A woman with short blonde hair and glasses is sitting on a grey sofa, reading a book. She is wearing a light-colored sweater and blue pants. The room is dimly lit, with a warm glow from a lamp. In the foreground, there is a round wooden coffee table with a vase of pink flowers and a white printer. The background shows a dark wall and a lamp.

Arjo Q3 2021

October 28, 2021

Joacim Lindoff, President & CEO

Daniel Fäldt, CFO

Agenda

1. Business update

2. Financials in detail

3. Business highlights

4. Key takeaways

5. Q&A



Business Update

Q3 2021 highlights

Another quarter with strong growth and profitability development

- Solid net sales growth supported by strong order intake
 - High demand for Patient Handling solutions
 - Continued recovery in DVT and Service
 - Positive rental development in both US and Europe
- Healthy gross margin development and good cost control
- Well managed situation around logistics and raw material
- Positive momentum in commercialization of SEM scanner
- A solid base for good Q4 development

Net sales grew organically by

5,1%



Gross margin increased to

46,0%



EBIT before restructuring up with almost

35%

in comparable currencies



Cash conversion

75,0%



North America

Q3 2021

Positive momentum continues

- Strong development in both US and Canada with further uptick in Patient Handling
- Increasing demand for Service across region
- DVT recovery continues in the US
- Higher than expected rental volumes, mainly in Critical Care due to Covid-19 wave

Gradual market normalization

- Higher activity level in both AC and LTC, with solid pipeline
- Increased interest in SEM scanner with Vizient contract as major milestone

Q3 org. net sales

+8,2%

YTD org. net sales

+5,6%

Western Europe

Q3 2021

Solid net sales growth across region

- Strong performance in major markets UK, France, and Germany
- Positive capital sales development continue
- Recovery within Service - positive trend remains
- Rental continues to develop well – both net sales & profitability
- Solid performance despite logistics challenges

Strong SEM scanner commercialization effort

- Two procurement frameworks in the UK signed
- Good momentum also in Continental Europe, for example Germany

Q3 org. net sales

+3,0%

YTD org. net sales

+4,4%

Rest of the World

Q3 2021

Healthy growth in region

- Improvement vs. very strong Q3 2020 with Covid related projects
- Strong development in major markets, like Australia and South Africa
- Still significant Covid effects in a number of countries – well managed by organization

Solid foundation for future growth

- Healthy recovery in India after extensive lockdown period
- Investments in new distributor networks and own sales structures continues despite Covid-19
- Logistics situation well managed – both from communication and price perspective

