system in 2023.

In 2023, Arjo continued its efforts to comply with the EU MDR that came into force in May 2021. Arjo's class Im products and class II systems for intermittent pneumatic compression and

A RESPONSIBLE COMPANY

Quality and environmental certifications 2023

Certificate	Unit	Global certifications					
		ArjoHuntleigh AB	Suzhou, China	Poznan, Poland	Magog, Canada	San Cristobal, Dominican Republic	Cardiff, UK
ISO 9001		X	X	X	X	X	X
ISO 13485		X	X	X	X	X	X
MDSAP		X	X	X			X
CE (MDD)		X	X	X	X	X	X
CE (EU MDR)		X	X	X	X	X	X
UKCA (UK MDR)		X	X	X	X	X	X
ISO 14001			X	X	X	X	X

Incidents of regulatory non-compliance

	2023	2022	2021
Incidents resulting in fines, sanctions or warnings issued by authorities related to customer health and safety, or health and safety aspects of Arjo's products and services, and due to non-compliance with quality management system requirements as defined by the standards, laws and regulations on which the global QMS certificates held by ArjoHuntleigh AB are based.	1	0	0
Major deviations during external quality management system inspections or audits	0	0	0
Number of safety-related field actions initiated	3	1	4

The field actions are reported by a corporate function that coordinates all field actions following a process in the global quality management system. The data for incidents and major deviations are reported by each legal entity in Arjo and compiled centrally every quarter. There were zero cases of non-compliance with voluntary codes in 2023.

pressure area management were MDR certified in 2021. Activities continued in 2022 and 2023 to ensure that the requirements of the MDR on technical documentation were met. Arjo was issued an updated MDR certificate at the end of 2023, encompassing all product groups that Arjo planned to transition to the MDR.

Product quality improvements

Processes are established in Arjo's global quality management systems for monitoring and managing customer complaints to ensure that inquiries, root cause analysis and investigations are carried out in order to continuously improve product quality processes, address any negative side effects of products criticized by the market and serve as input for the development of new products.

Customer complaints received from the market are registered in a global database. The central Complaint & Vigilance function ensures that complaints are investigated and trend analyses carried out for all product groups at regular intervals to serve as a basis for assessing health and safety effects, maintaining product risk management files and product quality improvements.

This function also ensures that the obligations in terms of post market surveillance and in medical device reporting to the relevant authorities are fulfilled.

Health and safety effects are continuously assessed to improve all of the company's products and solutions. This is part of the clinical assessments and risk assessments carried out in product development and in the post market surveillance process. Such evaluations are required by current market regulations, including the EU MDR that applies to CE marked products. 90 percent of the products that Arjo manufactures are CE marked. A global quality board assesses any needs for field actions based on a health risk assessment as well as supplementary analyses, updates and verifications. If field actions are initiated, they are coordinated by a global field action manager in cooperation with the manufacturing sites delivering the technical solutions and the sales and service organization.

Incidents of regulatory non-compliance

Arjo investigates and analyses all cases of non-compliance in order to correct any shortcomings and prevent them from repeating.

Three instances of field actions (reports and corrections) related to product safety were initiated during the year. They resulted in messages being sent to customers to inform them of the issue/risk in question and what preventive measures can be taken until the root cause is resolved. These field actions were reported to the relevant authorities and the notified body BSI.

Established process for ethical marketing

Arjo markets the company's products and solutions in accordance with high ethical and regulatory standards as well as applicable legal requirements. The activities are governed by Arjo's Code of Conduct, quality policy and the directive for design and development of customer solutions that describes the procedure for the development of sales and marketing material, as well as the approval process for all external material containing statements regarding products or performance. Both internal and external audits are carried out regularly to ensure compliance with policies and standards. All relevant staff receive training in Arjo's ethical guidelines for interaction with business partners and healthcare professionals.

An attractive employer

Diversity, equity and inclusion

Arjo's Code of Conduct and Directive for Diversity, Equity and Inclusion describes the company's standpoint, processes and procedures for creating a workplace where every employee is treated fairly and in a non-discriminatory manner. Compliance is ensured locally and followed up by Arjo's global team and steering committee that meet once a month to monitor implementation of the directive. Arjo arranges regular training courses and the HR function supports the organization in the areas of diversity, equity and inclusion.

Number of employees per region, gender and age group

Region/age	2023			2022		
	Women	Men	Total	Women	Men	Total
Europe						
15-29	178	203	381	—	—	—
30-49	734	1,154	1,888	—	—	—
≥50	450	926	1,376	—	—	—
North America						
15-29	40	93	133	—	—	—
30-49	199	395	594	—	—	—
≥50	183	407	590	—	—	—
Other						
15-29	306	199	505	—	—	—
30-49	555	483	1,038	—	—	—
≥50	139	154	293	—	—	—
Total	2,784	4,014	6,798	2,900	4,024	6,924

The number of employees by region, gender and age group is based on data from the global HR system SuccessFactors as of December 31, 2023.

Arjo's People Survey showed positive results in response to questions on diversity and inclusion. The question of whether diversity was a high priority at Arjo had a score of 8.2 out of 10. The question of whether Arjo's recruitment process contributes to diversity in the organization had a score of 8.2 out of 10. The question of whether employees believe that Arjo takes action on any cases of discrimination was added in 2023. The score for this question was 8.5 out of 10.

Using Arjo's assessment processes and global development programs, the company works actively to give all employees at all levels the chance to grow and develop. This work is based on systematic succession planning and competence mapping. At an individual level, follow-up and planning take place through regular discussions between employees and managers.

Share of women per category

	2023	2022	2021
Percentage of women, total	41%	42%	40%
Percentage of female managers in senior positions ¹⁾	37%	34%	38%
Percentage of women in the Management Team	50%	50%	50%
Percentage of women on the Board of Directors	29%	29%	29%

1. Senior positions pertains to level 1-3 managerial roles under the President & CEO.

Human capital

There is a global recruitment process that includes assessment tools for specialist and managerial roles to ensure that the company hires the right competence based on business needs and values. All new employees complete a global induction process to learn about the company's vision, strategy, functions and value-creating solutions. The induction program for new employees also includes compulsory training in Arjo's Guiding Principles, and the company's Code of Conduct, policies and directives. Employees in key positions are provided with additional, function-

specific training concerning matters such as the company's quality management system, design process and ethical marketing. This training includes virtual courses via a digital platform.

Arjo has a global talent program with a nomination process to identify participants who have potential to favorably contribute to the development of the company. This program brings together 20-30 employees each year who take on a development project. The results were reported to the relevant function and to the Arjo Management Team and several of the projects have been implemented in the organization. Internal mentors are also appointed to the program participants through Arjo's global mentorship program. A decision was made in 2023 to pause the program and instead focus on individual talent development in existing and new talent pools.

Full-time/part-time employees per region and gender

Region/age	2023			2022		
	Women	Men	Total	Women	Men	Total
Europe						
Full time	1,215	2,215	3,430	—	—	—
Part time	147	68	215	—	—	—
North America						
Full time	417	885	1,302	—	—	—
Part time	5	10	15	—	—	—
Other						
Full time	982	821	1,803	—	—	—
Part time	18	15	33	—	—	—
Total full time	2,614	3,921	6,535	2,729	3,933	6,662
Total part time	170	93	263	171	91	262
Total	2,784	4,014	6,798	2,900	4,024	6,924

The number of employees by degree of employment, gender and region is based on data from the global HR system SuccessFactors as of December 31, 2023.

AN ATTRACTIVE EMPLOYER

Employees by type of employment, region and gender

Type of employment	2023			2022		
	Women	Men	Total	Women	Men	Total
Permanent employment	2,631	3,851	6,482	2,661	3,836	6,497
Europe	1,228	2,154	3,382	—	—	—
North America	421	887	1,308	—	—	—
Other	982	810	1,792	—	—	—
Fixed-term employment	153	163	316	239	188	427
Europe	134	129	263	—	—	—
North America	1	8	9	—	—	—
Other	18	26	44	—	—	—
Total	2,784	4,014	6,798	2,900	4,024	6,924

The number of employees by type of employment, gender and country is based on data from the global HR system SuccessFactors as of December 31, 2023.

Workers who are not employees

Total FTEs per region	2023
Europe	270
North America	171
Other	230
Total	672

The number of employees has been recalculated as full-time equivalents (FTEs). All employee data was taken from the global HR system as of December 31, 2023. Workers who are not employees and whose work is controlled by the organization include consultants in such areas as IT, rental or production activities and finance.

