

Q2

ARJO Q2 REPORT 2024

July 12, 2024

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arjo
EMPOWERING MOVEMENT

Agenda

Business update – Q2 2024

Financials in detail

Outlook 2024

Key takeaways

Q&A



Q2 highlights

Continued growth and profitability improvement

Healthy growth across most major markets

- Demand remains high for the Group's products and solutions
- Continued positive development in Service and Rental globally

Gross margin improvement

- Positive contribution from Service and Patient Handling
- Price adjustments generating expected effect – efforts continue
- Further opportunities in product mix and internal efficiency moving forward

Good cost control – OPEX continue to decline in relation to net sales, despite higher cost pressure

Adj. EBIT improving >10%

Net sales
organic growth

3.7%

Gross
margin

43.6%

Adjusted
EBITDA

496 MSEK

Cash
conversion

69.7%

North America

Q2 2024

Continued strong development in Canada

- Profitable growth journey continues
- Service, Rental and Capital all perform well
- Healthy mix of acute care vs. long-term care sale

US in line with strong comps in Q2 2023

- Outcome Programs still slow due to market environment – step by step improvement expected in both Patient Handling and Pressure Injury Prevention
- Lower DVT sales due to increasing competition and price pressure
- Continued healthy development within Rental and Service

Q2 org. net sales

+2.6%

YTD org. net sales

+6.3%

Global Sales

Q2 2024

Western European markets (+4.4% in Q2)

- Rental and Service continues to perform well
- Healthy net sales development in France, Italy, Ireland and Austria
- Delays in short-term investment decision making in some European markets due to elections
- Demographic shift remains a prioritized challenge for healthcare systems – significant business opportunities ahead

Q2 org. net sales

+5.2%

YTD org. net sales

+3.8%

Global Sales

Q2 2024

Rest of the World markets (+8.1% in Q2)

- Healthy growth in many markets such as Australia, Africa and Hong Kong
- Positive development in Japan in the quarter – strong distributor network in place to further realize potential
- Healthy demand for capital equipment, with continued step-by-step improvements in product mix
- Continued improvements in Service and Rental activities