Q3 org. net sales

+2,8%

YTD org. net sales

+0,8%



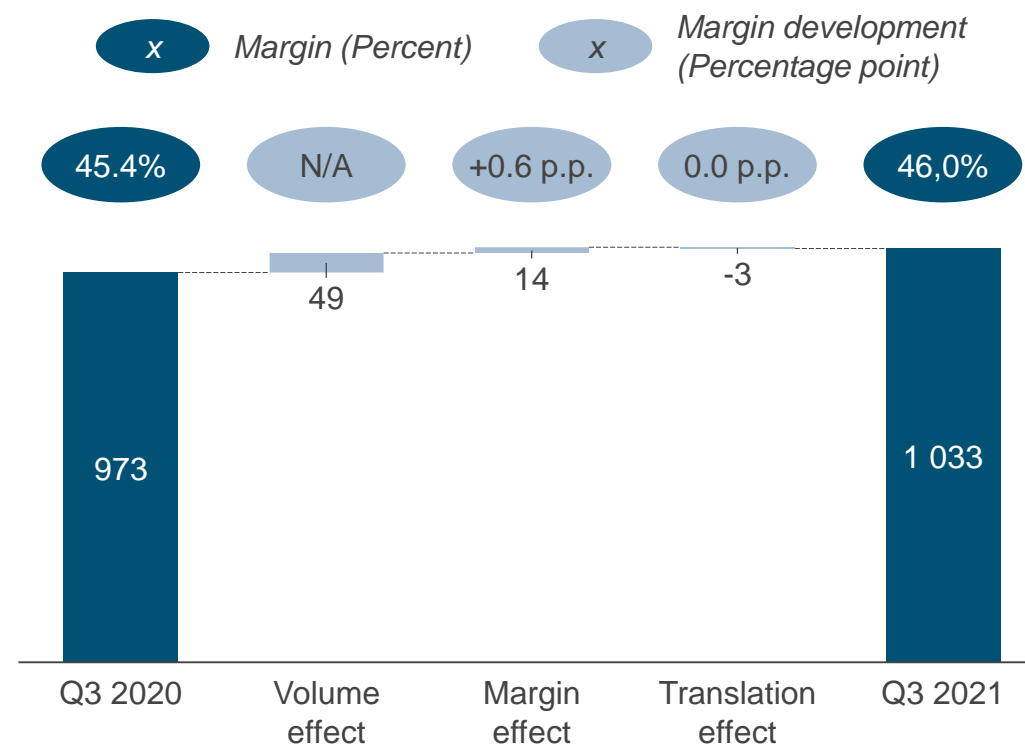
Financials in detail

Q3 gross profit

Solid gross margin development

- Favorable product mix with higher volumes mainly in Patient handling and Critical Care Rental
- Continued good cost control throughout the value chain
- Solid management of global challenges related to transportation and supply constrains
- Negative cost pressure from logistics and raw material mitigated by higher efficiency in production and price adjustments

Gross profit bridge – Q3 2021 vs. Q3 2020 (SEK M)

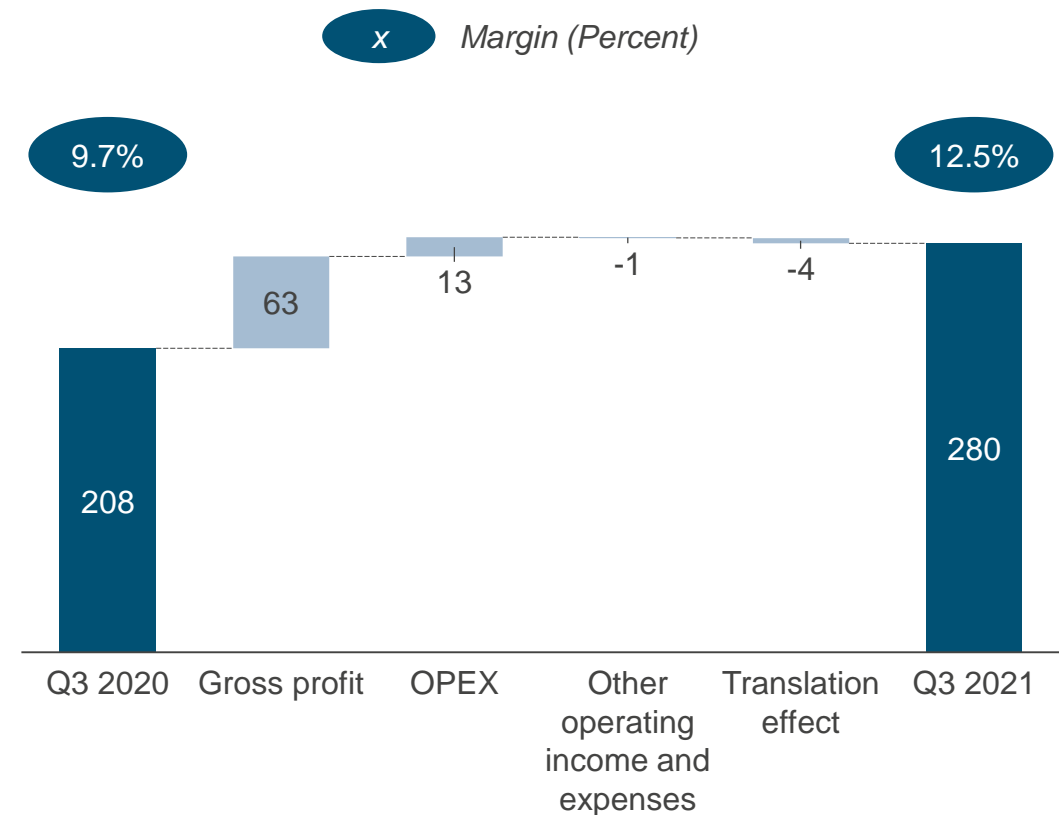


Q3 adjusted EBIT

Profit margin improvement continues

- OPEX decrease relative to net sales – maintaining positive trend
- Good cost control throughout value chain
- Neutral effects from currency
- Adjusted EBIT grew by 34,6% to 280 MSEK (208)
- Adjusted EBITDA margin grew from 20,9% to 23,3%