Staff turnover (voluntary)

Region/age group	Women		Men		Other		Total	
	Number	Turnover	Number	Turnover	Number	Turnover	Number	Turnover
Europe	121	10.30%	196	9.20%		0.00%	318	9.60%
15-29	23	15.70%	36	20.70%		0.00%	59	18.40%
30-49	55	8.60%	98	9.10%		0.00%	154	8.90%
50+	43	11.10%	62	7.20%		0.00%	105	8.40%
North America	53	13.00%	136	15.60%	1	100.00%	190	14.80%
15-29	15	34.50%	35	36.10%	1	100.00%	51	36.20%
30-49	22	11.40%	65	16.60%		0.00%	87	14.90%
50+	16	9.30%	36	9.40%		0.00%	52	9.40%
Other	111	11.60%	98	12.40%		0.00%	209	12.00%
15-29	43	14.00%	41	20.60%		0.00%	84	16.60%
30-49	64	11.90%	49	10.70%		0.00%	113	11.30%
50+	5	4.10%	8	6.00%		0.00%	13	5.10%
Total	286	11.20%	430	11.40%	1	100.00%	717	11.30%

The table shows the turnover of permanent employees recalculated as FTEs on a rolling 12-month basis, which means that this is an average for 2023. Staff turnover is continuously analyzed and monitored by global and local teams. The data is also regularly shared with relevant stakeholders on a monthly and quarterly basis.

People Survey

Arjo's annual People Survey gives every employee the opportunity to provide feedback about what it is like to work at Arjo. An analysis of the results forms the basis for perpetual work on action plans to foster engagement in both individuals and teams, but also to retain talent and skills within the company.

Percentage of participants in the annual People Survey

	2023	2022	2021
Percentage of participants in the annual People Survey	89%	88%	89%

AN ATTRACTIVE EMPLOYER

Occupational health and safety

Occupational health and safety at Arjo is based on the Group's global directive and occupational health and safety manual, and it applies to all Arjo workplaces and both employees and consultants. These documents are based on work environment legislation and describe the key elements of Arjo's occupational health and safety management system.

Each legal entity at Arjo is responsible for implementing procedures and processes that comply with the global directive and the occupational health and safety manual. The entities are responsible for following the requirements of local laws and regulations.

Arjo has appointed local, dedicated work environment representatives and committees comprising employees from different functions and levels to carry out risk assessments and audits that enable needs-based action to be taken at every site. The committees were tasked with ensuring implementation, follow-up and continuity in efforts to integrate health and safety into the work culture. Local activities are reported centrally twice a year. A joint global committee featuring representatives from the various markets has been established to share knowledge.

At local level, health and safety representatives arrange training with all employees. Contractors and employees also receive a safety introduction and crisis management training. Occupational health and safety is regularly discussed at group meetings and all employees receive the necessary training so that they can perform their duties in a safe, efficient and correct manner, in accordance with Arjo's rules and requirements. Arjo reports notifiable accidents to local authorities. All local sites record incidents and accidents and these are compiled centrally. The company complies with local laws and regulations on privacy and the GDPR. A program of internal occupational health and safety audits has been initiated with pilot screenings at two sites. The

program includes training for the employees who will perform the audits. In 2024, the program will be implemented at four additional sites with the aim of rolling it out to all of the Group's sites within three years.

The data for inspections and corrective actions is reported by each legal entity in a global reporting system and compiled for central follow-up twice a year. Each site is responsible for following Arjo's occupational health and safety manual and rectifying any shortcomings.

Workplace inspections and corrective measures

	Target for 2030	2023	2022	2021
Percentage of planned inspections completed ¹⁾	100%	92%	89%	91%
Percentage of corrective measures completed	100%	87%	80%	81%
Accidents per 100 employees	0	1.4	1.6	1.8

1. The data for percentage of planned inspections completed and corrective action was incorrectly placed in the same table in the 2022 Annual and Sustainability Report. This data has been placed correctly in this year's Annual and Sustainability Report.

The data for incidents and accidents is reported by each legal entity in a global reporting system and compiled for central follow-up twice a year. The reported incidents considered to be near accidents are at a high level, which shows that incidents are reported and that Arjo can therefore develop its preventive actions.

The number of accidents with minor consequences is at the same level as last year and most accidents are related to physical and safety-related hazards.

Three accidents with more serious consequences occurred during the year. All three were reported to the authorities.

Total number of incidents and accidents

	Goal	2023	2022	2021
Incidents	N/A	211	286	117
Accidents with minor consequences	0	107	108	140
Accidents with major consequences	0	3	3	12
Fatalities	0	0	0	0

Human rights and fair labor conditions

During the year, a policy on human and labor rights was prepared and approved by Arjo's Board of Directors. The policy describes Arjo's position and commitments to ensure that the company complies with international principles on human rights and fair labor conditions.

Arjo is a signatory of the UN Global Company and has a Code of Conduct that is structured in accordance with the four focus areas of human rights, labor, the environment and anti-corruption.



Work based on international principles and global initiatives

Arjo's Sustainability Framework and Code of Conduct are based on international principles and acknowledged global initiatives, such as:

- **UN Global Compact** – Arjo supports and follows the ten principles that apply to human rights, labor, the environment and anti-corruption.
- **UN Climate Agreement** – the Paris Climate Agreement.
- **OECD Guidelines for Multinational Enterprises**
- **International Labour Organization (ILO)** – The UN's labor organization for work and employment issues.
- **UN Sustainable Development Goals** – on the basis of Arjo's materiality assessment, the company has chosen to present its sustainability activities in relation to the seven most relevant SDGs.



Good health and well-being

Improving general health for patients and residents, as well as work conditions for care-givers, is at the very core of Arjo's business.



Quality education

Access to high quality education for all is one of the primary premises for prosperity, health and equal opportunities. Arjo has a long tradition of targeted advisory and training initiatives for healthcare professionals. Further, the company supports a research project within the Swedish Industry for Quality Education in India that focuses on improving education opportunities for children in grade school.



Gender equality

Arjo values the company's employees and advocates fairness, gender equality and non-discrimination. The company's goal is to cultivate a diverse and inclusive workplace that maximizes every employee's talent, potential and contribution by providing equal opportunities for all.



Decent work conditions and economic growth

The correlation between employee health, safety and development is central in the company's operations, and is backed by Arjo's Directive for Occupational Health and Safety. It emphasizes the importance of sound work conditions and a healthy work-life balance.



Responsible consumption and production

Collaborating throughout the value chain to reduce environmental impact is central to global health in the long term. Arjo endeavors to constantly reduce the company's environmental impact and ensure a more effective use of resources.



Climate action

Climate change has already a considerable adverse impact on global health, and efforts to reduce greenhouse gas emissions are paramount to realizing the goal of good health for all. Arjo has set goals to reduce the Group's carbon emissions that are in line with the Paris Climate Agreement, and encourages suppliers and other business partners to do the same.



Peaceful and inclusive societies

Arjo assumes a major ethical responsibility for employees, customers and partners. Business ethics and well-defined principles for compliance are the foundation of Arjo's long-term business relations. The company continues to strive for ultimate business ethics on all levels and to ensure that compliance is part of the daily work.

EU Taxonomy

The taxonomy is an EU regulation established to identify environmentally sustainable economic activities that are in line with the EU’s sustainability targets for 2030. The purpose is to help investors and other stakeholders to compare investments based on a classification system. The base is a selection of economic activities that are listed in the taxonomy.

The taxonomy stipulates that an economic activity qualifies as sustainable if it:

1. Makes a substantial contribution to one or more of the following six environmental objectives:
 - a) Climate change mitigation
 - b) Climate change adaptation
 - c) The sustainable use and protection of water and marine resources
 - d) The transition to a circular economy
 - e) Pollution prevention and control
 - f) The protection and restoration of biodiversity and ecosystems.
2. Doing no significant harm to any of the other environmental objectives
3. Carried out in compliance with the minimum safeguards as stipulated in Article 18 of the Taxonomy Regulation

Approach

In order to identify Taxonomy-eligible activities, Arjo continued to pursue activities in the team appointed in 2022. With support from external experts, the team has analyzed the company’s economic activities and investments, and mapped these against the Taxonomy Regulation and its delegated acts. The environmental objectives and activities added in 2023 have been analyzed.

Data was collected from all Group units via a digital platform. The collected data has then been analyzed in detail to examine if the activities are Taxonomy-eligible and, if so, whether they are Taxonomy-aligned.

