



Year-end report January – December 2022

October–December 2022 in brief

- Net sales increased to SEK 2,686 M (2,456).
Net sales fell organically by 2.2%.
- Adjusted EBITDA amounted to SEK 500 M (541).
- Adjusted operating profit amounted to SEK 216 M (301).
- Profit after financial items amounted to SEK 124 M (254).
- Earnings per share amounted to SEK 0.34 (0.70).
- Cash flow from operations amounted to SEK 452 M (639).
- The cash conversion was 101.1% (123.0).

Outlook 2023

Organic sales growth for 2023 is expected to be within the Group's target interval of 3-5%.

January–December 2022 in brief

- Net sales increased to SEK 9,979 M (9,070).
Net sales fell organically by 0.2%.
- Adjusted EBITDA amounted to SEK 1,841 M (2,072).
- Adjusted operating profit amounted to SEK 765 M (1,116).
- Profit after financial items amounted to SEK 597 M (989).
- Earnings per share amounted to SEK 1.64 (2.72).
- Cash flow from operations amounted to SEK 915 M (1,734).
- The cash conversion was 51.8% (85.3).
- A dividend per share of SEK 0.85 (1.15) is proposed, corresponding to approximately SEK 232 M.

Financial summary

SEK M	Quarter 4 2022	Quarter 4 2021	Full-year 2022	Full-year 2021
Net sales	2,686	2,456	9,979	9,070
Gross profit	1,101	1,129	4,211	4,209
Gross margin, %	41.0%	46.0%	42.2%	46.4%
Adjusted EBITA ¹⁾	288	367	1,044	1,390
Adjusted EBITA margin, % ¹⁾	10.7%	15.0%	10.5%	15.3%
Adjusted EBITDA ¹⁾	500	541	1,841	2,072
Adjusted EBITDA margin, % ¹⁾	18.6%	22.0%	18.4%	22.8%
Operating profit (EBIT)	161	280	691	1,077
Adjusted operating profit (EBIT) ¹⁾	216	301	765	1,116
Profit after financial items	124	254	597	989
Net profit for the period	93	190	447	742
Number of shares, thousands	272,370	272,370	272,370	272,370
Earnings per share, SEK	0.34	0.70	1.64	2.72
Cash flow from operations	452	639	915	1,734
Cash conversion, %	101.1%	123.0%	51.8%	85.3%

1) Before exceptional items. See Alternative performance measures on page 16 and definitions on page 19.

Continuing to manage short-term challenges – long-term plan remains firm

We are closing a year in which growth was mainly held back by lower critical care rental volumes in the US compared with 2021. Adjusted for this we grew organically by approximately 3% during the year, which demonstrates the strength of our underlying business.

Positive trend in core rental operations

Sales for the fourth quarter declined by 2.2% organically, mainly driven by lower critical care rental volumes and lower sales of capital goods in the US. However the core rental operations, being of a more long-term nature, continues to develop well in the US – now with a high implementation pace of awarded contracts.

All major markets outside the US saw healthy growth in the quarter. The UK continued to perform positively and we are successfully managing the turbulence affecting the UK healthcare system right now. We also continue to see healthy growth across many markets in the rest of the world, such as Australia and Japan.

Unfavorable product mix and material costs holding back the gross margin

The gross margin was 41.0% (46.0) in the quarter. The lower gross margin was mainly due to an unfavorable product mix, with lower critical care rental volumes in the US and postponed profitable sales of diagnostic solutions. In addition, the gross margin was impacted by higher material and logistics costs and we also continue to see the effects of inflation on salaries, energy and fuel. As previously communicated, both higher material costs and inflationary effects are expected to remain in the coming quarters, while transportation costs are expected to continue to decline based on current trends.

The organization is continuing to manage the global challenges related to material supply and logistics with very high priority, and good cost control was good in the quarter. The efficiency activities related to the critical care rental infrastructure in the US are ongoing and started to generate positive effects at the end of the year. In addition, the price adjustments made so far have largely had the expected effect during the quarter, and the gradual implementation of further price adjustments remains a major focus area, in line with previous communication.

Lower inventory levels and solid cash conversion

We have taken important steps during the quarter to reduce the inventory of standard components and finished products that was built up in the past year to meet demand and ensure the continuity of production and deliveries. The lower inventory levels enables us to report an above-target cash conversion for the first time this year. With supply chain continuing to stabilize, I see several opportunities to further im-

prove inventory levels going forward, something that is expected to have a positive effect on our cash flow.

Overall, the Group's financial position remains solid. A dividend of SEK 0.85 per share is proposed for 2022.

Our long-term plan remains firm

The organization is doing a great job of managing the high cost pressure and uncertain economic situation facing healthcare providers in certain markets. This situation presents challenges for us in the short-term but we remain comfortable with the plans and actions we have put in place so far.

In parallel, we are working to further strengthen the underlying business, where the positive trend within the core rental operations continues, allowing us to report yet another year of stable and profitable growth in this area. The service business also continued to perform well and with a good outlook for 2023. The roll-out of our solutions for pressure injury prevention is also moving ahead according to plan, and we continue to see significant potential both in terms of contributing to improved clinical outcomes as well as more effective use of resources in the healthcare sector.

In January, we also began implementing a major realignment of our sales and service operations in the US. These efforts will allow us to more effectively implement our strategic plans and better meet our customers' demands in this important market.

In summary, it is with confidence that I look forward to a 2023 where I, together with my colleagues, will continue to build a sustainably and profitably growing Arjo.

Malmö, January 25



Joacim Lindoff
President & CEO



Group performance

Net sales and results

Fourth quarter of 2022

Net sales declined organically by 2.2% to SEK 2,686 M (2,456) in the quarter, mainly due to lower critical care rental volumes in the US.

Growth fell 9.1% organically in North America, mainly due to lower critical care rental volumes. In addition, the extensive shortage of healthcare staff in the US continued to result in a slowdown of capital goods investments. The underlying business continued to perform well, with good sales volumes in both service and the more long-term rental operations. Canada continued to perform well, reporting yet another quarter of solid growth.

Global Sales grew organically by 2.6%, with healthy sales volumes in areas such as hygiene, service and rental. Several large markets including the UK, France, Germany, Australia and Japan performed well.