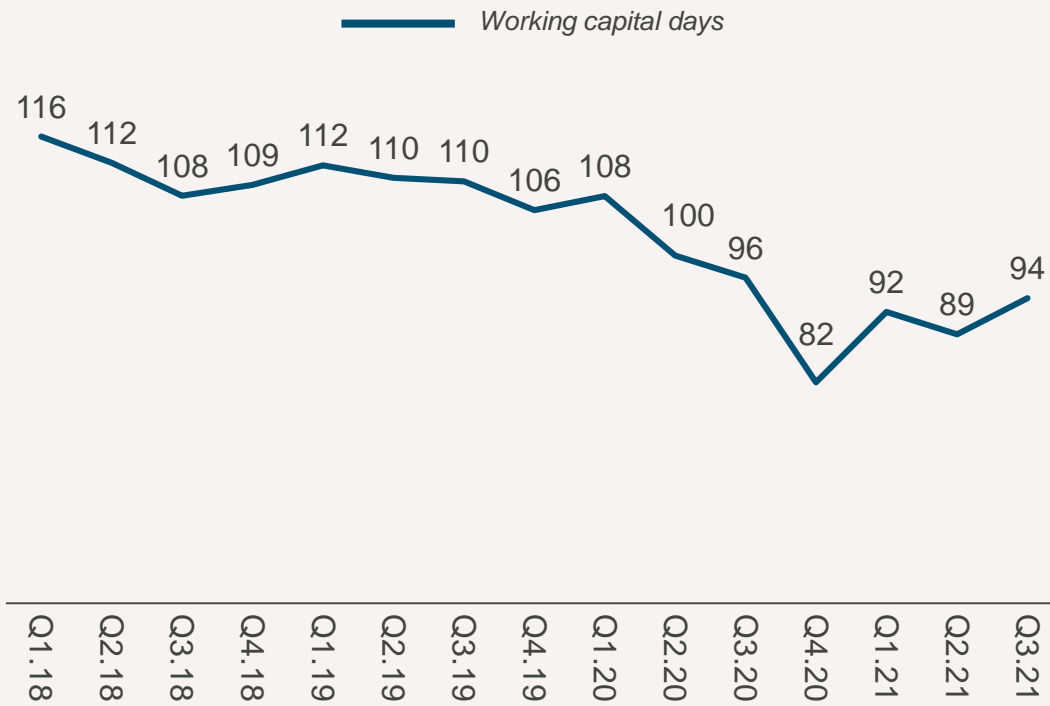
Adj. EBIT bridge – Q3 2021 vs. Q3 2020 (SEK M)



Q3 working capital and operating cash flow

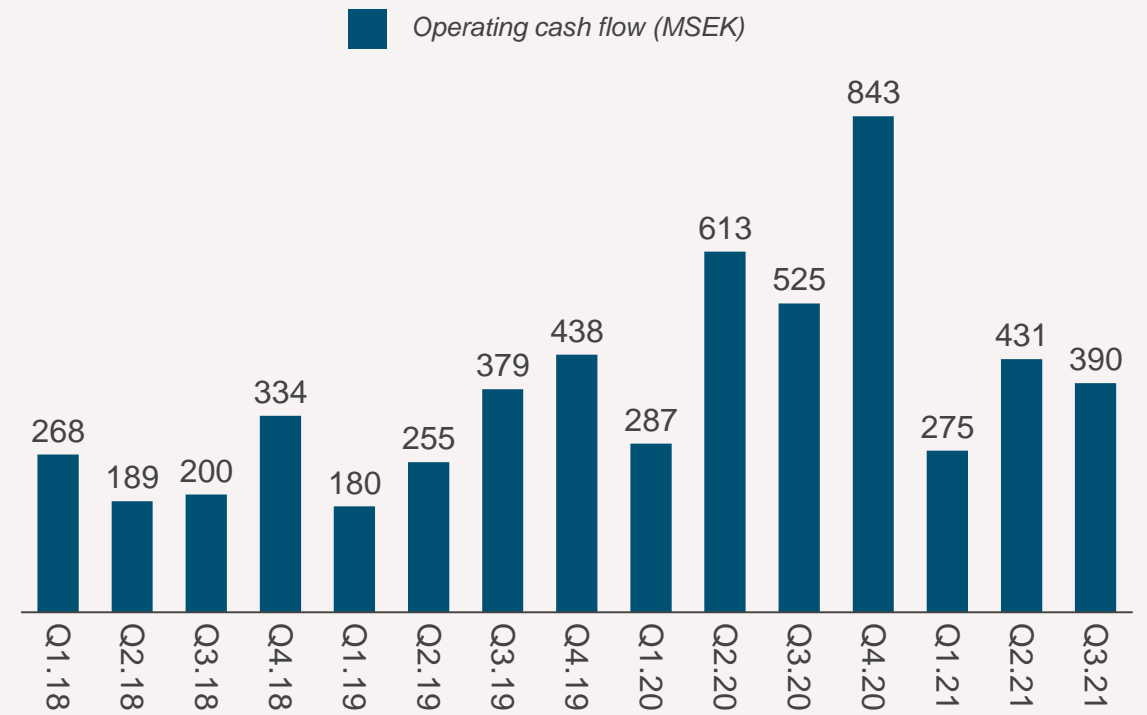
Solid working capital management continues