An analysis has been made of whether activity 1.2 Manufacture of electrical and electronic equipment in the environmental objective Transition to a circular economy is applicable to Arjo, but since guidelines and the Directive are unclear regarding who and what it should be applied to, the activity was not considered applicable in 2023. Arjo is awaiting clarification and new directives from legislators regarding how this activity is to be applied, and which products and industries it is to be applied to. Follow-up will take place in 2024.

Results

Turnover

The Group’s main operations in the form of manufacturing medical devices has been evaluated and it was concluded that the activity is not eligible as one of the economic activities defined in the Taxonomy and therefore the eligible turnover is 0 percent. For total turnover, see Note 2 Segment reporting.

CapEx

According to the analysis conducted, the following CapEx (capital expenditure) fell under the taxonomy:

Activity according to the taxonomy’s definition	Environmental objective	Examples of CapEx:
5.2 Renewal of water collection, treatment and supply systems	CCA ¹⁾ , CCM	Investments in water tanks
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	CCA, CCM ¹⁾	Right-of-use related to cars
7.3 Installation, maintenance and repair of energy efficiency equipment	CCA, CCM ¹⁾	Installation of LED lights and air conditioning
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCA, CCM ¹⁾	Investments in charging stations
7.7 Acquisition and ownership of buildings	CCA, CCM ¹⁾	Right-of-use assets related to offices and plants

1. Indicates which environmental objective the activity is allocated to.

CapEx under the Taxonomy has been allocated to the environmental objective to which the activity primarily contributes, since the Taxonomy does not allow double counting.

In order for CapEx to be classified as Taxonomy-aligned, not only are they to substantially contribute to one or more of the established environmental objectives, but they are also to do no significant harm to any other environmental objective and comply with minimum safeguards.

Arjo’s team has opted for a strict interpretation of the requirement for due diligence in terms of human rights throughout the value chain. Arjo has a Code of Conduct that is structured in accordance with the four focus areas identified in the UN Global Compact (human rights, labor, the environment and anti-corruption) and in which all employees receive training and sign. Arjo has several programs within the framework of the UN Global Compact, and works continuously on development, training and

TAXONOMY

follow up of business ethics, health and safety and the environment in the value chain. More information about Arjo’s sustainability framework, ambitions and activities can be found on pages 26–43 and 110-126.

In addition to the company’s Code of Conduct, Arjo has a separate Code of Conduct for suppliers and other business partners, which is a requirement for all of Arjo’s suppliers of direct materials and other business partners. In 2023, the company started working to gain acceptance for the Code of Conduct for suppliers and other business partners also from indirect suppliers, but some work remains to be done before this is considered to be in place. Based on a strict interpretation of the minimum safeguards, Arjo has deemed that the company at present does not meet the minimum safeguards and thus cannot report any activities that are Taxonomy-aligned in 2023.

In 2023, Arjo implemented a supplier sustainability audit program to proactively identify, analyze and mitigate ESG-related risks among suppliers. Arjo has conducted pilot audits with positive results in the fourth quarter of 2023. The sustainability audit included screening of environmental management systems, the handling of chemicals, waste management, occupational health and safety, working conditions, human rights and governance. The audit also included examining policies, documents, conducting interviews with employees and evaluating overall sustainability efforts. After the audit, the conclusions were presented to the Management Team and sent to the supplier. Any deviations are closely monitored until they have been corrected.

OpEx

The Group’s OpEx as defined in the EU taxonomy has been analyzed. It was concluded after the analysis that the operations did not have any OpEx in 2023 that are eligible as one of the economic activities defined in the Taxonomy and therefore the eligible OpEx is SEK 0 M.

Nuclear and fossil gas related activities

Nuclear energy related activities	Yes/No
The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Fossil gas related activities	Yes/No
The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Proportion of CapEx contributing substantially to several objectives

	Proportion of CapEx/ Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

TAXONOMY

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities

Fiscal year 2023	Code(s)	Absolute turnover, year 2023	Proportion of turnover	Substantial contribution criteria							DNSH criteria ('Does Not Significantly Harm')							Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) proportion of turnover in 2022	Category (enabling activity)	Category (transitional activity)
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards				
Economic activities		SEK M	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	%	E	T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
Turnover of eligible taxonomy-aligned activities (A.1)		—	—															—		
Of which Enabling		—	—															—		
Of which Transitional		—	—															—		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		—	—	EL; N/ EL	EL; N/ EL	EL; N/ EL	EL; N/ EL	EL; N/ EL	EL; N/ EL	EL; N/ EL	EL; N/ EL	EL; N/ EL	EL; N/ EL	EL; N/ EL	EL; N/ EL	EL; N/ EL		—		
Total (A.1 + A.2)		—	—															—		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of non-eligible activities (B)		10,980	100																	
Total (A+B)		10,980	100																	

Definition of turnover

The key performance indicator for total revenue have been defined as revenue from the normal business operations recognized in accordance with IFRS 15.

TAXONOMY

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities

Fiscal year 2023	Code (s)	Absolute CapEx, year 2023	Proportion of CapEx	Substantial contribution criteria						DNSH criteria (‘Does Not Significantly Harm’)						Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) proportion of CapEx in 2022	Category (enabling activity)	Category (transitional activity)
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems			
Economic activities		SEK M	%	Y;N/ N/EL	Y;N/ N/EL	Y;N/ N/EL	Y;N/ N/EL	Y;N/ N/EL	Y;N/ N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																		
A.1 Environmentally sustainable activities (Taxonomy-aligned)																		
CapEx of eligible taxonomy-aligned activities (A.1)		—	—													—		
Of which Enabling		—	—													—		
Of which Transitional		—	—													—		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
				EL; N/ EL	EL; N/ EL	EL; N/ EL	EL; N/ EL	EL; N/ EL	EL; N/ EL									
Renewal of water collection, treatment and supply systems	CCM & CCA 5.2	0	0	EL	EL	N/EL	N/EL	N/EL	N/EL							—		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM & CCA 6.5	0	0	EL	EL	N/EL	N/EL	N/EL	N/EL							0		
Installation, maintenance and repair of energy efficiency equipment	CCM & CCA 7.3	0	0	EL	EL	N/EL	N/EL	N/EL	N/EL							0		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM & CCA 7.4	1	0	EL	EL	N/EL	N/EL	N/EL	N/EL							0		
Acquisition and ownership of buildings	CCM & CCA 7.7	0	0	EL	EL	N/EL	N/EL	N/EL	N/EL							0		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1	0													0		
Total (A.1 + A.2)		1	0													0		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
CapEx of Taxonomy-non-eligible activities (B)		957	100															
Total (A+B)		958	100															

Definition of CapEx

The key performance indicator for CapEx comprises the total of all investments for the year in tangible assets, intangible assets and right-of-use assets according to IFRS 16 (see notes 12-14).



TAXONOMY

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities

Fiscal year 2023	Code(s)	Absolute OpEx, year 2023	Proportion of OpEx	Substantial contribution criteria						DNSH criteria (‘Does Not Significantly Harm’)						Minimum safeguards	Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) proportion of OpEx in year 2022	Category (enabling activity)	Category (transitional activity)
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems				
Fiscal year 2023		SEK M	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of eligible taxonomy-aligned activities (A.1)		—	—															—	
Of which Enabling		—	—															—	
Of which Transitional		—	—															—	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL				
Installation, maintenance and repair of energy efficiency equipment	CCM & CCA 7.3	—	—															0	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		—	—															0	
Total (A.1 + A.2)		—	—															0	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities (B)		293	100																
Total (A+B)		293	100																

Definition of OpEx

Total OpEx comprises direct non-capitalized costs for research and development (R&D), building renovation, short-term leases, maintenance and repairs, and other direct costs required for the efficient day-to-day operation of tangible assets.

