

Press release

Malmö, October 8 2020

Arjo strengthens Wound Care offering by acquiring equity stake in Bruin Biometrics

Today, Arjo has acquired an equity stake in Bruin Biometrics (BBI), a US-based company developing solutions for biometric diagnosis. The deal gives Arjo exclusive distribution rights for BBI's portable SEM scanner, which allows early detection of pressure injury risk and thereby reduce patient suffering and healthcare costs. With this acquisition, Arjo significantly strengthens its offering in the fast growing wound care segment, and fuels the company's transition towards becoming a mobility outcome partner to healthcare.

Pressure injuries represent a common and significant economic challenge for healthcare systems worldwide, costing healthcare more than 220 billion SEK each year in the US alone. Current detection methods of pressure injuries rely on subjective visual judgement, however the clinical guidelines issued in 2019 suggest increased focus on early detection of pressure injury with the SEM technology even before visual observation is possible.

Arjo has extensive knowledge within the Pressure Injury Prevention area, and the current offering includes solutions such as special beds, therapeutic mattresses and repositioning solutions. This deal gives Arjo a 4 + 2 years exclusive distribution rights to BBI's SEM Scanner, a hand-held, portable, skin tissue assessment device that uses biometric sensor technology to measure sub-epidermal moisture (SEM), an early indication of the development of pressure damage. This technique can allow for a more objective and reliable evaluation that can help detect pressure injuries days before they are visible to the human eye. BBI's solution in combination with Arjo's portfolio would enable customers to correctly and timely detect pressure injuries, and intervene in the best way and thereby significantly improve the outcome for each patient and resident.

"The BBI technology is well aligned with our strategy and will help us strengthen our offering of outcome-based solutions. By combining our extensive knowledge and sales network with BBI's technology, we will help drive a shift in pressure injury management towards prevention and ultimately better clinical and financial outcomes," says Joacim Lindoff, President & CEO of Arjo. "This investment means we will gain further access to the wound care market, where we see substantial growth potential," adds Joacim Lindoff.

The purchase price amounts to 24 million USD. By acquiring this position in BBI, Arjo is entitled to a permanent board seat. The acquisition is expected to have a positive impact on Arjo's net sales and earnings per share beginning in 2021, and will contribute significantly to both net sales and EPS development from 2023 and onwards.

“Few medical conditions ever present themselves to an attainable and near-term preventative solution as pressure injuries. Realizing the outcome of preventing preventable pressure injuries benefits millions of patients affected and tens of thousands who die from related complications every year. Economic savings through prevention extend to many tens of billions of dollars annually”, says Martin Burns, CEO of BBI. “Pressure injury incidence can and should be reduced. Arjo’s knowledge, expertise and scale will enable many patients and their families, providers and payors to benefit from this solution worldwide,” adds Martin Burns.

Background

Pressure injury prevalence and incidence remains high despite several advances in technology, education programs and guidelines, causing patient suffering and even mortality, and leading to increased healthcare costs. A growing older population is likely to increase injury rates even further in the coming years. Moreover, a study from NHS in 2018 suggested evidence that between 1700-2000 patients develop a pressure injury every month, costing the NHS almost 45 million SEK per day to treat.* Today, countries like the US and UK have adopted a ‘zero tolerance’ approach to avoidable pressure injuries.

The transaction is subject to customary closing conditions.

*NHS Improvement, (June 2018), Pressure Ulcer: revised definition and measurement. Summary and Recommendations. Publication Code CG 73/18

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This information is information that Arjo AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 10.30 CET on October 8, 2020.

About Arjo

At Arjo, we are committed to improving the everyday lives of people affected by reduced mobility and age-related health challenges. With products and solutions that ensure ergonomic patient handling, personal hygiene, disinfection, diagnostics, and the effective prevention of pressure ulcers and venous thromboembolism, we help professionals across care environments to continually raise the standard of safe and dignified care. Arjo has approximately 6,000 employees worldwide and customers in over 100 countries. In 2019, Arjo sales amounted to approximately SEK 8.9 billion. Arjo is listed on Nasdaq Stockholm and its head office is located in Malmö, Sweden. Everything we do, we do with people in mind.

www.arjo.com

About Bruin Biometrics

Bruin Biometrics LLC was founded in 2009 through a technology license from the University of California, Los Angeles, and a relentless commitment to using technology to improve the way that health care is delivered. A pioneer in biometric-sensor based medical devices, BBI develops point of care solutions for early identification and monitoring of chronic, preventable conditions. Bruin Biometrics LLC is based in Los Angeles and maintains a European office in Manchester, UK.

www.bruinbiometrics.com