The gross margin was 41.0% (46.0) in the quarter. The gross margin was held back by increased costs related to the shortage of electronic components for the Group's diagnostics solutions. An unfavorable product mix with postponed diagnostic sales and significantly lower critical care rental volumes in the US also had a impact. Material and logistics costs remained higher compared with the corresponding quarter last year, and, in addition, rising inflation on salaries, energy and fuel negatively impacted the margin. Initiated efficiency improvements in the critical care rental operations in the US, good cost control throughout the value chain and effects of implemented price adjustments started to contribute positively to the gross margin during the quarter.

Exceptional items amounted to SEK 55 M for the quarter, the majority of which were related to write-downs of inventories in the rental operations in France due to a decision to discontinue a product offering. The remainder comprised legal expenses for a dispute that was resolved in the US.

Operating expenses amounted to SEK 884 M (823) for the quarter.

Adjusted EBITDA amounted to SEK 500 M (541). The adjusted EBITDA margin was 18.6% (22.0).

Net financial items for the quarter amounted to SEK -37 M (-26).

Positive currency effects in net financial items amounted to SEK 7 M (1) for the quarter.

January–December 2022

Net sales declined organically by 0.2% to SEK 9,979 M (9,070) during the year. Growth was primarily held back by lower critical care rental volumes in the US and lower sales of capital goods due to an extensive shortage of healthcare staff in the US healthcare system. The underlying business continued to perform well during the year, with high demand in service and core rental.

Growth fell 5.9% organically in North America, mainly due to lower volumes in critical care rental in the US. Demand in core rental and in service remained solid. Canada continued to perform well and reported double-digit growth during the year.

Global Sales grew 3.9% organically with a solid net sales development in several large markets such as the UK, France, Germany and Australia.

The gross margin was 42.2% (46.4). The gross margin was negatively impacted by lower critical care rental volumes in the US and higher costs for material and transportation. Inflationary effects on salaries, energy and fuel also negatively affected the margin. Efficiency improvements within rental and production, as well as initial effects of price adjustments, contributed to an overall positive effect on the gross margin during the year.

Operating expenses for the year amounted to SEK 3,413 M (3,075).

Adjusted EBITDA for the period amounted to SEK 1,841 M (2,072).

The adjusted EBITDA margin was 18.4% (22.8).

Net financial items amounted to SEK -94 M (-88) for the period.

Positive currency effects in net financial items amounted to SEK 25 M (7) for the period.

Net sales per segment, SEK M	Quarter 4 2022	Quarter 4 2021	Organic change	Full-year 2022	Full-year 2021	Organic change
Global Sales	1,572	1 419	2.6%	5,753	5,211	3.9%
North America	1,022	945	-9.1%	3,864	3,510	-5.9%
Other	93	93	-5.6%	363	350	-2.9%
Total	2,686	2,456	-2.2%	9,979	9,070	-0.2%

Currency effects EBIT

SEK M	Quarter 4 2022	Jan-Dec 2022
Translation effect (vs 2021)		
Sales	+285	+924
Cost of goods sold	-195	-651
Gross profit	+90	+273
Operating expenses	-77	-256
Restructuring and other operating income/ expenses	-4	-6
Total translation effect, EBIT	+9	+11
Transaction effect (vs 2021)		
Cost of goods sold	+29	+101
Recognized remeasurement effects		
Other operating income/expenses	-16	-50

Translations and transaction effects are a comparison with the year-earlier period.

Cash flow and financial position

Cash flow from operations amounted to SEK 452 M (639) for the quarter. The lower cash flow year-on-year was due to both lower earnings and a weaker trend in working capital. However, cash flow and the development of working capital during the quarter broke the trend compared with prior quarters in the year. The main reason was the lower build-up of inventory, which had a positive effect of SEK 191 M in the quarter. The Group's cash conversion for the quarter was 101.1% (123.0). Cash conversion for the last six months amounted to approximately 80% (97), which corresponds to the Group's target.

Net investments for the quarter amounted to SEK 258 M (198), divided between tangible assets of SEK 180 M (112) and intangible assets of SEK 78 M (86). The investments in tangible assets include investments in the rental fleet of SEK 140 M (75).

The Group's cash and cash equivalents amounted to SEK 949 M (757) and interest-bearing net debt was SEK 5,044 M (4,341). Arjo has contracted unused credit facilities of SEK 3,891 M (6,136) available for refinancing outstanding commercial paper. The equity/assets ratio amounted to 47.2% (47.1). Net debt/adjusted EBITDA was 2.5% (2.3).

Research and development

Arjo's gross research and development costs for the quarter amounted to SEK 65 M (65), of which SEK 25 M (32) was charged to operating profit. The gross costs correspond to 2.4% (2.7) of consolidated net sales.

Outlook 2023

Organic sales growth for 2023 is expected to be within the Group's target interval of 3-5%.

Other key events during the quarter

Capital Markets Day 2022

Arjo's Capital Markets Day in Stockholm on October 28 provided an update on the Group's strategy, management of short-term challenges in the external environment, key growth and profitability drivers and updated financial targets for 2023-2025.

A recording of the Capital Markets Day and the day's presentations are available on Arjo's website.

Positive effects from environmental initiatives at Arjo's production facility in Suzhou, China

In the quarter, a reconfiguring of an environmental control system at the Group's production facility in Suzhou, China, resulted in a 25% reduction in electricity consumption in an adjacent warehouse without any negative impact on the work environment. The initiative has contributed to local energy savings at the facility and a more sustainable operation, in addition to Arjo's overall carbon-reduction targets.

Other key events after the end of the quarter

There were no key events to report after the end of the period.

2023 Annual General Meeting

Arjo's Annual General Meeting will be held on April 20, 2023 in Malmö, Sweden. Shareholders wishing to have a matter addressed at the Annual General Meeting on April 20, 2023 can submit their proposal to Arjo's Board Chairman by e-mail: agm@arjo.com, or by mail: Arjo AB, Att: Bolagsstämмоärenden, Hans Michelsensgatan 10, SE-211 20 Malmö, Sweden. To ensure inclusion in the notice and thus in the Annual General Meeting's agenda, proposals must be received by the company by March 2, 2023. Ahead of the 2023 Annual General Meeting, Arjo's Nomination Committee comprised Chairman Carl Bennet (Carl Bennet AB), Jannis Kitsakis (Fourth Swedish National Pension Fund), Marianne Nilsson (Swedbank Robur), as well as Board Chairman Johan Malmquist.