GRI Content Index

Statement of use	Arjo has reported in accordance with the GRI Standards for the period January 1, 2023 – December 31, 2023
GRI 1 used	GRI 1 Foundation 2021
Applicable GRI Sector Standard(s)	No applicable GRI Sector Standards were available for reporting 2023 data

GRI Standard	Disclosure	Location	Requirement(s) omitted	Reason	Deviation	
					Explanation	
General disclosures						
GRI 2: General disclosures 2021	2-1	Organizational details	2-3, 49, 159			
	2-2	Entities included in the organization’s sustainability reporting	110, 148-149			
	2-3	Reporting period, frequency and contact point	154			
	2-4	Restatements of information	110, 114-118			
	2-5	External assurance	110			
	2-6	Activities, value chain and other business relationships	3, 5, 7, 20-25, 30-31, 112, 113			
	2-7	Employees	123	2-7, b iii	Not applicable	Arjo does not report non-guaranteed hourly employees since no such employee relationships exist.
	2-8	Workers who are not employees	124			
	2-9	Governance structure and composition	49-58, 110	2-9 vi	Legal prohibitions	Arjo does not report facts about underrepresented social groups. The collection of such information is not permitted under Swedish law.
	2-10	Nomination and selection of the highest governance body	50-52			
	2-11	Chair of the highest governance body	51-52			



GRI CONTENT INDEX

GRI Standard	Disclosure	Location	Requirement(s) omitted	Deviation	
				Reason	Explanation
2-12	Role of the highest governance body in overseeing the management of impacts	49-56, 110	2-12 b	The information is unavailable or incomplete	Arjo has opted for a strict interpretation of the requirement for due diligence of human rights throughout the value chain. Arjo has a Code of Conduct that is structured in accordance with the four focus areas of human rights, labor, the environment and anti-corruption. Arjo has several programs within the framework of the UN Global Compact, and works continuously on development, training and follow up of business ethics, health and safety and the environment in the value chain.
2-13	Delegation of responsibility for managing impacts	49-56, 110			
2-14	Role of the highest governance body in sustainability reporting	49-56, 110			
2-15	Conflicts of interest	52			
2-16	Communication of critical concerns	52, 54	2-16 b	Confidentiality restrictions	The total number and nature of critical concerns communicated to the Board of Directors during the year are not communicated externally.
2-17	Collective knowledge of the highest governance body	50-52			
2-18	Evaluation of the performance of the highest governance body	50-53	2-18 a, c	Confidentiality restrictions	Arjo does not report any action taken on the evaluation of the Board's work other than recommendations from the Nomination Committee regarding proposals for the composition of the Board.
2-19	Remuneration policies	65-67			
2-20	Process to determine remuneration	50, 54			
2-21	Annual total compensation ratio	62-64	2-21	The information is unavailable or incomplete	Arjo follows Swedish practice for remuneration reports, which contain similar information as prescribed by GRI. The presentation of key performance indicator is not exactly as prescribed by GRI.
2-22	Statement on sustainable development strategy	8-10			
2-23	Policy commitments	37-39, 49, 110, 125, 126 Arjo's ESG index can be found at www.arjo.com	2-23 a	The information is unavailable or incomplete	Arjo has opted for a strict interpretation of the requirement for due diligence of human rights throughout the value chain. Arjo has a Code of Conduct that is structured in accordance with the four focus areas identified in the UN Global Compact (human rights, labor, the environment and anti-corruption) that all employees are trained in, and sign upon completion. Arjo has several programs within the framework of the UN Global Compact, and works continuously on development, training and follow up of business ethics, health and safety and the environment in the value chain.



GRI CONTENT INDEX

GRI Standard	Disclosure	Location	Requirement(s) omitted	Reason	Deviation
					Explanation
	2-24 Embedding policy commitments	37-39, 49-56, 110, 120, 121, 125			
	2-25 Processes to remediate negative impacts	37-39, 120-122			
	2-26 Mechanisms for seeking advice and raising concerns	120			
	2-27 Compliance with laws and regulations	37-39, 120-122	2-27 b, d	The information is unavailable or incomplete	Arjo discloses significant cases of non-compliance with laws and regulations on the indicated pages but does not disclose the monetary value of fines or provide a breakdown of instances to cover all standard requirements.
	2-28 Membership associations	29			Member of Swecare and Swedish Medtech.
	2-29 Approach to stakeholder engagement	112			
	2-30 Collective bargaining agreements	41	2-30	The information is unavailable or incomplete	Arjo acknowledges the right to collective bargaining negotiations and agreements, and follows local regulations in all countries of operation but does not collect country-specific information about collective agreements at global level.
Material topics:					
GRI 3: Material topics 2021	3-1 Process to determine material topics	32, 111-112			
	3-2 List of material topics	32, 111			
Anti-corruption					
GRI 3: Material topics 2021	3-3 Management of material topics	37-39, 120-121			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	120	205-1 a, b	The information is unavailable or incomplete	Corruption risks are assessed but not at a detailed level stipulated under 205-1 a and the share of the operations assessed for risks related to corruption was not available for 2023.
	205-2 Communication and training about anti-corruption policies and procedures	37-39, 120-121	205-2	The information is unavailable or incomplete	Arjo has not collected sufficiently detailed data for 2023 and does not report the number, share or region of senior employees trained in anti-corruption.
	205-3 Confirmed incidents of corruption and actions taken	120			
Emissions					
GRI 3: Material topics 2021	3-3 Management of material topics	34-36, 114-118			
	305-1 Direct (scope 1) greenhouse gas emissions	116-117			
	305-2 Energy indirect (scope 2) greenhouse gas emissions	116			

GRI CONTENT INDEX

					Deviation
GRI Standard	Disclosure	Location	Requirement(s) omitted	Reason	Explanation
	305-3 Other indirect (scope 3) greenhouse gas emissions	117-118			
	305-4 Greenhouse gas emissions intensity	117			
	305-5 Reduction of greenhouse gas emissions	117			
Employment					
GRI 3: Material topics 2021	3-3 Management of material topics	40-43, 123-125			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	123-124			
Occupational health and safety					
GRI 3: Material topics 2021	3-3 Management of material topics	40-43, 125			
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	125			
	403-2 Hazard identification, risk assessment, and incident investigation	125			
	403-3 Occupational health services	—	403-3	The information is unavailable or incomplete	Workers' access to occupational health services varies between countries and is governed locally. Aggregated data is not available.
	403-4 Worker participation, consultation, and communication on occupational health and safety	125	403-4 b	The information is unavailable or incomplete	Occupational health and safety committee meetings are planned and held locally and aggregated data on the number of meetings is not available.
	403-5 Worker training on occupational health and safety	125			
	403-6 Promotion of worker health	—	403-6	The information is unavailable or incomplete	Workers' access to non-occupational health services and health and medical care services varies between countries and is governed locally. Aggregated data is not available.
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	121	403-7	The information is unavailable or incomplete	Arjo does not collect any information on occupational health and safety in the value chain. For information on Arjo's work on screening suppliers based on environment and occupational health and safety, see the section Responsible purchasing, page 121.
	403-8 Workers covered by an occupational health and safety management system	121, 126			
	403-9 Work-related injuries	125	403-9	The information is unavailable or incomplete	Arjo reports incidents and accidents for employees and non-employees jointly. Arjo does not report time worked or the percentage of accidents/incidents. Arjo plans to report work-related risks for high consequence accidents in the future.



GRI CONTENT INDEX

GRI Standard	Disclosure	Location	Requirement(s) omitted	Reason	Deviation
					Explanation
Diversity and Equal Opportunity					
GRI 3: Material topics 2021	3-3	Management of material topics			40-43, 123
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees			123
Customer health and safety					
GRI 3: Material topics 2021	3-3	Management of material topics			38, 121-122
GRI 416: Customer health and safety 2016	416-1	Assessment of the health and safety impacts of product and service categories			121-122
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services			121-122

Auditor's Report

TO THE GENERAL MEETING OF THE SHAREHOLDERS OF ARJO AB (PUBL), CORPORATE IDENTITY NUMBER 559092-8064

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Arjo AB (publ) for the year 2023 except for the corporate governance statement on pages 49–61 and 65–67 and the sustainability report on pages 26–43 and 110–136. The annual accounts and consolidated accounts of the company are included on pages 2–7, 11–15, 26–61, 65–136 and 152–153 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 49–61 and 65–67 and the sustainability report 26–43 and 110–136. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's and the group's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matters

How our audit addressed the Key audit matter

Valuation of intangible assets with an indefinite useful life

Goodwill and other intangible assets with indefinite useful life represent a significant part of the balance sheet of Arjo and amount to MSEK 5,688 (MSEK 5,724) as of 31 December 2023. The Company annually performs an impairment assessment of the assets based on a calculation of the discounted cash flow for the cash generating units, in which goodwill and other intangible assets with indefinite useful life are reported, which consists mainly of the segments Global Sales, North America and other.

This impairment test is based on a high level of judgments and assumptions regarding future cash flows. Information is provided in Note 12 as to how the Company's management has undertaken its assessments, and also provides information on important assumptions and sensitivity analyses. Key variables in the test are growth rate and discount factor (cost of capital). It is also presented that no impairment requirement has been identified based on the assumptions undertaken.