Q2 org. net sales

+5.2%

YTD org. net sales

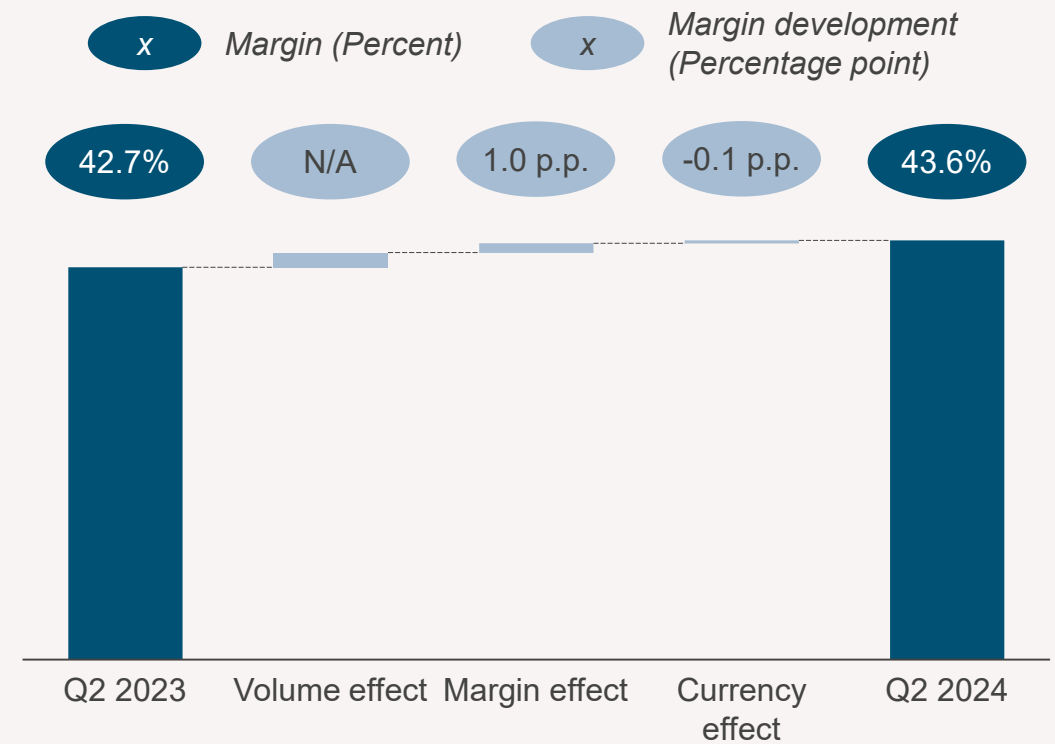
+3.8%

Q2 gross profit

Continued margin improvement

- Continued gross margin improvement
- Healthy volumes and margin improvement in Patient Handling and Service
- Contribution from price adjustments according to plan – strong focus continues
- Additional potential from product mix and internal efficiency moving forward

Gross profit bridge – Q2 2024 vs. Q2 2023 (MSEK)

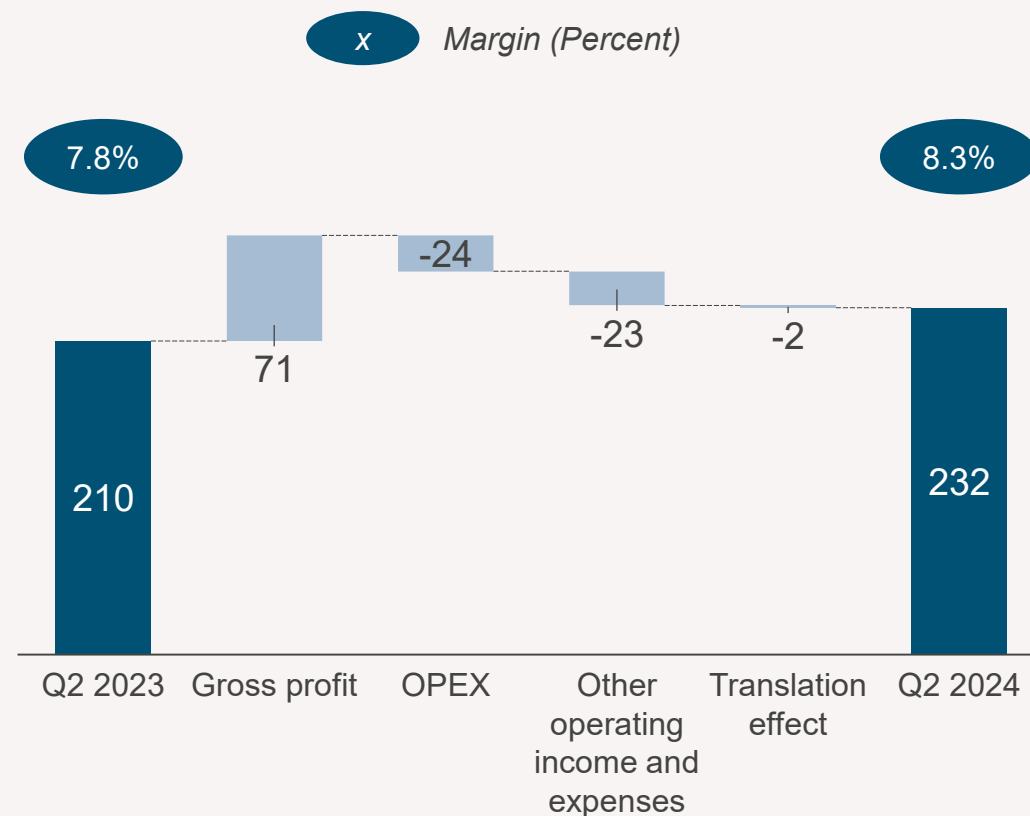


Q2 adjusted EBIT

High activity level and solid cost control

- Adj. EBIT increased by >10% vs. Q2 2023
- OPEX in relation to net sales continue to decline despite higher cost levels
- Continued good cost control across the value chain
- Negative impact from FX

