

## **The Board of Directors' statement according to chapter 18, Section 4 and chapter 19, Section 22 of the Companies Act**

### **Nature of the business, scope and risks**

The nature of the business and scope are presented in the articles of association and the submitted Annual and Sustainability Report for the financial year 2025. It is the Board's assessment that the operations run in the Company and the Group do not entail any risks beyond those that occur or can be expected to occur in the industry. The proposed value transfer is not considered to jeopardize the Company's ability to carry out planned investments or to meet its obligations in the short and long term.

Significant events are presented in the Directors' Report. No other events have occurred beyond what is stated therein that would negatively affect the ability of the Company to distribute dividends or acquire its own shares

### **The Company and Group financial position**

The Company and Group financial position per December 31<sup>st</sup> 2025 is presented in the Annual and Sustainability Report.

The Board proposes an unchanged dividend of SEK 0.95 per share, which equals a total amount of approximately MSEK 259. This corresponds to 77 percent of the net result for the year, which exceeds the Company's dividend policy of 30–60 percent. The deviation from the policy is attributable to items without cash flow impact totaling MSEK 63, which have charged the result for the year without affecting the Company's underlying ability to pay. The Board therefore considers the proposed dividend level to be well aligned with the Company's actual cash flow and liquidity.

The proposed dividend amounts to 5.6 percent of the Company's equity and 3.5 percent of the Group's equity (prior year 5.7 and 3.1 percent respectively). The Company's equity/assets ratio, after dividend, amounts to 51.1 percent (prior year 66.7 percent) and the Group's equity/assets ratio amounts to 48.9 percent (prior year 50.4 percent). The impact on the leverage ratio is assessed to be limited to 0.071.

The shareholders' equity in the Group has increased by MSEK 6 because assets and liabilities have been valued at fair value pursuant to Chapter 4, section 14a of the Swedish Annual Accounts Act.

The Board also proposes to the Annual General Meeting that the Board be authorized to make decisions on the repurchase of the Company's shares up to an amount so that, at the given time following the acquisition, the Company holds a maximum of 10 percent of all shares in the Company.

### **The proposal's soundness**

The Board believes that the size of the equity as reported in the latest submitted Annual and Sustainability Report is in reasonable proportion to the scope of the business of the Company and Group as well as the risks associated with running the business, taking into consideration the proposed dividend and the acquisition of own shares according to the proposed authorization.

In reference to the above and what has otherwise come to the attention of the Board, it is the Board's belief that an all-round assessment of the financial position of the Company and Group entails that the proposed dividend and the authorization for the repurchase of own shares are sound pursuant to the prudence rule in Chapter 17, section 3 of the Companies Act.

Notwithstanding the deviation from the established dividend policy, the value transfer is considered sound taking into consideration the demands that the nature, scope and risks of the business put on the size of the equity and the consolidation needs, liquidity and position in general of the business of the Company and Group. The Company's financial position is assessed to remain strong following the proposed measures.

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Malmö, March 2026

**Board of Directors for Arjo AB (publ)**