In our audit, we have evaluated the calculation model applied by management.

We have reconciled and critically tested essential variables against budget and long-term plan for the Company.

We have performed a retrospective review of the prior period estimate by comparing it to actual current period results.

We have tested the sensitivity analysis for key variables in order to assess the risk of need for impairment.

We have also assessed the correctness of the disclosures included in the financial statements.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1, 8-10, 16-25, 62-64, 141-151 and 154-156 and the sustainability report on pages 26-43 and 110-136. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The auditor's examination of the administration of the company and the proposed appropriations of the company's profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Arjo AB (publ) for the year 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's

organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the on-going administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisorsansvar. This description is part of the auditor's report.

THE AUDITOR'S EXAMINATION OF THE ESEF REPORT

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting

(the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Arjo AB (publ) for the financial year 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinions

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Arjo AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for ensuring that the Esef report has been prepared in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to form an opinion with reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from

fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The reasonable assurance engagement involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls.

The reasonable assurance engagement also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables

a fair and complete machine-readable version of the consolidated statement of financial performance, statement of financial position, statement of changes in equity and the statement of cash flow.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 49–61 samt 65–67 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Auditor's report on the statutory sustainability report

It is the board of directors who is responsible for the statutory sustainability report on pages 26–43 and 110–136 and that it has been prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

Öhrlings PricewaterhouseCoopers AB was appointed auditor of Arjo AB (publ) by the general meeting of the shareholders on the 20 April 2023 and has been the company's auditor since 21 December 2016.

Malmö

Öhrlings PricewaterhouseCoopers AB

Cecilia Andrén Dorselius
Authorized Public Accountant
Auditor in charge

Vicky Johansson
Authorized Public Accountant

Multi-year overview: Group

CONDENSED CONSOLIDATED INCOME STATEMENT

SEK M	2023	2022 ¹⁾	2021	2020	2019
Net sales	10,980	9,979	9,070	9,078	8,976
Cost of goods sold	-6,244	-5,797	-4,861	-4,952	-5,039
Gross profit	4,735	4,183	4,209	4,126	3,937
Selling expenses	-2,163	-1,969	-1,753	-1,796	-1,849
Administrative expenses	-1,462	-1,329	-1,222	-1,258	-1,223
Research and development costs	-149	-115	-100	-114	-139
Exceptional items	-73	-74	-39	-78	-53
Other operating income	29	31	17	7	8
Other operating expenses	-23	-24	-27	-22	-10
Income from participations in associated companies	-11	-10	-9	—	—
Operating profit (EBIT)	884	693	1,077	866	671
Interest income and other similar items	28	42	11	5	8
Interest expenses and other similar expenses	-271	-135	-98	-169	-137
Profit after financial items	640	599	989	702	542
Taxes	-160	-151	-247	-175	-139
Net profit for the year	480	449	742	526	403
<i>Attributable to:</i>					
Parent Company shareholders	480	449	742	526	403

1. Comparative figures for 2022 have been restated, see Note 30 Restatement of calculations of intra-Group gains.

CONDENSED CONSOLIDATED BALANCE SHEET

SEK M	2023	2022 ¹⁾	2021	2020	2019
Intangible assets	7,343	7,391	7,099	6,834	7,072
Tangible assets	1,669	1,710	1,454	1,282	1,292
Right-of-use assets	1,111	1,107	1,101	1,044	1,158
Participations in associated companies	139	132	123	120	—
Non-current financial receivables, interest-bearing	259	271	288	55	46
Financial assets	504	494	372	393	455
Total non-current assets	11,025	11,105	10,437	9,728	10,023
Inventories	1,301	1,504	1,369	1,039	1,144
Accounts receivable	1,632	1,708	1,542	1,500	2,001
Current financial receivables	14	21	25	27	27
Other current receivables	548	678	481	592	565
Cash and cash equivalents	923	949	757	972	662
Total current assets	4,419	4,861	4,175	4,130	4,399
TOTAL ASSETS	15,444	15,966	14,612	13,858	14,422
Shareholders' equity	7,582	7,432	6,885	5,630	5,914
Total shareholders' equity	7,582	7,432	6,885	5,630	5,914
Provisions for pensions, interest-bearing	31	29	32	37	140
Non-current financial liabilities	2,391	2,823	118	2,018	1,791
Non-current lease liabilities	796	809	830	802	885
Other provisions	247	252	258	158	167
Total non-current liabilities	3,466	3,913	1,238	3,014	2,983
Accounts payable	612	587	614	504	543
Current financial liabilities	1,934	2,322	4,177	3,051	3,575
Current lease liabilities	365	359	328	296	313
Other non-interest-bearing liabilities	1,486	1,353	1,371	1,363	1,095
Total current liabilities	4,396	4,621	6,490	5,214	5,525
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	15,444	15,966	14,612	13,858	14,422

1. Comparative figures for 2022 have been restated, see Note 30 Restatement of calculations of intra-Group gains.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

SEK M	2023	2022 ²⁾	2021	2020	2019
Operating activities					
Operating profit (EBIT)	884	693	1,077	866	671
Add-back of amortization, depreciation and write-down	1,062	985	956	973	1,004
Other non-cash items	-22	-9	-2	56	-54
Expensed exceptional items ¹⁾	70	72	38	71	53
Paid exceptional items	-60	-78	-38	-64	-73
Financial items	-230	-94	-89	-124	-120
Taxes paid	-166	-233	-132	-132	-193
Cash flow before changes to working capital	1,536	1,336	1,810	1,646	1,287
Changes in working capital					
Inventories	192	-164	-232	-30	38
Current receivables	130	-76	135	214	-133
Current liabilities	203	-270	21	438	59
Cash flow from operations	2,061	827	1,734	2,267	1,252
Investing activities					
Divested/Acquired operations	—	—	-19	-49	6
Acquisitions of participations in subsidiaries	-24	—	—	-135	—
Acquired financial assets	-10	-21	—	-4	-78
Net investments	-604	-791	-675	-784	-729
Cash flow from investing activities	-637	-813	-695	-972	-800

SEK M	2023	2022 ²⁾	2021	2020	2019
Financing activities					
Change in financial liabilities	-1,300	204	-1,196	-544	-672
Change in non-current receivables	18	5	30	8	-5
Dividend	-232	-313	-232	-177	-150
Realized derivatives attributable to financing activities	86	241	121	-250	65
Cash flow from financing activities	-1,427	136	-1,277	-963	-762
Cash flow for the year	-4	150	-237	332	-311
Cash and cash equivalents at the beginning of the period	949	757	972	662	961
Cash flow for the year	-4	150	-237	332	-311
Translation differences	-22	42	22	-22	13
Cash and cash equivalents at year-end	923	949	757	972	662

1. Excluding write-downs on non-current assets.

2. Comparative figures for 2022 have been restated, see Note 30 Restatement of calculations of intra-Group gains.

NET SALES PER SEGMENT

SEK M	2023	2022	2021
Global Sales	6,352	5,753	5,211
North America	4,219	3,864	3,510
Other	409	362	350
Group	10,980	9,979	9,070



KEY PERFORMANCE INDICATORS FOR THE GROUP

SEK M	2023	2022 ¹⁾	2021	2020	2019
Sales measures					
Net sales	10,980	9,979	9,070	9,078	8,976
Net sales growth, %	10.0	10.0	-0.1	1.1	8.6
Organic growth in sales, %	4.7	-0.2	3.5	3.9	3.9
Expense measures					
Selling expenses as a % of net sales	19.7	19.7	19.3	19.8	20.6
Administrative expenses as a % of net sales	13.3	13.3	13.5	13.9	13.6
Research and development costs gross as a % of net sales	2.7	2.4	2.4	2.2	2.4
Earnings measures					
Operating profit (EBIT)	884	693	1,077	866	671
Adjusted operating profit (EBIT)	957	768	1,116	943	724
EBITA	1,170	973	1,351	1,150	963
Adjusted EBITA	1,244	1,047	1,390	1,224	1,016
EBITDA	1,946	1,679	2,033	1,838	1,675
EBITDA growth, %	15.9	-14.0	10.6	9.8	42.0
Adjusted EBITDA	2,017	1,752	2,072	1,913	1,728
Earnings per share, SEK	1.76	1.65	2.72	1.93	1.48
Margin measures					
Gross margin, %	43.1	41.9	46.4	45.5	43.9
Operating margin, %	8.0	6.9	11.9	9.5	7.5
Adjusted operating margin, %	8.7	7.7	12.3	10.4	8.1
EBITA margin, %	10.7	9.8	14.9	12.7	10.7
Adjusted EBITA margin, %	11.3	10.5	15.3	13.5	11.3
EBITDA margin, %	17.7	16.8	22.4	20.3	18.7
Adjusted EBITDA margin, %	18.4	17.6	22.8	21.1	19.2