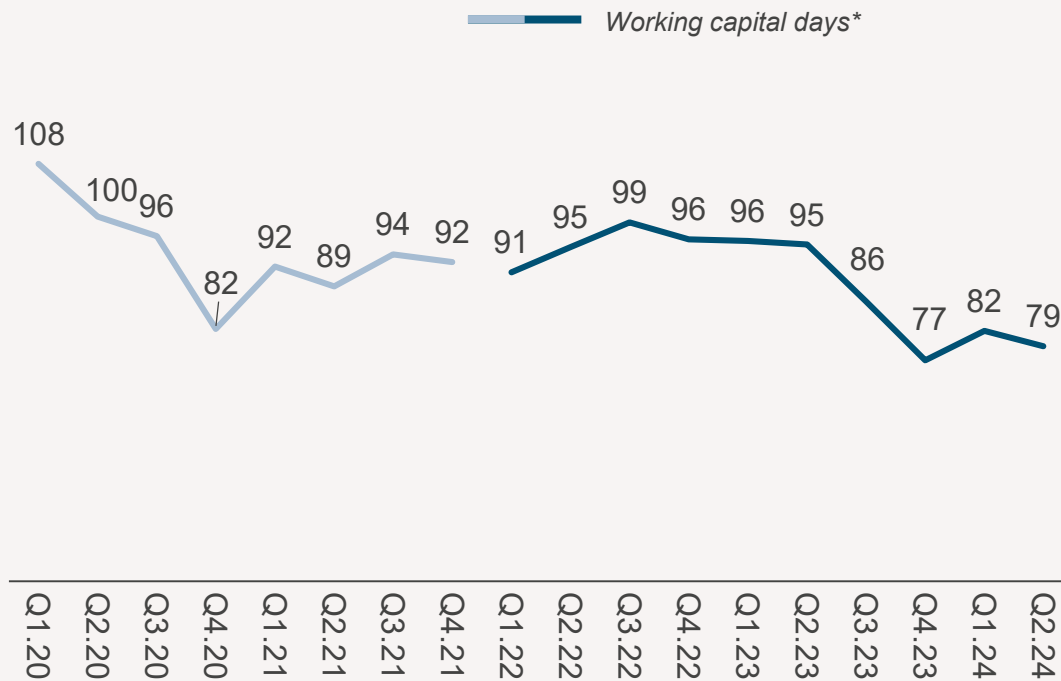
Adj. EBIT bridge – Q2 2024 vs. Q2 2023 (MSEK)



Q2 working capital and operating cash flow

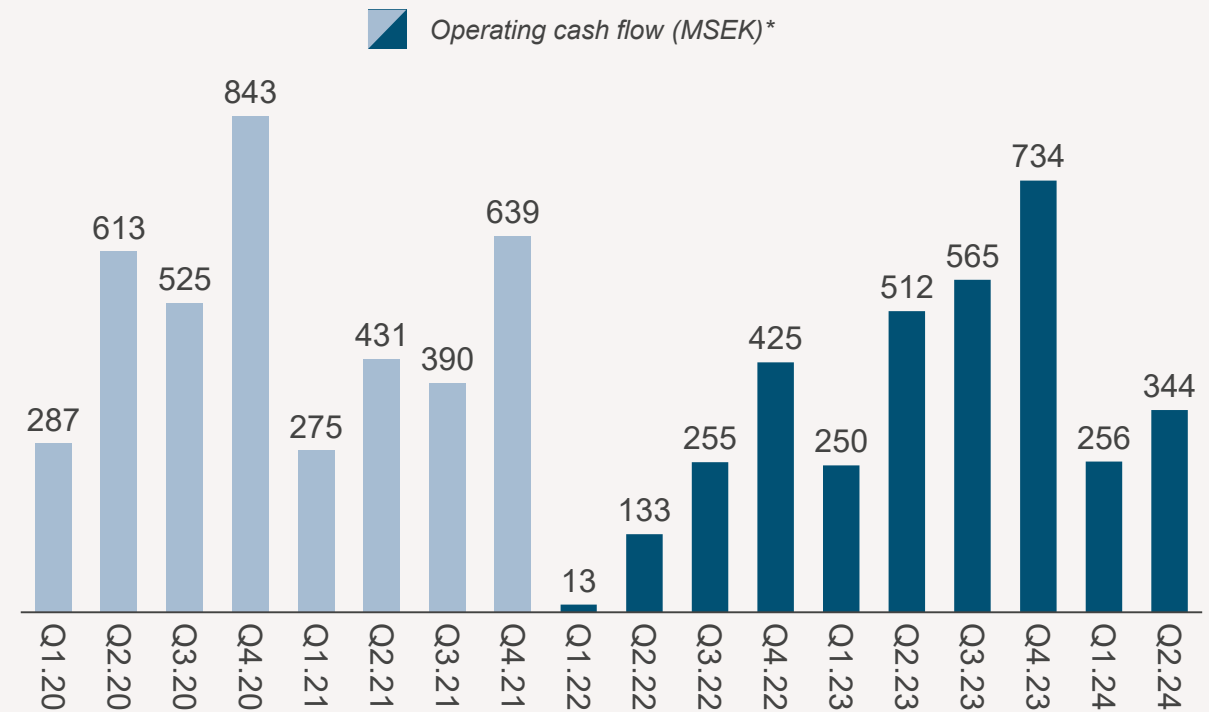
Working capital days back to decreasing trend