Dividend

Arjo's Board of Directors and CEO propose a dividend for 2022 of SEK 0.85 per share (1.15). The total dividend thus amounts to SEK 232 M (313). The Board's proposed record date is April 24, 2023. Euroclear expects to distribute the dividend to shareholders from April 27, 2023.

Other information

Risk management

Customers and healthcare reimbursement systems

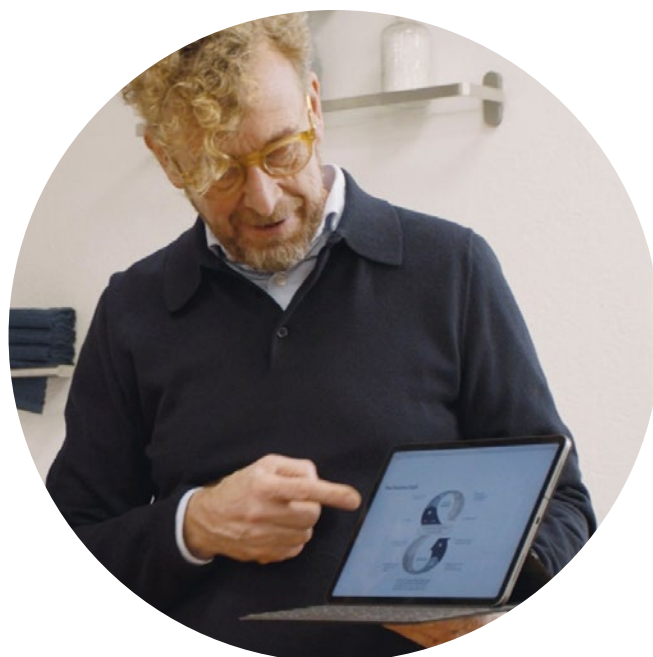
A considerable share of Arjo's revenue is derived from sales of products to public sector entities. A political discussion taking place in certain countries concerns whether private healthcare providers should be able to offer publicly funded healthcare services. There is a risk that authorities in countries where Arjo operates will decide to limit or completely discontinue public funding of private healthcare, which could affect the establishment of new hospitals and other healthcare facilities and their purchasing of healthcare products, such as Arjo's emergency and long-term care products. Sales of the Group's products are also dependent on various reimbursement systems in each of Arjo's markets. In many of Arjo's markets (such as the US), it is often the patient's insurance company that - within the framework of the existing political reimbursement system - funds or subsidizes products for the patient's emergency or long-term care. Some of the success for sales of Arjo's products in these markets is dependent on whether Arjo's products have been approved for reimbursement under the various reimbursement systems. Since Arjo conducts operations in many different countries and markets, the above-named risks are limited for the Group as a whole. As part of Arjo's strategy, the Group is increasingly focusing on highlighting the clinical and financial benefits of the Group's products and solutions, something that further reduces the risks described above.

Research and development

Arjo's future growth is also dependent on the continued expansion of new product segments and new product types in existing product segments, which is dependent on the Group's ability to influence, predict, identify and respond to changing customer preferences and needs. Arjo invests in research and development in order to produce and launch new products, but there is no guarantee that any new products will achieve the same degree of success as in the past. Nor is there any certainty that Arjo will succeed in predicting or identifying trends in customer preferences and needs, or that Arjo will identify them earlier than its competitors. To maximize the return on research and development efforts, the Group has a highly structured selection and planning process to ensure that the Group prioritizes correctly when making decisions about potential projects. This process includes careful analyses of the market, technological progress, circularity, product life cycle, choice of production method and selection of sub-suppliers. Development activities are conducted in a structured manner and the deliveries of every project undergo a number of fixed control points. Arjo is focused on products and solutions that will lead to more efficient care, in which more patients can be treated, which is expected to drive demand from end customers and therefore market growth. Product development that leads to a broader product range is a means for increasing organic growth in the market in which Arjo operates.

Product liability and damage claims

As a medical device supplier, Arjo, like other healthcare industry players, may sometimes be subject to claims related to product liability and other damage claims. Such claims could involve large financial amounts, result in significant legal expenses and negatively affect the company's repu-



tation and customer relationships. Arjo limits the risk of product liability and other damage claims related to its products and their use through the company's extensive quality and safety activities. A comprehensive insurance program is in place to cover any liability risks (including product liability) to which the Group is exposed.

Protecting and managing the infringement of intellectual property rights

Arjo invests significant financial amounts in research and development, and is continuously developing new products and technological solutions. To secure revenue from these investments, new products and technologies must be protected from unlawful use by competitors. If possible and appropriate, Arjo protects its intellectual property rights by registering patents, design and trademarks. The Group is also dependent upon know-how and trade secrets that cannot be protected under intellectual property law.

The Group has clear instructions on how to prevent, investigate and manage potential cases of infringement. In addition, procedures are in place to ensure efficient maintenance of the existing portfolio of rights.

Changes related to general economic and political conditions

Arjo operates in several parts of the world and, like other companies, is affected by general global economic, financial and political conditions. Demand for Arjo's medical devices and solutions is influenced by various factors, including general macroeconomic trends. Uncertainty about future economic prospects, including political concerns, could adversely affect customers' decisions to buy Arjo's products and solutions, which would adversely affect Arjo's operations, financial position and results.

Furthermore, changes in the political situation in a region or country, or political decisions affecting an industry or country, could also have a material adverse impact on sales of Arjo's products. Since Arjo operates in a large number of geographical markets, this risk is limited for the Group as a whole.

Since March 2, 2022, Arjo has stopped all deliveries and production of equipment destined to Russia due to the ongoing Russian invasion of Ukraine until future notice. This is in line with the robust sanctions imposed on Russia by other countries. In 2021, Russia accounted for 0.2% of Arjo's total revenue. According to the company's forecast, equipment worth approx. SEK 50 M was planned to be delivered to Russia in 2022, mainly during the first half of the year. Arjo is carefully monitoring market developments given the turbulent economic situation following the start of the invasion of Ukraine.