SEK M	2023	2022 ¹⁾	2021	2020	2019
Cash flow and return measures					
Return on shareholders' equity, %	6.4	6.3	11.9	9.1	7.1
Cash conversion, %	105.9	49.2	85.3	123.3	74.7
Operating capital	12,500	12,133	11,236	11,408	11,082
Return on operating capital, %	7.7	6.3	9.9	8.3	6.5
Capital structure					
Interest-bearing (+) net debt/(-) net receivables	4,320	5,044	4,341	5,067	5,903
Interest-coverage ratio, multiple	3.7	6.8	12.8	6.5	5.5
Net debt/equity ratio, multiple	0.6	0.7	0.6	0.9	1.0
Net debt / adjusted EBITDA, multiple	2.3	2.7	2.3	2.9	3.0
Equity/assets ratio, %	49.1	46.5	47.1	40.6	41.0
Equity per share, SEK	27.8	27.3	25.3	20.7	21.7
Other					
No. of shares	272,369,573	272,369,573	272,369,573	272,369,573	272,369,573
Number of employees, average	6,679	6,751	6,350	6,211	6,151

1. Comparative figures for 2022 have been restated, see Note 30 Restatement of calculations of intra-Group gains.

Origin of key 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. The alternative performance measures are also presented in the company's other financial statements.

SALES MEASURES

SEK M	2023	2022	2021	2020	2019
(A) Net sales preceding year	9,979	9,070	9,078	8,976	8,217
Acquired/divested net sales for the period	–	–	–	–	-11
(B) Organic net sales for the period	469	-14	315	348	320
Effect of changes in exchange rates	531	924	-323	-246	399
Restatement of net sales in the US market	–	–	–	–	51
Net sales	10,980	9,979	9,070	9,078	8,976
(B/A) Organic growth in sales, %	4.7	-0.2	3.5	3.9	3.9

EXPENSE MEASURES

SEK M	2023	2022	2021	2020	2019
(A) Selling expenses	2,163	1,969	1,753	1,796	1,849
(B) Administrative expenses	1,462	1,329	1,222	1,258	1,223
(C) Research and development costs, gross	297	244	220	202	212
(D) Net sales	10,980	9,979	9,070	9,078	8,976
(A/D) Selling expenses as a % of net sales	19.7	19.7	19.3	19.8	20.6
(B/D) Administrative expenses as a % of net sales	13.3	13.3	13.5	13.9	13.6
(C/D) Research and development costs gross as a % of net sales	2.7	2.4	2.4	2.2	2.4

EARNINGS AND MARGIN MEASURES

SEK M	2023	2022 ¹⁾	2021	2020	2019
(A) Operating profit (EBIT)	884	693	1,077	866	671
Add-back of amortization and write-down of intangible assets	287	280	274	284	292
(B) EBITA	1,170	973	1,351	1,150	963
Add-back of depreciation and impairment of tangible assets	775	705	682	688	712
(C) EBITDA	1,946	1,679	2,033	1,838	1,675
Exceptional items	73	74	39	78	53
Add-back of write-down of restructuring and integration costs	-2	-1	-	-3	-
(D) Adjusted operating profit (EBIT)	957	768	1,116	943	724
(E) Adjusted EBITA	1,244	1,047	1,390	1,224	1,016
(F) Adjusted EBITDA	2,017	1,752	2,072	1,913	1,728
(G) Net sales	10,980	9,979	9,070	9,078	8,976
(A/G) Operating margin, %	8.0	6.9	11.9	9.5	7.5
(B/G) EBITA margin, %	10.7	9.8	14.9	12.7	10.7
(C/G) EBITDA margin, %	17.7	16.8	22.4	20.3	18.7
(D/G) Adjusted operating margin, %	8.7	7.7	12.3	10.4	8.1
(E/G) Adjusted EBITA margin, %	11.3	10.5	15.3	13.5	11.3
(F/G) Adjusted EBITDA margin, %	18.4	17.6	22.8	21.1	19.2

1. Comparative figures for 2022 have been restated, see Note 30 Restatement of calculations of intra-Group gains.

CAPITAL STRUCTURE

SEK M	2023	2022 ¹⁾	2021	2020	2019
Calculation of interest-bearing net debt, net debt/equity ratio and interest-bearing net debt / Adjusted EBITDA					
Financial liabilities	4,325	5,144	4,222	4,987	5,300
Lease liabilities	1,161	1,168	1,158	1,098	1,198
Provisions for pensions, interest-bearing	31	29	32	37	140
Less financial receivables	-274	-292	-314	-83	-73
Less cash and cash equivalents	-923	-949	-757	-972	-662
(A) Interest-bearing (+) net debt/ (-) net receivables	4,320	5,044	4,341	5,067	5,903
(B) Shareholders' equity	7,582	7,432	6,885	5,630	5,914
(C) Adjusted EBITDA	2,017	1,752	2,072	1,913	1,728
(A/B) Net debt/equity ratio, multiple	0.6	0.7	0.6	0.9	1.0
(A/C) Interest-bearing net debt/ Adjusted EBITDA, multiple	2.3	2.7	2.3	2.9	3.0
Calculation of interest-coverage ratio					
Profit after financial items	640	599	989	702	542
(A) Addition of interest expenses	263	115	87	143	133
Add-back of exceptional items	73	74	39	78	53
(B) Profit after financial items plus interest expenses and add-back of exceptional items	977	789	1,115	922	728
(B/A) Interest-coverage ratio, multiple	3.7	6.8	12.8	6.5	5.5

1. Comparative figures for 2022 have been restated, see Note 30 Restatement of calculations of intra-Group gains.

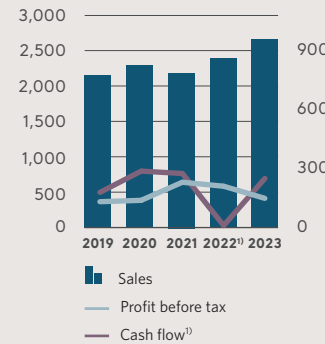
CASH FLOW AND RETURN MEASURES

SEK M	2023	2022 ¹⁾	2021	2020	2019
Calculation of cash conversion					
(A) Cash flow from operations	2,061	827	1,734	2,267	1,252
(B) EBITDA	1,946	1,679	2,033	1,838	1,675
(A/B) Cash conversion, %	105.9	49.2	85.3	123.3	74.7
Calculation of return on shareholders' equity					
(A) Net profit for the year	480	449	742	526	403
Shareholders' equity at beginning of the period	7,432	6,714	5,630	5,914	5,427
Shareholders' equity at the end of the period	7,582	7,432	6,885	5,630	5,914
(B) Average total shareholders' equity	7,507	7,073	6,257	5,772	5,671
(A/B) Return on total shareholders' equity, %	6.4	6.3	11.9	9.1	7.1
Calculation of return on operating capital					
Total assets opening balance	15,966	14,440	13,858	14,422	13,136
Total assets closing balance	15,444	15,966	14,612	13,858	14,422
Average total assets	15,705	15,203	14,235	14,140	13,779
Excluding average cash and cash equivalents	-936	-853	-865	-817	-812
Excluding average other provisions	-312	-316	-274	-223	-257
Excluding average other non-interest-bearing liabilities	-1,956	-1,901	-1,860	-1,692	-1,629
(A) Operating capital	12,500	12,133	11,236	11,408	11,082
Operating profit (EBIT)	884	693	1,077	866	671
Add-back of exceptional items	73	74	39	78	53
(B) EBIT after add-back of exceptional items	957	768	1,116	943	724
(B/A) Return on operating capital, %	7.7	6.3	9.9	8.3	6.5

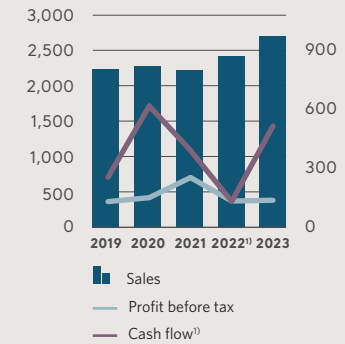
1. Comparative figures for 2022 have been restated, see Note 30 Restatement of calculations of intra-Group gains.

