Report by the Board of Directors on the Remuneration Committee’s evaluation of remuneration to senior executives, etc.

The Board of Directors of Arjo AB ("Arjo") has established a Remuneration Committee, which consists of Chairman Johan Malmquist and Carl Bennet. Since the 2019 Annual General Meeting, the Remuneration Committee has held three meetings at which minutes were kept and has had continuous informal contacts when needed.

The Remuneration Committee’s tasks include to monitor and evaluate programs for variable remuneration to senior executives, the application of the guidelines for remuneration to senior executives adopted by the Annual General Meeting, as well as the current remuneration structures and levels in the company. As set forth in Rule 10.3 of the Swedish Corporate Governance Code, the Board of Directors hereby gives the following report on the result of the evaluation made by the Remuneration Committee. The report covers the period after the Annual General Meeting on May 7, 2019.

The Remuneration Committee has monitored and continuously evaluated the company's programs for variable remuneration to senior executives, both ongoing and those that have ended during the year.

The Remuneration Committee is of the opinion that the guidelines for remuneration to senior executives adopted by the 2019 Annual General Meeting have been complied with and that the programs for variable remuneration generally have fulfilled their objectives and functioned well. The Remuneration Committee believes that the company's remuneration structures and levels are based on market conditions and well balanced.

As recommended by the Remuneration Committee, the Board of Directors has decided to deviate from the guidelines, which means that each member of Group Management (with the exception of one member of Group Management who has resigned) receives a discretionary bonus corresponding to a monthly salary, justified by extraordinary work in 2019 which has not been adequately reflected in the outcome of the annual variable remuneration (STI).

The Remuneration Committee has prepared a proposal for Guidelines for remuneration to senior executives in accordance with amendments made in the Swedish Companies Act and the Swedish Corporate Governance Code, which will be presented at the Annual General Meeting 2020.

Malmö in March 2020

The Board of Directors or Arjo AB (publ)