Arjo is closely following developments in global inflation.

Risks in the value chain

Unforeseen and sudden events could cause disruptions to production or the supply chain, which could result in higher costs, delivery delays and non-delivery to Arjo's customers. This in turn could have a negative impact on the Group's earnings.

Due to the Covid-19 pandemic, Arjo, like many other companies, has been affected by lower availability of critical components, such as electronic components. A number of measures have been implemented to mitigate this risk and to ensure availability and delivery reliability to Arjo's customers, and this matter is being managed as a high priority.

Sustainability-related risks

Arjo works actively to monitor and continuously evaluate sustainability-related risks and their impact on the Group's operations and earnings. This takes place in the form of, for example, a regular materiality analysis, monitoring targets and commitments and by auditing various units within the company, such as the security aspects of the Group's production facilities or random testing of regulatory compliance. The Group has established a governance structure that involves both company management and the Board, and works to continuously improve the company's sustainability activities and minimize associated risks.

Authorities and supervisory bodies

The healthcare market is highly regulated in all of the countries where Arjo operates. Arjo's product range is subject to legislation, including EU Directives and implementing acts regarding medical devices, and the US Food and Drug Administration's (FDA) regulations and related quality systems requirements, which also encompass comprehensive evaluation, quality assurance and product documentation.

Arjo devotes significant efforts and resources to implementing and applying guidelines to ensure regulatory compliance. Annual audits are performed by designated accreditation bodies to ensure compliance for continued CE marking of Arjo's products and international legal requirements, including the FDA, MDSAP and EU MDR.

All of the Group's production facilities are also certified according to ISO 13485 (Medical devices – quality management systems) and/or ISO 9001 (Quality management systems) from BSI Netherlands.

Financial risk management

Through its operations, Arjo is exposed to a number of financial risks. Arjo's risk management is regulated by a finance policy established by the Board. Ultimate responsibility for managing the Group's financial risks and developing methods and policies for mitigating these risks lies with Group management and Group Finance. The Group's financial risks comprise currency risk, interest-rate risk, credit and counterparty risk, and tax risk, of which currency is the most important risk.

Risk of cyber attacks

Arjo is dependent on IT and the infrastructure surrounding this area and thus is exposed to the risk of cyber attacks and other forms of hacking and data security.

A defined, governing process is in place to counteract potential risks in this area, and the company works actively on risk assessments of its IT infrastructure and sensitive data as well as testing of these areas. This includes defined mitigating processes and controls, known as IT General Control (ITGC) to protect the company. The internal control environment is evaluated every year both by the company's CISO and by the external auditors. Sensitivity analyses and penetration and restoration tests are performed regularly during the year to ensure sufficient security levels for systems, processes and data. All employees undergo training in IT security and such training is part of the onboarding process for new employees.

Transactions with related parties

Transactions between Arjo and companies in Getinge Group are specified in Note 11.

Forward-looking information

This report contains forward-looking information based on the current expectations of Arjo's Management Team. Although management considers the expectations presented by such forward-looking information to be reasonable, there is no guarantee that these expectations will prove correct. Consequently, actual outcomes may vary considerably compared with what is stated in the forward-looking information, due to such factors as changed conditions regarding the economy, market and competition, changes in legal and regulatory requirements, as well as other policy measures and fluctuations in exchange rates.

This interim report is unaudited.

Assurance

The Board of Directors and CEO assure that the year-end report provides a true and fair review of the Parent Company and the Group's operations, position and earnings and describes the material risks and uncertainties faced by the Parent Company and the Group.

Malmö, January 25, 2023

Johan Malmquist
Chairman of the Board

Carl Bennet
Vice Chairman

Eva Elmstedt

Dan Frohm

Ulf Grunander

Kajsa Haraldsson

Carola Lemne

Eva Sandling Gralén

Joacim Lindoff
President & CEO



Consolidated financial statements

Consolidated income statement

SEK M	Note	Quarter 4 2022	Quarter 4 2021	Full-year 2022	Full-year 2021
Net sales	2	2,686	2,456	9,979	9,070
Cost of goods sold		-1,585	-1,327	-5,768	-4,861
Gross profit		1,101	1,129	4,211	4,209
Selling expenses		-513	-466	-1,969	-1,753
Administrative expenses		-346	-324	-1,329	-1,222
Research and development costs	4	-25	-32	-115	-100
Exceptional items	5	-55	-21	-74	-39
Other operating income and expenses	8	2	-4	-23	-9
Income from participations in associated companies		-3	-2	-10	-9
Operating profit (EBIT)	3	161	280	691	1,077
Net financial items		-37	-26	-94	-88
Profit after financial items		124	254	597	989
Taxes		-31	-63	-149	-247
Net profit for the period		93	190	447	742
Attributable to:					
Parent Company shareholders		93	190	447	742
Number of shares, thousands		272,370	272,370	272,370	272,370
Earnings per share, SEK ¹⁾		0.34	0.70	1.64	2.72

1) Before and after dilution. For definition, see page 19.

Consolidated statement of comprehensive income

SEK M	Quarter 4 2022	Quarter 4 2021	Full-year 2022	Full-year 2021
Net profit for the period	93	190	447	742
Other comprehensive income				
Items that cannot be restated in profit				
Actuarial gains/losses pertaining to defined-benefit pension plans	-15	89	-34	205
Tax attributable to items that cannot be restated in profit	5	-32	10	-54
Items that can later be restated in profit				
Translation differences	-177	204	756	636
Hedges of net investments	-29	-3	-112	-22
Tax attributable to items that can be restated in profit	19	-7	-15	-21
Other comprehensive income for the period, net after tax	-196	251	605	745
Total comprehensive income for the period	-103	442	1,053	1,486
Comprehensive income attributable to:				
Parent Company shareholders	-103	442	1,053	1,486