Working capital days – Q1.18-Q3.21



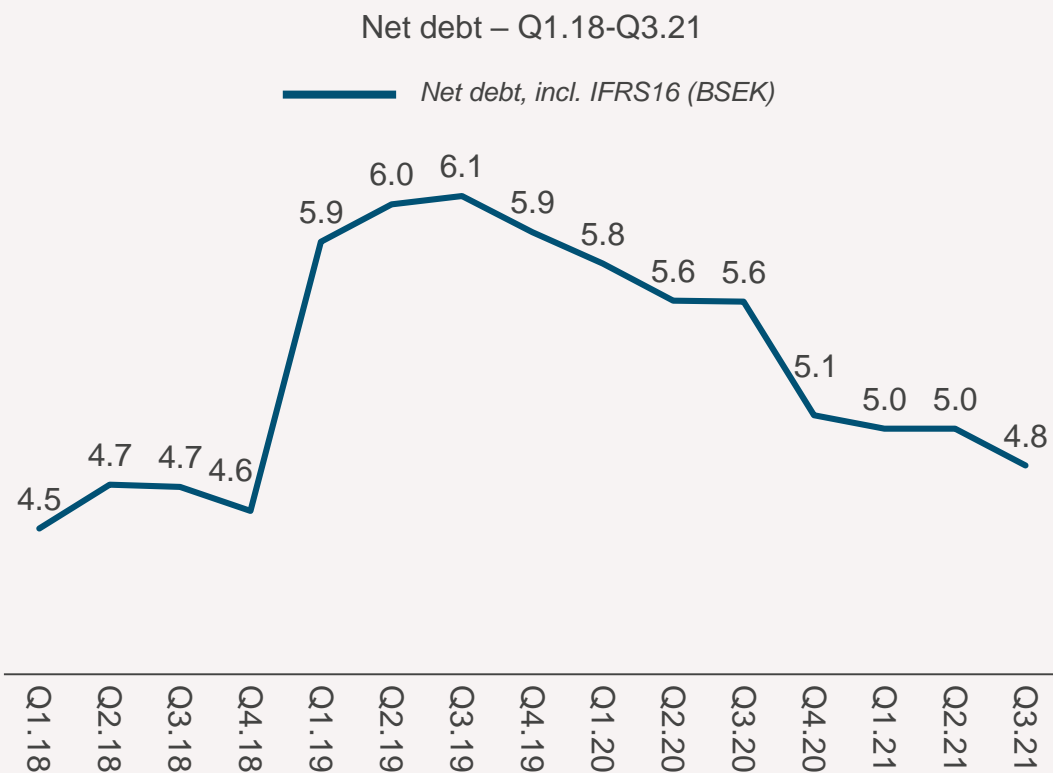
Strong Operating cash flow

Operating cash flow – Q1.18-Q3.21

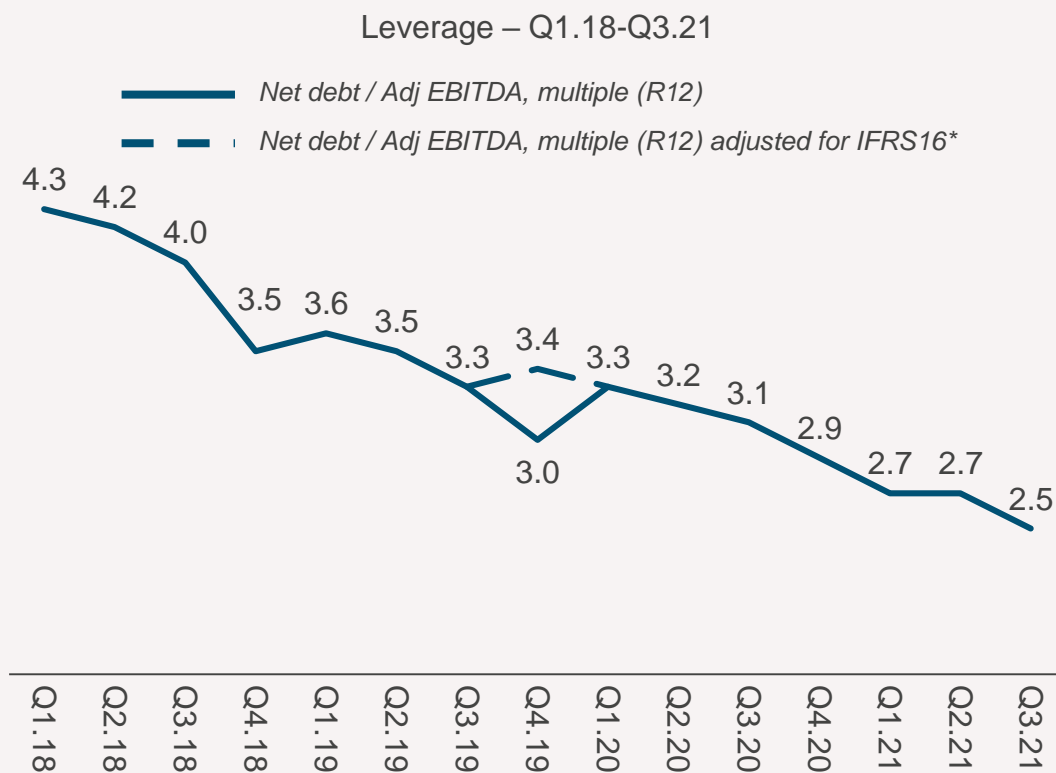


Q3 net debt and leverage

Debt level continues to decline over time



Consistent reduction in leverage continues




* IFRS16 effect excluded in Q4.19 value

Note: IFRS16 affects comparison of 2018 values with those of 2019 and 2020



Business Highlights



WoundExpress receives 510(k) clearance from FDA - US launch expected in Q1 2022

- Preparations for market expansion on plan
- RCT finalization expected Q2 2022
- Recent research shows clear health-economic arguments for including WoundExpress in standard care in the UK - increases probability of wound healing by 58%

Positive momentum in SEM scanner launch - important contracts signed

- SEM scanner awarded Innovative Technology contract with Vizient in the US
 - One of largest GPOs – represents over 50% of US acute care providers
 - Customer contracts signed already after two weeks
- Two procurement frameworks in the UK so far
 - HealthTrust Europe and NHS Shared Business Services
 - Further solidifies Arjo's position as a trusted partner for the NHS in pressure injury prevention
- Good traction despite remaining challenges in terms of access due to Covid-19
- Filled pipeline for customer evaluations in Q4

Successful SEM Scanner evaluation results

- SANA Hospital Group in Germany - the largest independent healthcare provider in the German speaking area with more than 120 healthcare institutions including 50+ hospitals
- Six-week SEM Scanner evaluation period completed at SANA's Dresden hospital
 - 262 patients included in evaluation