Working capital days – Q1.20-Q2.24



Operating cash flow improving sequentially

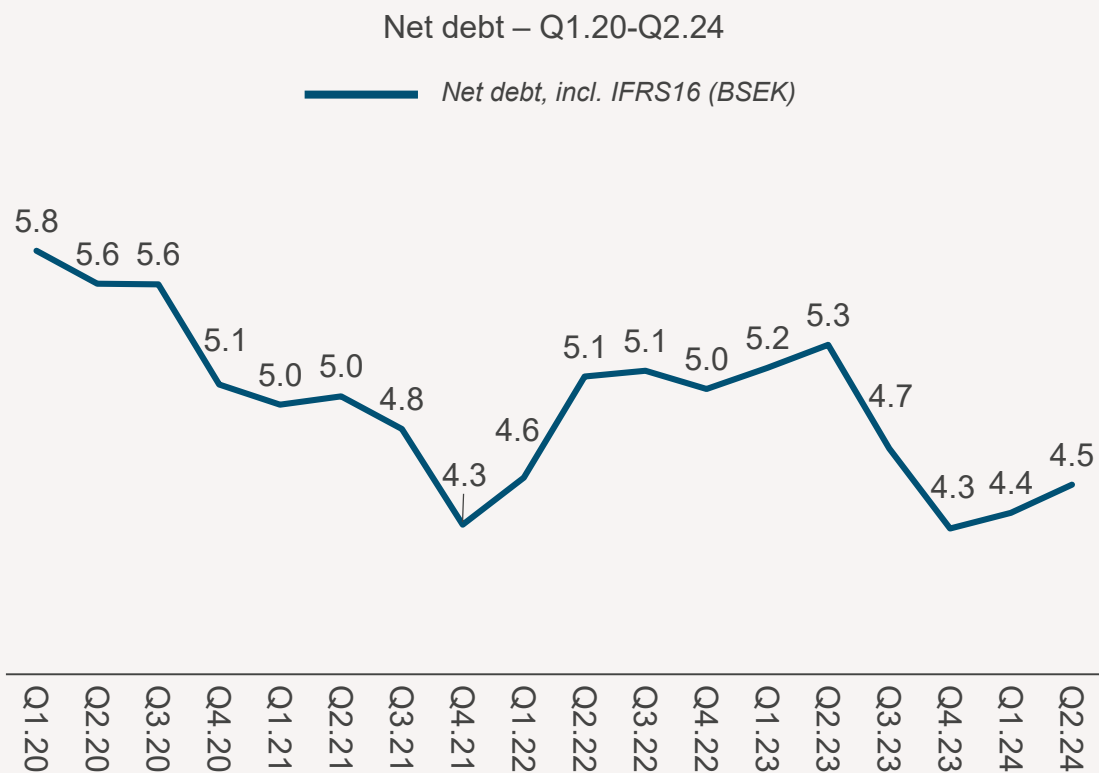
Operating cash flow – Q1.20-Q2.24



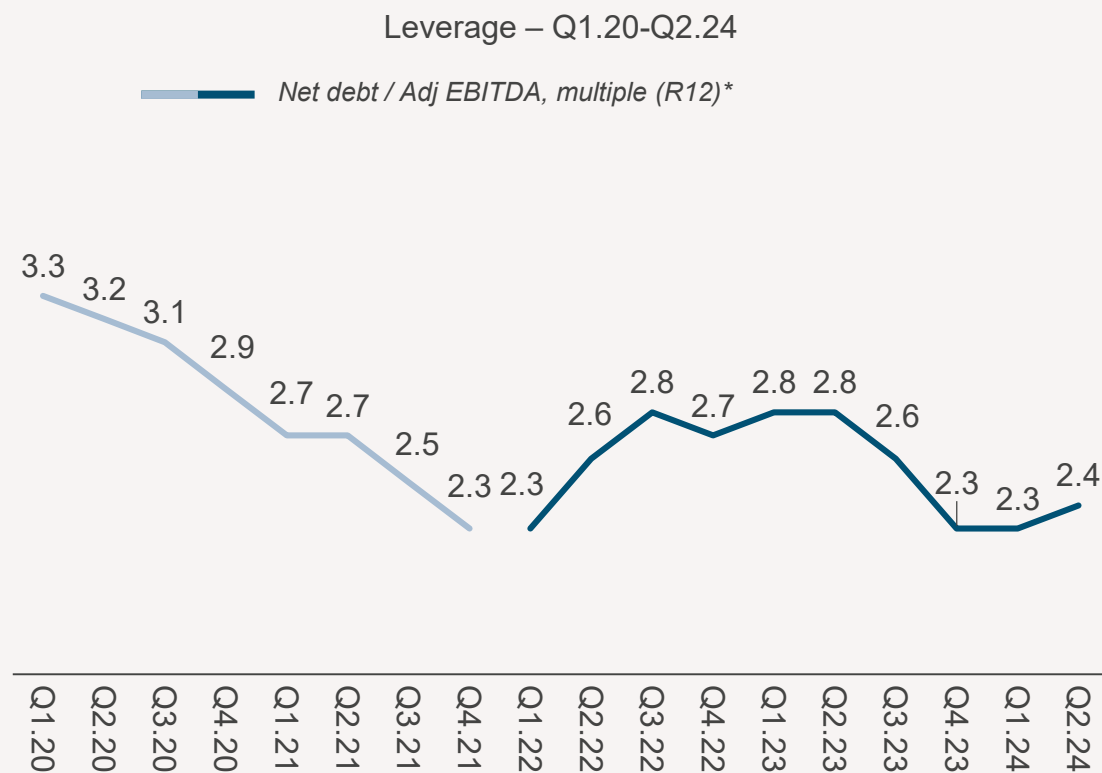
*Periods with light blue line/bars not restated with new internal profit model

Q2 net debt and leverage

Net debt impacted by Q2 dividend payment



Continued y-o-y improvement on leverage



*Periods with light blue line not restated with new internal profit model. Net debt not affected by new model.

Outlook 2024

Organic net sales growth for 2024 is expected to be within the Group's target interval of 3-5%

Key takeaways

- Another solid quarter of growth and improved profitability
- Continued high demand for Service and Rental globally
- Activities to improve long-term profitability continues according to plan
- On track towards 3-5% organic net sales growth in 2024

MOVE Coach
Certified by Arjo

Q&A

Financial calendar

Interim Report Jan-Sep 2024	October 17, 2024
Year-end Report 2024	January 30, 2025
Annual and Sustainability Report 2024	March 2025
Interim Report Jan-Mar 2025	April 29, 2025
Annual General Meeting 2025	April 29, 2025

Further questions

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Forward looking information

This document contains forward-looking information based on the current expectations of Arjo's management. Although management deems that the expectations presented by such forward-looking information are reasonable, no guarantee can be given that these expectations will prove correct. Accordingly, the actual future outcome could vary considerably compared with what is stated in the forward-looking information, due to such factors as changed conditions regarding business cycles, market and competition, changes in legal requirements and other political measures, and fluctuations in exchange rates.

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