Consolidated balance sheet

SEK M	Note	Dec 31, 2022	Dec 31, 2021
Assets			
Intangible assets		7,391	7,099
Tangible assets		1,802	1,454
Tangible lease assets		1,107	1,101
Financial assets	7	705	660
Participations in associated companies		132	123
Inventories		1,674	1,369
Accounts receivable		1,708	1,542
Current financial receivables	7	21	25
Other current receivables		678	481
Cash and cash equivalents	7	949	757
Total assets		16,167	14,612
Shareholders' equity and liabilities			
Shareholders' equity		7,624	6,885
Non-current financial liabilities	7	2,823	118
Non-current lease liabilities	7	809	830
Provisions for pensions, interest-bearing	7	29	32
Other provisions		328	316
Current financial liabilities	7	2,322	4,177
Current lease liabilities	7	359	328
Accounts payable		587	614
Other non-interest-bearing liabilities		1,286	1,314
Total shareholders' equity and liabilities		16,167	14,612

Changes in shareholders' equity for the Group

SEK M	Share capital	Reserves	Retained earnings	Total shareholders' equity ¹⁾
Opening balance at January 1, 2021	91	172	5,367	5,630
Total comprehensive income for the period	-	593	893	1,486
Dividend	-	-	-232	-232
Closing balance at December 31, 2021	91	766	6,028	6,885
Opening balance at January 1, 2022	91	766	6,028	6,885
Total comprehensive income for the period	-	629	423	1,053
Dividend	-	-	-313	-313
Closing balance at December 31, 2022	91	1,395	6,138	7,624

1) Fully attributable to Parent Company shareholders

Consolidated cash-flow statement

SEK M	Note	Quarter 4 2022	Quarter 4 2021	Full-year 2022	Full-year 2021
Operating activities					
Operating profit (EBIT)		161	280	691	1,077
Add-back of amortization, depreciation and write-down	3	285	240	1,077	956
Other non-cash items		-25	-1	-7	-2
Expensed exceptional items ¹⁾		54	21	72	38
Paid exceptional items		-54	-13	-78	-38
Financial items		-61	-22	-94	-89
Taxes paid		-29	-28	-233	-132
Cash flow before changes to working capital		331	476	1,426	1,810
Changes in working capital					
Inventories		191	-1	-165	-232
Current receivables		39	25	-76	135
Current liabilities		-110	139	-270	21
Cash flow from operations		452	639	915	1,734
Investing activities					
Acquired operations	8	-	-	-	-19
Acquired financial assets		-	-	-21	-
Net investments		-258	-198	-880	-675
Cash flow from investing activities		-258	-198	-902	-695
Financing activities					
Raising of loans		6,586	2,332	24,328	9,942
Repayment of interest-bearing liabilities		-6,513	-2,664	-23,747	-10,808
Repayment of lease liabilities		-97	-82	-377	-330
Change in pension assets/liabilities		7	3	1	3
Change in interest-bearing receivables		11	1	4	27
Dividend		-	-	-313	-232
Realized derivatives attributable to financing activities		70	46	241	121
Cash flow from financing activities		63	-364	136	-1,277
Cash flow for the period		256	77	150	-237
Cash and cash equivalents at the beginning of the period		736	667	757	972
Translation differences		-42	14	42	22
Cash and cash equivalents at the end of the period		949	757	949	757

1) Excluding write-down of non-current assets

Note 1 Accounting policies

The Group's interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the applicable rules of the Swedish Annual Accounts Act. The Parent Company has prepared the interim report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities.

The accounting policies applied in the preparation of this interim report apply to all periods and are consistent with the accounting policies presented in Note 1 Accounting policies in the 2021 Annual Report, published on www.arjo.com. The totals in the tables and calculations do not

always add up due to rounding differences. Each subtotal corresponds with its original source, which can lead to rounding differences in the totals.

New accounting standards

No new or changed accounting standards that came into effect on January 1, 2022 had a material impact on Arjo. None of the IFRS or IFRIC interpretations that have yet to come into legal effect are expected to have any significant impact on Arjo.

Note 2 Segment reporting

SEK M	Quarter 4 2022						Quarter 4 2021					
	Global Sales	North America	Other	Group functions	Eliminations	Arjo Group	Global Sales	North America	Other	Group functions	Eliminations	Arjo Group
Product sales	858	618	91	-	-2	1,565	791	570	90	-	-	1,451
Service incl. spare parts	316	164	3	-	-	483	277	122	4	-	-	403
Rental	399	241	-	-	-	640	350	253	-	-	-	603
Total net sales	1,572	1,022	95	-	-2	2,686	1,419	945	93	-	-	2,456
Operating profit/loss	196	244	18	-297	-	161	263	295	25	-303	-	280
Net financial items						-37						-26
Profit after financial items						124						254
Taxes						-31						-63
Net profit for the period						93						190

SEK M	Full-year 2022						Full-year 2021					
	Global Sales	North America	Other	Group functions	Eliminations	Arjo Group	Global Sales	North America	Other	Group functions	Eliminations	Arjo Group
Product sales	3,095	2,364	357	-	-10	5,806	2,807	2,069	344	-	-10	5,209
Service incl. spare parts	1,149	587	15	-	-	1,751	1,029	459	16	-	-	1,504
Rental	1,510	913	-	-	-	2,423	1,375	982	-	-	-	2,357
Total net sales	5,753	3,864	372	-	-10	9,979	5,211	3,510	360	-	-10	9,070
Operating profit/loss	811	926	85	-1,131	-	691	941	1,149	98	-1,111	-	1,077
Net financial items						-94						-88
Profit after financial items						597						989
Taxes						-149						-247
Net profit for the period						447						742

Arjo monitors the operations following the segments Global Sales and North America. Arjo has significant central Group functions in the areas of Supply Chain (product supply, inventories and distribution), IT, Quality, and Research and Development. Only a certain portion of Supply Chain's expenses are allocated to each segment. The remainder of the expenses for Group functions are recognized as Group expenses. Arjo's diagnostics

operations are recognized under the item "Other." The division of segments and the method of measuring the segments' results is conducted in a similar way in this interim report as the 2021 Annual Report. Assets and liabilities are not divided by segment since no such amounts are regularly reported to the chief operating decision maker.