Quarterly performance

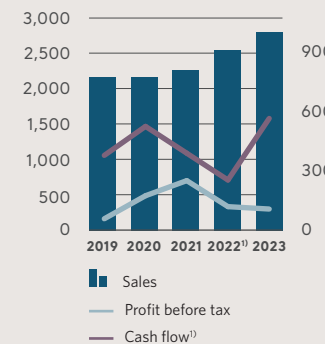
Quarter 1



Quarter 2



Quarter 3



Quarter 4



1. Comparative figures for 2022 have been restated, see Note 30 Restatement of calculations of intra-Group gains.
2. From operating activities.



THE GROUP'S 20 LARGEST MARKETS

Country	2023			2022			2021			2020			2019		
	SEK M	%	#	SEK M	%	#	SEK M	%	#	SEK M	%	#	SEK M	%	#
USA	3,251	29.6	1	2,996	30.0	1	2,830	31.2	1	2,931	32.3	1	2,817	31.4	1
UK	1,395	12.7	2	1,228	12.3	2	1,130	12.5	2	1,100	12.1	2	1,101	12.3	2
France	1,220	11.1	3	1,050	10.5	3	947	10.4	3	842	9.3	3	828	9.2	3
Canada	1,076	9.8	4	949	9.5	4	759	8.4	4	688	7.6	4	708	7.9	4
Germany	792	7.2	5	725	7.3	5	665	7.3	5	655	7.2	5	693	7.7	5
Australia	612	5.6	6	544	5.4	6	451	5.0	6	417	4.6	6	428	4.8	6
Netherlands	380	3.5	7	359	3.6	7	334	3.7	7	329	3.6	7	342	3.8	7
Austria	258	2.4	8	234	2.3	8	215	2.4	9	200	2.2	9	200	2.2	9
Italy	242	2.2	9	220	2.2	9	237	2.6	8	250	2.7	8	258	2.9	8
Belgium	192	1.7	10	172	1.7	11	158	1.7	11	158	1.7	10	183	2.0	10
Switzerland	179	1.6	11	147	1.5	12	124	1.4	12	150	1.6	12	141	1.6	12
India	151	1.4	12	134	1.3	13	112	1.2	13	92	1.0	15	127	1.4	13
South Africa	136	1.2	13	129	1.3	14	107	1.2	14	125	1.4	14	92	1.0	14
Singapore	116	1.1	14	72	0.7	17	65	0.7	18	54	0.6	20	55	0.6	19
Ireland	99	0.9	15	177	1.8	10	160	1.8	10	153	1.7	11	153	1.7	11
Hong Kong	92	0.8	16	94	0.9	15	86	0.9	15	91	1.0	16	82	0.9	16
New Zealand	87	0.8	17	68	0.7	19	62	0.7	19	57	0.6	19	59	0.7	18
Spain	85	0.8	18	65	0.6	20	72	0.8	16	128	1.4	13	53	0.6	21
Sweden	67	0.6	19	73	0.7	16	71	0.8	17	79	0.9	17	85	1.0	15
Japan	56	0.5	20	69	0.7	18	49	0.5	20	62	0.7	18	54	0.6	20

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Definitions

Financial terms

Adjusted EBITA

EBITA with add-back of exceptional items.

Adjusted EBITDA

EBITDA with add-back of exceptional items.

Adjusted EBITA margin

Adjusted EBITA in relation to net sales.

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.

EBIT

Operating profit.

EBITA

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

EBITDA

Operating profit before amortization, depreciation and write-down.

EBITA margin

EBITA in relation to net sales.

EBITDA margin

EBITDA in relation to net sales.

Equity/assets ratio

Shareholders' equity in relation to total assets.

Exceptional items

Total of acquisition, restructuring and integration costs as well as major 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 terms

Blood clot

Blood clots are formed when the blood coagulates, forming a clot that can block blood vessels and make it difficult for the blood to flow.

Deep vein thrombosis (DVT)

Deep vein thrombosis is the most common form of vein thrombosis and refers to the 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.

IPC (intermittent pneumatic compression)

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.

Mobility

The body's ability to move or actively perform a movement.

Pressure injuries

Sores that occur when blood circulation in an area is reduced due to continuous pressure against the skin, which is often the result of reduced mobility.

Prevention

Preventive activity/treatment.

Rehabilitation

Exercises that are designed to optimize the function and reduce obstacles, with the aim of regaining maximum function following an injury or illness.

SEM scanner (sub epidermal moisture)

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

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.

DEFINITIONS

Venous and arteriovenous leg ulcers

Ulcers on the feet and lower leg that do not heal within six weeks caused by a lack of blood flow in the veins or in both the veins and arteries.

Venous thromboembolism (VTE)

A venous thrombosis means a blood clot in the vein system. Often occurs in deep leg veins (deep vein thrombosis).

Sustainability terms

Science Based Targets

Science based targets to reduce the GHG emissions of a company in line with the Paris Climate Agreement.

Scope 1, 2, 3

According to the international framework to measure greenhouse gas emissions, the GHG Protocol, greenhouse gas emissions are divided into three scopes:

- Scope 1: Direct emissions (such as from company-owned vehicles and oil furnaces)
- Scope 2: Indirect emissions from grid-connected energy consumption (from purchased electricity, district heating, cooling and steam)
- Scope 3: Other indirect emissions (such as from purchased transport, goods, material and services)

Other terms

Arjo MOVE (Mobility Outcome Value Engagement)

Arjo's program of evaluation and consultation services to help healthcare facilities improve their clinical outcomes.

PVC - Polyvinyl chloride

Polyvinyl chloride is a type of plastic that when incinerated or leaked has a negative impact on living organisms and the environment.

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The Arjo share this year

The Arjo series B share was listed on Nasdaq Stockholm on December 12, 2017 and is included in the Nasdaq Nordic Large Cap segment. The number of shareholders at the end of 2023 was 39,131.

Share trend

At year-end, the Arjo share was listed at SEK 39.40. The highest price paid for the Arjo share in 2023 was SEK 49 on July 21, 2023 and the lowest was SEK 34.20 on October 27, 2023. At year-end, market capitalization amounted to SEK 10.7 billion, compared with SEK 10.6 billion at the end of 2022. The turnover of shares on Nasdaq for the year totaled 147.7 million.

Share capital and ownership structure

At year-end 2023, share capital in Arjo totaled SEK 90,789,858 distributed among 272,369,573 shares. All shares carry the same dividend entitlement. One series A share carries ten votes and one series B share carries one vote. The principal owner is Carl Bennet AB, with a holding 25.0 percent of the capital and 53.2 percent of the votes at year-end 2023.

Dividend policy

The Arjo Board has adopted a dividend policy entailing that future dividends will be adjusted in line with Arjo's profit level, financial position and future development potential. The aim is for the dividend to correspond to 30–60 percent of net profit after tax. Arjo's Board of Directors and CEO propose a dividend for 2023 of SEK 0.90 per share. The total dividend thus amounts to SEK 245 M (232), corresponding to 51 percent of net profit after tax.

Shareholder information

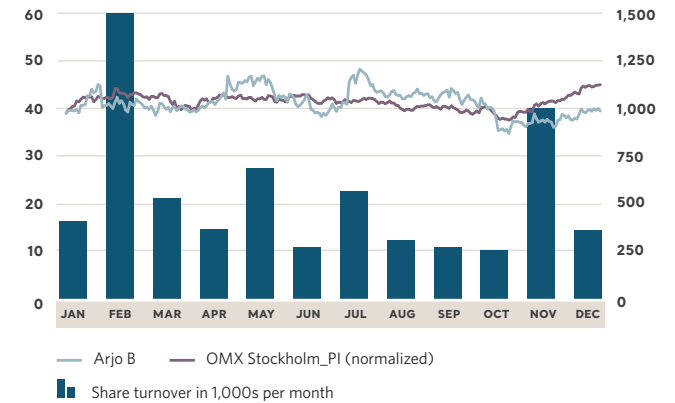
Financial information about Arjo is available on the Group's website, www.arjo.com. Questions can also be put directly to Arjo's Investor Relations department. Annual reports, interim reports and other information can be requested from the Group's head office by telephone, from the website or by e-mail.

