

# 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](http://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 <sup>2)</sup>	0	2,677,500	12,379,204	96/4
	2021	8,618,999	1,171,304 <sup>1)</sup>	6,800,000	2,925,795	0	2,550,000	22,066,098	56/44
	2020	8,130,000	1,082,492 <sup>1)</sup>	6,426,000	2,258,678	0	2,409,750	20,306,920	57/43
	2019	7,803,000	239,709 <sup>1)</sup>	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.

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**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) <sup>1)</sup>	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 <sub>2</sub> reduction	5%	a) 6,451 tons CO <sub>2</sub> 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 <sup>2)</sup> : Target 3.1 (average) (Program 4 2021-2023)	33.3%	a) SEK 1.80 b) SEK 0 (earned)
	Earnings per share (adjusted EPS) 2023 <sup>2)</sup> : Target: 3.1 (average) (Program 5 2022-2024)	33.3%	a) SEK 1.79 b) SEK 0 (estimated)
	Earnings per share (adjusted EPS) 2023 <sup>2)</sup> : 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.

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### 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
<b>Arjo's performance</b>					
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
<b>Average remuneration on a full-time equivalent basis of employees</b>					
Arjo employees <sup>3)</sup>	SEK +72,653	SEK +112,311	SEK -62,205	SEK -21,906	Average total remuneration is SEK 902,488
Arjo employees <sup>4)</sup> 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).