Note 3 Depreciation/amortization and write-down

SEK M	Quarter 4 2022	Quarter 4 2021	Full-year 2022	Full-year 2021
Intangible assets	-73	-66	-280	-274
<i>Of which, attributable to acquisitions</i>	-22	-21	-86	-87
Tangible assets	-115	-89	-425	-355
Tangible lease assets	-97	-84	-371	-327
Total	-285	-240	-1,077	-956
<i>Of which, write-down</i>	-1	-	-1	-

Depreciation/amortization and write-downs by function, SEK M	Quarter 4 2022	Quarter 4 2021	Full-year 2022	Full-year 2021
Cost of goods sold	-183	-149	-690	-597
Selling expenses	-38	-35	-150	-145
Administrative expenses	-61	-54	-228	-208
Research and development costs	-2	-2	-7	-6
Exceptional items	-1	-	-1	-
Total	-285	-240	-1,077	-956
<i>Of which, write-down</i>	-1	-	-1	-

Note 4 Capitalized development costs

SEK M	Quarter 4 2022	Quarter 4 2021	Full-year 2022	Full-year 2021
Research and development costs, gross	-65	-65	-244	-220
Capitalized development costs	40	33	129	120
Research and development costs, net	-25	-32	-115	-100

Note 5 Exceptional items

SEK M	Quarter 4 2022	Quarter 4 2021	Full-year 2022	Full-year 2021
Acquisition expenses	0	0	-1	-1
Damage claims and disputes	-17	-	-28	-
Restructuring costs	-12	-21	-16	-38
Other ¹⁾	-25	-	-30	-
Total	-55	-21	-74	-39

1) SEK 25 M refers to the write-down of inventories in the rental operations in France, while the remaining amount refers to support for Ukraine.

Exceptional items by function, SEK M	Quarter 4 2022	Quarter 4 2021	Full-year 2022	Full-year 2021
Cost of goods sold	-28	-11	-30	-17
Selling expenses	-3	-6	-3	-8
Administrative expenses	-23	-5	-35	-14
Other operating expenses	-1	-	-6	-
Total	-55	-21	-74	-39

The table above presents the function under which the items would have been recognized if they had not been classified as exceptional items.

Note 6 Financial assets and liabilities measured at fair value through profit or loss

SEK M	Dec 31, 2022	Dec 31, 2021
Other current receivables	45	26
Other financial assets	119	117
Total assets	163	142
Other non-interest-bearing liabilities	26	16
Additional purchase consideration	57	73
Total liabilities	83	89

The fair value of derivative instruments is established using valuation techniques, which includes observable market information. All derivatives are classified under level 2 of the fair value hierarchy and the Group has no derivatives that are used for hedging purposes. The Group has holdings in unlisted companies in level 3 of the fair value hierarchy. The carrying amount of the holdings is the same as the fair value. The Group has a liability for additional purchase considerations related to acquisitions, which is at level 3 of the fair value hierarchy.

Note 7 Consolidated interest-bearing net debt

SEK M	Dec 31, 2022	Dec 31, 2021
Non-current financial liabilities	2,823	45
Non-current lease liabilities	809	830
Current financial liabilities	2,265	4,177
Current lease liabilities	359	328
Provisions for pensions	29	32
Interest-bearing liabilities	6,285	5,412
Less financial receivables	-87	-76
Less pension assets	-205	-238
Less cash and cash equivalents	-949	-757
Interest-bearing net debt	5,044	4,341

Note 8 Acquisitions and divestments

Acquisitions in 2021

Acquisition of PAC Rentals

In the second quarter of 2021, Arjo acquired the South African company PAC Rentals, which offers rentals of specialized and therapeutic mattresses. The purchase price amounted to SEK 19 M. The acquisition took place as a transfer of assets and liabilities and has been integrated into Arjo's existing operations in South Africa. The acquired operations generate sales of approximately SEK 10 M annually.

Note 9 Key figures for the Group

SEK M	Quarter 4 2022	Quarter 4 2021	Full-year 2022	Full-year 2021
Sales measures				
Net sales	2,686	2,456	9,979	9,070
Net sales growth, %	9.4%	2.4%	10.0%	-0.1%
Organic growth in sales, %	-2.2%	1.0%	-0.2%	3.5%
Expense measures				
Selling expenses as a % of net sales	19.1%	19.0%	19.7%	19.3%
Administrative expenses as a % of net sales	12.9%	13.2%	13.3%	13.5%
Research and development costs gross as a % of net sales	2.4%	2.7%	2.4%	2.4%
Earnings measures				
Operating profit (EBIT)	161	280	691	1,077
Adjusted operating profit (EBIT) ²⁾	216	301	765	1,116
EBITA	234	346	971	1,351
Adjusted EBITA ²⁾	288	367	1,044	1,390
EBITDA	446	520	1,767	2,033
EBITDA growth, %	-14.1%	2.5%	-13.1%	10.6%
Adjusted EBITDA ²⁾	500	541	1,841	2,072
Earnings per share, SEK	0.34	0.70	1.64	2.72
Margin measures				
Gross margin, %	41.0%	46.0%	42.2%	46.4%
Operating margin, %	6.0%	11.4%	6.9%	11.9%
Adjusted operating margin, % ²⁾	8.1%	12.3%	7.7%	12.3%
EBITA margin, %	8.7%	14.1%	9.7%	14.9%
Adjusted EBITA margin, % ²⁾	10.7%	15.0%	10.5%	15.3%
EBITDA margin, %	16.6%	21.2%	17.7%	22.4%
Adjusted EBITDA margin, % ²⁾	18.6%	22.0%	18.4%	22.8%
Cash flow and return measures				
Return on shareholders' equity, % ¹⁾			6.2%	11.9%
Cash conversion, %	101.1%	123.0%	51.8%	85.3%
Operating capital			12,314	11,236
Return on operating capital, % ¹⁾			6.2%	9.9%
Capital structure				
Interest-bearing net debt			5,044	4,341
Interest-coverage ratio, multiple ¹⁾			6.8x	12.8x
Net debt/equity ratio, multiple			0.7x	0.6x
Net debt / adjusted EBITDA, multiple ^{1,2)}			2.5x	2.3x
Equity/assets ratio, %			47.2%	47.1%
Equity per share, SEK			28.0	25.3
Other				
No. of shares			272,369,573	272,369,573
Number of employees, average			6,751	6,350

1) Rolling 12 months.

2) Before exceptional items. See Alternative performance measures on page 16 and definitions on page 19.