Brokerage firms that monitor Arjo

ABG Sundal Collier, Carnegie, DNB, Danske Bank, Handelsbanken, Nordea, Pareto Securities and SEB Enskilda.

Arjo's Investor Relations department

Arjo's IR department is responsible for regularly providing updates about the company's performance to investors, shareholders, financial analysts and the media. Information about Arjo's earnings and financial position is primarily disclosed during the publication of interim reports and associated conference calls, in which analysts, investors and the media are given the opportunity to ask questions about the company. In conjunction with the publication of these reports, or on other occasions, investor seminars and roadshows are also organized, offering additional analysts and potential investors the opportunity to gain a deeper insight into, and understanding of, the company. Some of the topics that investors and analysts focused on in 2023 included Arjo's market development in the US, the company's exposure to obesity care and questions about the company's pressure injury prevention solutions.



- Share listing: Nasdaq Stockholm, Large Cap
- Total number of shares: 272,369,573
- Market capitalization on December 31, 2023: SEK 10.7 billion
- Price paid on December 31, 2023: SEK 39.40
- Tickers: Reuters: ARJOb.ST; Bloomberg: ARJOB SS

Sustainability index



Share capital distribution

	Arjo A	Arjo B	Total
No. of shares	18,217,200	254,152,373	272,369,573
No. of votes	182,172,000	254,152,373	436,324,373
% of capital	6.7%	93.3%	100.0%
% of votes	41.8%	58.2%	100.0%

Ownership by category

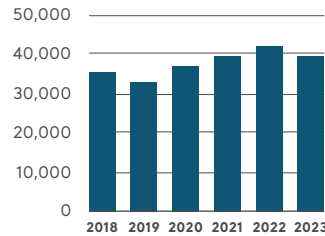
	Capital, %
Swedish owners	71.17%
Private individuals	14.49%
Institutions	21.91%
Mutual funds	6.20%
Other	28.57%
Foreign owners	21.86%
Institutions	2.73%
Mutual funds	18.48%
Other	0.65%
Unknown ownership type	6.97%

Share data

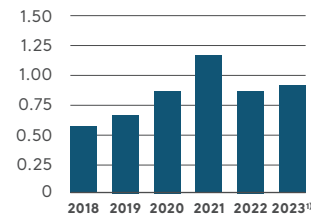
	2023	2022 ¹⁾
Earnings per share after tax	1.76	1.65
Market price, December 31	39.40	38.94
Cash flow from operations/share	7.57	3.04
Dividend ²⁾	0.90	0.85
Dividend yield, %	2.3	2.2
Price/earnings ratio	22.4	23.6
Equity per share	27.8	27.3
Average number of shares (million)	272.4	272.4
Number of shares, December 31 (million)	272.4	272.4

1. Comparative figures for 2022 have been restated, see Note 30 Restatement of calculations of intra-Group gains.
2. Dividend proposed by the Board of Directors

Number of shareholders 2018–2023

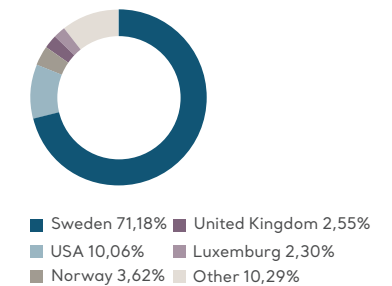


Dividend history



1. Dividend proposed by the Board of Directors

Ownership distribution per country, December 31, 2023



Arjo's largest owners at December 31, 2023

	Arjo A	Arjo B	Capital	Votes
Carl Bennet AB	18,217,200	49,902,430	25.0%	53.2%
Fourth Swedish National Pension Fund		26,364,094	9.7%	6.0%
Vanguard		8,152,770	3.0%	1.9%
First Swedish National Pension Fund		7,700,000	2.8%	1.8%
Svolder		7,500,000	2.8%	1.7%
Dimensional Fund Advisors		5,796,819	2.1%	1.3%
Norges Bank		5,544,029	2.0%	1.3%
Third Swedish National Pension Fund		4,977,618	1.8%	1.1%
SEB Fonder		4,826,726	1.8%	1.1%
Handelsbanken Fonder		4,332,700	1.6%	1.0%

Ownership structure 2023

Shares	Capital	Votes	Number of known shareholders	Ownership
1–1,000	2.78%	1.73%	32,416	82.84%
1,001–5,000	4.19%	2.61%	5,342	13.65%
5,001–20,000	3.61%	2.25%	1,028	2.63%
20,001–100,000	3.71%	2.31%	228	0.58%
100,001–500,000	5.95%	3.71%	67	0.17%
500,001–5,000,000	25.38%	15.84%	43	0.11%
5,000,001–20,000,000	12.73%	7.95%	5	0.01%
20,000,001–	34.69%	59.23%	2	0.01%
Anonymous ownership	6.97%	4.35%	N/A	N/A
Total	100%	100%	39,131	100%

Source: Modular Finance AB. Data compiled and processed from multiple sources including Euroclear, Morningstar and the Swedish Financial Supervisory Authority.

Other information

Distribution policy

The printed version of Arjo AB's Annual and Sustainability Report is distributed only to shareholders who expressly request a copy. The Annual and Sustainability Report is also available in its entirety on the Group's website: www.arjo.com

Reading guide

- The Arjo Group is referred to as Arjo in the Annual and Sustainability Report.
- Figures in parentheses pertain to operations in 2022, unless otherwise specified.
- Swedish kronor (SEK) is used throughout.
- Millions of kronor are abbreviated SEK M.
- All figures pertain to SEK M, unless otherwise specified.
- Information provided in the Annual and Sustainability Report concerning markets, competition and future growth constitutes Arjo's assessment and is based mainly on a combination of material compiled externally and internally.
- 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.

Annual General Meeting

The Annual General Meeting will be held on April 18, 2024 with the option of postal voting. For further information about the AGM and registration, see Arjo's website, www.arjo.com.

Nomination Committee

Arjo's interim report for the third quarter of 2023 contained instructions for shareholders on how to proceed to submit proposals to Arjo's Nomination Committee and how to propose motions to be addressed at the Annual General Meeting.

Dividend

Arjo's Board of Directors and CEO propose a dividend for 2023 of SEK 0.90 per share (0.85). The total dividend thus amounts to SEK 245 M (232). The Board's proposed record date is April 22, 2024. Euroclear expects to distribute the dividend to shareholders from April 25, 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 and Sustainability Report, year-end report and interim reports are published in Swedish and English and are available for download at www.arjo.com. A printed version of the Annual and Sustainability Report can also be ordered from: Arjo AB, Att: Informationsavdelningen, Hans Michelsensgatan 10, SE-211 20 Malmö, Sweden, or via telephone +46 10 335 4500.

The following information will be published for the 2024 fiscal year:

April 18, 2024	Interim report, January–March
April 18, 2024	Annual General Meeting
July 12, 2024	Interim report, January–June
October 17, 2024	Interim report, January–September
January 30, 2025	Year-End Report 2024
March–April 2025	2024 Annual and Sustainability Report

Forward-looking information

This report contains forward-looking information based on the current expectations of Arjo's management. Although management deems that the expectations presented by such forward-looking information are reasonable, no guarantee can be given that these expectations will prove correct. Accordingly, the actual future outcome could vary considerably compared with what is stated in the forward-looking information, due to such factors as changed conditions regarding business cycles, market and competition, changes in legal requirements and other political measures, and fluctuations in exchange rates.

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Corporate registration number 559092-8064



hope
movement
together

ARJO IS EMPOWERING MOVEMENT in healthcare to drive healthier outcomes for people facing mobility challenges.

Arjo's journey began with entrepreneur and founder Arne Johansson in 1957. When he came to understand the burden his wife experienced in her work as a nurse, he had found his mission in life – to develop equipment that makes it safer to handle patients. The first Arjo products then saw the light of day, followed by many, many more. Today, our solutions help improve mobility in care settings around the world, and drive healthier outcomes for everyone involved.

For more than 65 years, we have had a close cooperation with healthcare providers, giving us an in-depth understanding of their daily challenges. Together, we strive to minimize patient challenges such as loss of muscle strength, blood clots, pressure injuries, falls, anxiety and depression as well as work-related injuries among staff. Our products and solutions for patient handling, hygiene, disinfection, diagnostics, treating leg ulcers, prevention of pressure injuries and blood clots, and our medical beds, are all designed to promote mobility, safety and dignity in all care situations.

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www.arjo.com

arjo

EMPOWERING MOVEMENT