 - Significant positive results, incl.
 - Total **75% reduction** in pressure injuries
 - **93% of risk patients identified** using SEM Scanner

"We were able to identify patients who, according to the risk scale, did not show an elevated risk of developing pressure injury. This allowed us to address each risk patient very specifically by adapting the measures to each individual patient and thus prevent the development of pressure ulcers. Using the SEM Scanner will minimize our expenses associated with hospital acquired pressure injuries."

**Kerstin Steiding, Nurse Manager
Heart Center Dresden University Clinic**

A man in a dark hoodie is shown in profile, looking out over a body of water at sunset. The sky is filled with soft, golden light and scattered clouds. In the foreground, there are tall, dry grasses. A wooden pier extends into the water in the distance.

Outlook 2021

Organic net sales growth for 2021 is expected to be within the Group's 3-5% target interval.



Key takeaways

Key takeaways

- Another strong quarter with healthy net sales and profitability improvement
- Strong order intake and backlog for coming quarters
- High activity level and continued uptick in Patient Handling and Rental performance
- Significant progress in commercialisation of SEM scanner
- Great work by the organisation – well set for a solid end to 2021





Q&A

Financial calendar

Year-end Report, 2021

Interim Report Jan-Mar 2022

Annual Report 2022

February 3, 2022

April 22, 2022

March-April 2022

Further questions

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Forward looking information

This document 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.

arjo

with people in mind