Alternative performance measures

Alternative performance measures refer to financial measures used by the company's management and investors to evaluate the Group's earnings and financial position, and that cannot be directly read or derived from the financial statements. These financial measures are intended to facilitate analysis of the Group's performance. The alternative performance measures should not be considered substitutes, but rather a supplement to, the financial statements

prepared in accordance with IFRS. The financial measures recognized in this report may differ from similar measures used by other companies. The alternative performance measures recognized below have not been calculated in accordance with IFRS but have been presented since Arjo believes that they are important in connection with investors' assessments of the Company and the Company's share.

Adjusted EBIT/EBITA/EBITDA, SEK M	Quarter 4 2022	Quarter 4 2021	Full-year 2022	Full-year 2021
Operating profit (EBIT)	161	280	691	1,077
Add-back of amortization and write-down of intangible assets	73	66	280	274
EBITA	234	346	971	1,351
Add-back of depreciation and impairment of tangible assets	212	174	796	682
EBITDA	446	520	1,767	2,033
Exceptional items ¹⁾	55	21	74	39
Add-back of write-down of restructuring and integration costs	-1	-	-1	-
Adjusted operating profit (EBIT)	216	301	765	1,116
Adjusted EBITA	288	367	1,044	1,390
Adjusted EBITDA	500	541	1,841	2,072

1) Refer to Note 5 Exceptional items on page 13.

Cash conversion	Quarter 4 2022	Quarter 4 2021	Full-year 2022	Full-year 2021
Cash flow from operations, SEK M	452	639	915	1,734
Operating profit (EBIT), SEK M	161	280	691	1,077
Add-back of amortization, depreciation and write-down of intangible and tangible assets, SEK M	285	240	1,077	956
EBITDA, SEK M	446	520	1,767	2,033
Cash conversion, %	101.1%	123.0%	51.8%	85.3%

Net debt/equity ratio	Dec 31, 2022	Dec 31, 2021
Interest-bearing net debt, SEK M	5,044	4,341
Shareholders' equity, SEK M	7,624	6,885
Net debt/equity ratio, multiple	0.7x	0.6x

Calculation of return on operating capital	Full-year 2022	Full-year 2021
Total assets opening balance, SEK M	14,612	13,858
Total assets closing balance, SEK M	16,167	14,612
Average total assets, SEK M	15,390	14,235
Average total assets, SEK M	15,390	14,235
Excluding average cash and cash equivalents, SEK M	-853	-865
Excluding average other provisions, SEK M	-322	-274
Excluding average other non-interest-bearing liabilities, SEK M	-1,901	-1,860
Average operating capital, SEK M	12,314	11,236
Operating profit (EBIT), SEK M ¹⁾	691	1,077
Add-back of exceptional items, SEK M ¹⁾	74	39
EBIT after add-back of exceptional items, SEK M	765	1,116
Return on operating capital, %	6.2%	9.9%

1) Rolling 12 months.

Note 10 Financial data per quarter

SEK M	Quarter 1 2021	Quarter 2 2021	Quarter 3 2021	Quarter 4 2021	Quarter 1 2022	Quarter 2 2022	Quarter 3 2022	Quarter 4 2022
Net sales	2,168	2,199	2,247	2,456	2,370	2,404	2,519	2,686
Cost of goods sold	-1,154	-1,166	-1,215	-1,327	-1,315	-1,372	-1,496	-1,585
Gross profit	1,014	1,033	1,033	1,129	1,055	1,032	1,023	1,101
Operating expenses	-750	-752	-749	-823	-807	-849	-872	-884
Exceptional items	-8	-5	-4	-21	-6	-7	-7	-55
Other operating income, operating expenses and income from participations in associated companies	-4	-6	-3	-5	-11	-19	-3	-1
Operating profit (EBIT)	252	270	276	280	231	158	140	161
Net financial items	-21	-17	-24	-26	-13	-20	-25	-37
Profit after financial items	231	253	252	254	218	139	115	124
Taxes	-58	-63	-63	-63	-55	-35	-29	-31
Net profit for the period	173	189	189	190	164	104	86	93
Adjusted EBITDA1)	495	513	524	541	490	430	420	500
Adjusted EBITDA margin, % ¹⁾	22.8%	23.3%	23.3%	22.0%	20.7%	17.9%	16.7%	18.6%

1) EBITDA before exceptional items. Refer to Note 5 Exceptional items on page 13, Alternative performance measures on page 16 and definitions on page 19.

Note 11 Transactions with related parties

SEK M	Quarter 4 2022	Quarter 4 2021	Full-year 2022	Full-year 2021
Sales	11	9	30	31
Purchases of goods	-6	-2	-10	-4
Accounts receivable			3	4
Accounts payable			1	0

Transactions between Arjo and companies in Getinge Group are specified in the table above. In addition to the above, there were no other material transactions with related parties. Arjo uses Getinge as a distributor in certain markets. Business terms and conditions as well as market-regulated pricing apply for delivery of products and services between the Groups.

Parent Company financial statements

Parent Company income statement

SEK M	Quarter 4 2022	Quarter 4 2021	Full-year 2022	Full-year 2021
Administrative expenses	-51	-47	-195	-175
Other operating income and expenses	105	150	105	150
Operating profit/loss (EBIT)	54	102	-90	-25
Income from participations in Group companies	77	-48	158	88
Net financial items ¹⁾	-21	-17	-55	-74
Profit/loss after financial items	111	37	13	-11
Taxes	-34	-36	0	-1
Net profit/loss for the period	77	2	13	-13

1) Net financial items contain interest income, interest expenses, other financial expenses and exchange-rate gains and losses attributable to the translation of financial receivables and liabilities in foreign currencies measured at the closing day rate.

Parent Company balance sheet

SEK M	Dec 31, 2022	Dec 31, 2021
Assets		
Intangible assets	337	355
Tangible assets	1	0
Financial assets	5,896	5,909
Current financial receivables, Group companies	-	2,128
Other current receivables, Group companies	86	27
Current receivables	28	17
Total assets	6,348	8,436
Shareholders' equity and liabilities		
Shareholders' equity	3,928	4,228
Provisions	2	1
Current financial liabilities	2,253	4,165
Current financial liabilities, Group companies	133	-
Other current liabilities, Group companies	5	11
Other non-interest-bearing liabilities	28	31
Total shareholders' equity and liabilities	6,348	8,436

At the end of the period, the carrying amount of shares and participations in subsidiaries amounted to SEK 5,807 M (5,832). The change for the period is SEK -25 M and comprises write-downs of participations in subsidiaries. The Parent Company's commercial paper program has a framework amount of SEK 5,000 M (5,000). The total amount issued at the end of the period amounted to SEK 2,267 M (4,169). Intangible assets comprise software.

Definitions

Financial terms

Operating capital

Average total assets less cash and cash equivalents, other provisions, accounts payable and other non-interest-bearing liabilities.

Return on operating capital

Rolling 12 months' operating profit with add-back of exceptional items in relation to operating capital.

Return on shareholders' equity

Rolling 12 months' profit after tax in relation to average shareholders' equity.

Cash conversion

Cash flow from operations in relation to EBITDA.

EBIT

Operating profit.

Adjusted EBIT/Operating profit

Operating profit with add-back of exceptional items.

EBITA

Operating profit before amortization and write-down of intangible assets.

Adjusted EBITA

EBITA with add-back of exceptional items.

EBITA margin

EBITA in relation to net sales.

Adjusted EBITA margin

Adjusted EBITA in relation to net sales.

EBITDA

Operating profit before amortization, depreciation and write-down.

Adjusted EBITDA

EBITDA with add-back of exceptional items.

EBITDA margin

EBITDA in relation to net sales.

Adjusted EBITDA margin

Adjusted EBITDA in relation to net sales.

Exceptional items

Total of acquisition, restructuring and integration costs as well as major non-recurring items.

Net debt/equity ratio

Interest-bearing net debt in relation to shareholders' equity.

Net debt/adjusted EBITDA, multiple

Average net debt in relation to rolling 12 months' adjusted EBITDA.

Organic change

A financial change adjusted for currency fluctuations, acquisitions and divestments.

Earnings per share

Profit for the period attributable to Parent Company shareholders in relation to average number of shares. The following data was used to calculate earnings per share:

Profit for the period attributable to Parent Company shareholders	SEK 447 M
Number of shares, thousands	272,370
Earnings per share	SEK 1.64

Interest-coverage ratio

Profit after financial items plus interest expenses and add-back of exceptional items in relation to interest expenses. Calculated based on rolling twelve-month data.

Operating expenses

Selling expenses, administrative expenses and research and development costs.

Operating margin

Operating profit in relation to net sales.

Equity/assets ratio

Shareholders' equity in relation to total assets.

Medical and other terms

Deep vein thrombosis (DVT)

Formation of a blood clot in a deep leg vein.

Ergonomics

A science concerned with designing the job to fit the worker to prevent illness and accidents.

US Food and Drug Administration (FDA)

The US authority responsible for protecting the public health by carrying out regular inspections of, among other things, medical devices.

IPC (intermittent pneumatic compression)

An established method for treating venous leg ulcers, for example.

Actively compressing the calf muscles, for example, imitates the pumping mechanism that normally occurs when moving, which increases blood flow to the leg.

Compression therapy

Treatment technique which means that one uses outer pressure with a certain frequency and for a certain period of time to treat and prevent venous leg ulcers.

EU Medical Device Regulation (MDR)

Regulations created by the EU to ensure better protection for the public health and patient safety by establishing modernized and more robust EU legislation. All medical device manufacturers and distributors must comply with these new regulations.

Prevention

Preventive activity/treatment.

Sequential VTE prevention

A treatment that aims to enhance the circulation of blood in the deep veins of the legs, which helps reduce deep vein thrombosis (blood clot in the deep veins of the legs).

SEM scanner (sub epidermal moisture)

A hand-held and wireless device that measures sub-epidermal moisture, which allows early detection of pressure injury risk.

Pressure injuries

Sores that occur when blood flow to the skin is reduced by external pressure. Most common in patients with reduced mobility.

VTE

The abbreviation VTE stands for venous thromboembolism – a blood clot in the veins, similar to DVT (above).

Edema

Swelling due to accumulation of fluid in tissues.

Teleconference

Fund managers, analysts and the media are invited to a teleconference on January 25 at 8:00 a.m. CET.

A presentation will be held during the telephone conference. Watch the teleconference via the following link:

<https://ir.financialhearings.com/arjo-q4-report-2022>

Participants who wish to ask verbal questions at the teleconference must register using the link below. Once registered, participants will receive a telephone number and ID number to use to log in to the conference.

Registration link:

<https://conference.financialhearings.com/teleconference/?id=500830>.

Alternatively, use the following link to download the presentation:

<https://www.arjo.com/sv-se/om-arjo/investerare/rapporter--presentationer/2023/>

A recording of the teleconference will be available for three years via the following link:

<https://ir.financialhearings.com/arjo-q4-report-2022>

Financial information

Updated information on, for example, the Arjo share and corporate governance is available on Arjo's website www.arjo.com. The Annual Report, year-end report and interim reports are published in Swedish and English and are available for download at www.arjo.com.

The following financial statements will be published in 2023:



April 20, 2023	Interim report January-March 2023
April 20, 2023	2023 Annual General Meeting
March 2023	2022 Annual Report
July 14, 2023:	Interim report Jan-Jun 2023
October 19, 2023	Interim report Jan-Sep 2023

Contact

Maria Nilsson

Acting Executive Vice President, Communications & Public Relations
+46 734 244 515
maria.nilsson@arjo.com

Sara Ehinger

VP Investor Relations & Corporate Communications
Tel: +46 723 597 794
sara.ehinger@arjo.com

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, on January 25, 2023 at 7:00 a.m. CET.

At Arjo, we believe that empowering movement within healthcare environments is essential to quality care. Our products and solutions for patient transfers, hygiene, disinfection, diagnostics, treating leg ulcers, prevention of pressure injuries and deep vein thrombosis, and our medical beds are all designed to promote mobility, safety and dignity in all care situations. With over 6,500 people worldwide and 65 years caring for patients and healthcare professionals, we are committed to driving healthier outcomes for people facing mobility challenges.

Arjo AB · Corp. Reg. No. 559092-8064 · Hans Michelsensgatan 10 · SE-211 20 Malmö · Sweden

www.arjo.com

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